

## FRANCHISE DISCLOSURE DOCUMENT

### WORLD INSPECTION NETWORK INTERNATIONAL LLC

a Delaware limited liability company  
444 W Lake Street, Suite 1700  
Chicago, IL 60606  
1-800-967-8127  
E-mail: [franchising@wini.com](mailto:franchising@wini.com)  
[www.WINI.com](http://www.WINI.com)



World Inspection Network International LLC offers franchises to operate a home inspection business for single and multi-family residences. The WIN Business receives our proprietary training and use of our Marks, proprietary techniques, and proprietary methods to operate in a specific, non-exclusive geographic area.

The total investment necessary to begin operation of a WIN Business is \$42,995 - \$57,450. This includes \$29,525 - \$35,900 that must be paid to us or our affiliates.

This Franchise Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise 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 Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchise development department at 444 W Lake Street, Suite 1700, Chicago, IL 60606, or call 1-800-967-8127.

The terms of your contract will govern your franchise relationship. Do not rely on the Franchise Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Franchise Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise Disclosure Document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 25, 2023

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s discretion. 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 C 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 WIN® business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a WIN® franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What you Need to Know About 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 the agency information in Exhibit E.

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

## 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 arbitration or litigation only in Illinois. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with franchisor in Illinois than in your own state.
2. **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 or loss of your investment.

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

NOTICE REQUIRED BY THE  
STATE OF MICHIGAN

The Michigan Attorney General requires the following specific disclosures to be made to prospective Michigan franchisees:

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

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

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

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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

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

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding the notice should be directed to the State of Michigan, Department of the Attorney General, Attn: Franchise, P. O. Box 30213, Lansing, Michigan 48909, telephone (517) 373-7117.

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### EXHIBITS

- A: Franchise Agreement (with Exhibits and State-Specific Addenda)
- B: Table of Contents of Operations Manual
- C: WIN Financial Statements
- D: List of Current and Former Franchisees
- E: State Administrators and Agents for Service of Process
- F: Form General Release
- G: Franchise Disclosure Document State Specific Addenda
- H: Statement of Prospective Franchisee
- I: State Effective Dates and Receipts

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

To simplify this Franchise Disclosure Document, “WIN,” “we,” “us” and “our” means or refers to World Inspection Network International LLC, the “Franchisor.” “You,” “your,” and “Franchisee” means the individual or the entity (including the entity’s individual owners) that buys the franchise.

### The Franchisor

We are World Inspection Network International LLC, and our principal place of business is 444 W Lake Street, Suite 1700, Chicago, IL 60606. We are a Delaware limited liability company, and we were organized on August 7, 2018, and we acquired substantially all the assets of our predecessor, as described below. We conduct business under the name “WIN Home Inspection.” Our agents for service of process are identified in Exhibit E.

We franchise the right to operate an inspection business for single and multi-family residences, as well as commercial properties (the “WIN Business” or “Franchised Business”). Our predecessor, and its predecessors, offered inspection franchises from 1995 to 2018. We began to offer franchises in August 2019. As of December 31, 2022, there were 252 WIN Businesses in the United States. We do not operate any business of the type being franchised by us, and we do not offer, and have not in the past offered, any franchises other than as described in this Franchise Disclosure Document. We currently do not engage, and in the past have not engaged, in any business activity other than the franchising activities described in this Franchise Disclosure Document, and the operation of business using the “WIN” name and Marks (as defined in Item 13).

### Our Parents, Predecessors, and Affiliates

Our parent company is Agamy Franchise Holdings LLC, a Delaware limited liability company. We and Agamy Franchise Holdings LLC share the same principal place of business at 444 W Lake Street, Suite 1700, Chicago, IL 60606.

On November 2, 2018, our predecessor, World Inspection Network International, Inc., an Alabama corporation that was incorporated on March 17, 2011, sold substantially all of its assets to us, including the rights to the “WIN” trademark and all existing WIN franchise agreements. Our predecessor, and its predecessors, offered franchises for WIN Businesses from 1995 until November 2018. We do not have any other predecessors.

We do not have any affiliates that offer franchises in any line of business, nor do we have any affiliates that provide products or services to our franchisees.

### The Franchise We Offer

We offer you the opportunity to purchase franchises for WIN Businesses and use of our Marks, proprietary techniques, and proprietary methods, by signing an agreement (“Franchise Agreement” or “Agreement”) with us. We designate a specific, non-exclusive geographic area (the “Territory”) for you to establish your office and to operate your WIN Business. The WIN Business also includes the right to use our marketing, business development, and advertising techniques; operating procedures; product and service quality standards; business methods; and other expertise that we supply (collectively, the “WIN Home Inspection System”). It will be your sole responsibility to perform these services in compliance with applicable laws and regulations and as outlined in our Operations Manual (as defined in Item 11).



Your WIN Business will offer and sell products, services, and bundles of products and services that we have approved, which includes residential, commercial and other building inspection services and other products and services including but not limited to inspecting and/or testing air quality, radon, mold, asbestos, lead, wood destroying insects, wood destroying organisms, pests, wind mitigation, swimming pools, spas, water quality, wells, sewer, septic systems, as well as energy evaluations, infrared inspections, thermographic inspections, virtual home tours, measurements, concierge services, and other products and services that we approve from time to time (“Approved Products and Services”). Such products and services are deemed Approved Products and Services whether offered by your WIN Business or any of your affiliates, either directly or indirectly through sub-contractors. Before you begin offering any inspection services in your WIN Business, you must become a WIN Certified Home Inspector (as defined in Item 11). Also, you must complete relevant state or federally mandated training programs, licensing and certifications prior to offering a service or product that requires such licenses. We may require that you receive such additional training programs and certifications from us or a third party at your own expense we may designate.

Approved Products and Services include home inspections. Each home inspection is an objective examination of the condition of the visible and accessible components of a home. A professional home inspection report lists the major systems of a home, including the heating system, central air conditioning system, interior plumbing and electrical systems; the roof, attic, and visible insulation; walls, ceilings, floors, windows, and doors; and the foundation, basement, and visible structure.

### Industry Specific Regulations

There are statutory requirements in many states that apply to the operation of the WIN Business. You may be required to obtain specific license(s) or certification(s) before you can offer home inspection services or one or more of other Approved Products and Services such as testing and/or inspection of wood destroying insects, organisms, and/or pests, mold, and radon. Some states require attendance at training sessions and/or passing exam(s) before you are approved to be licensed or certified for a particular service in that state. Several states may also have pending legislation or regulation regarding the licensing, regulation, registration, or certification of home inspectors (and/or other approved services), or specific requirements for inspection reports. In addition to existing laws and regulations, states or local governments may revise laws and regulations or enact new ones after the date of this Franchise Disclosure Document that may impact your ability to operate the WIN Business. You are responsible for researching and determining which state or local licenses you may need to operate your WIN Business and for complying with such requirements, including paying all fees and expenses incurred in initially obtaining and subsequently maintaining these licenses and attending any related initial and ongoing mandatory training. Other laws regulating businesses in general may also apply to your WIN Business. It is your responsibility to comply with, and pay any costs you incur to comply with, any applicable laws, rules or regulations.

### Competition

The market for goods and services offered in the WIN Business includes the general public. Many residential building inspections are performed as part of buying or selling a home. In addition, residential building inspections are also performed outside of the home buying or selling process. We expect most of your customers will be homebuyers and homeowners, and referral sources may include real estate service providers such as real estate brokers and agents, attorneys, mortgage lenders, and relocation services.

You will compete for customers with other businesses offering the same or similar services on a local, regional and national basis. The home inspection market in which you will primarily operate is highly competitive. You may compete with many other national and local service providers offering competitive goods and services, including independent home inspection companies and other national franchisees and

other WIN franchisees in your Territory. Our experience has been that home inspection services, particularly those connected with a real estate transaction, tend to be seasonal and are tied to various factors such as the overall performance of the economy and the performance of the residential real estate market. Residential inspection services for homeowners outside of the home buying or selling process can be tied to various factors such as age of homes or awareness among homeowners of home maintenance, safety and health issues. Your WIN Business can also be affected by the availability of labor, changes in or disruption by technology, changes in customer demographics, regulatory changes, and your financial, managerial and other capabilities. Many of these factors can change without warning.

## **ITEM 2: BUSINESS EXPERIENCE**

### **Chief Executive Officer: Praful Mittal**

Mr. Mittal joined us in November 2018. Mr. Mittal also serves as the President at Agamy Capital LLC in Chicago, Illinois, which he founded in 2013.

### **Director of Franchise Operations: Will Rosler**

Mr. Rosler joined us in November 2018 as the Director of Franchise Operations. Mr. Rosler is also a senior associate at Agamy Capital LLC in Chicago, Illinois, where he has served as an investment professional since October 2015.

### **Vice President of Training, Development and Marketing: Shubha Gangal**

Ms. Gangal joined us in November 2018 as the Vice President of Training, Development and Marketing. Ms. Gangal is also the owner of SGP Group in Chicago, Illinois since its founding in January 2018. Since January 2012, Ms. Gangal has owned Shubha Gangal Photography in Chicago, Illinois.

### **Training and Coaching Manager: Keith Williams**

Mr. Williams joined us in January 2023. Mr. Williams owned a WIN Business in Greenville, South Carolina from September 2020 to January 2023. Prior to that, Mr. Williams was the Founder of Gate Keeper Home Inspection, LLC from December 2018 to September 2020 in Myrtle Beach, South Carolina.

### **Training and Coaching Manager: Patrick T. Knight**

Mr. Knight joined us in November 2018. Mr. Knight served as the Franchise Services Manager for our predecessor from August 2002 to November 2018 in Seattle, Washington.

### **Training and Coaching Specialist: Josh Rogers**

Mr. Rogers joined us in August 2022. Mr. Rogers owned a WIN Business in Chicago, Illinois from May 2020 to August 2022 and has been a WIN Home Inspector since August 2016 in Crystal Lake, Illinois.

## **ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4: BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

## ITEM 5: INITIAL FEES

The “Initial Franchise Fee” for a WIN Business is \$31,900. You pay us the Initial Franchise Fee when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstances. In limited instances, we may allow you to finance a portion of the Initial Franchise Fee. Included in the Initial Franchise Fee is initial training, one inspection computer or tablet, certain computer software, access to the Operations Manual, and the registration fee for one attendee at your first WIN Convention (as defined in Item 11). We collected Initial Franchise Fees in 2022 that ranged between \$17,175 to \$22,900.

You will also pay us a fee of \$4,000 to provide you with certain marketing and support services (“Startup Launch Program”) prior to opening your WIN Business. You pay us the Startup Launch Program fee when you sign the Franchise Agreement. This fee is not refundable under any circumstances.

### WIN FOR AMERICA Program Discount

We implemented the WIN FOR AMERICA program to provide a financial incentive to veterans and first responders to purchase a WIN Business. If you (or if you are an entity, the majority of your shareholders, members, or partners) were honorably discharged from the U.S. Armed Forces or are/were a first responder, and you meet our other qualifications to be a WIN franchisee, the Initial Franchise Fee you pay us when you sign the Franchise Agreement will be reduced by 20% to \$25,520. To qualify, you must provide us adequate documentation of your honorable discharge (by submission of a form 1041 or other materials we deem acceptable).

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## ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	7% of monthly Gross Revenue or monthly minimum of \$280, whichever is greater.	Payable on the seventh day of each month.	The minimum monthly Royalty Fee is waived for the first 12 full months. We only accept payment by electronic funds transfer (“EFT”). See Notes 1 and 2.
System Brand Fee	4% of monthly Gross Revenue or monthly minimum of \$195, whichever is greater.	Payable on the seventh day of each month.	The minimum monthly System Brand Fee is waived for the first 12 full months. The System Brand Fee must be paid along with the Royalty Fee. See Note 3.
Infrastructure Fee	\$350 per month, plus \$90 per month per additional inspector	Payable on the seventh day of each month.	The Infrastructure Fee includes access to the WINnovation Platform (defined in Item 8 below) for one inspector. If you employ other inspectors, you must pay \$90 per month per additional inspector. See Note 4.
Financing Interest Rate	Currently 5% per year. Payable in 36 monthly installments.	Payable 7 <sup>th</sup> day of each month.	Only applicable if you receive financing from us and you and we enter into a promissory note. We only accept payment by EFT.
Franchise Agreement Renewal Fee	\$0		See Note 5.
Convention Fee	No fee for your first convention. For all subsequent conventions, \$1,000 for the first attendee and \$395 for additional attendee(s)	Payable on the seventh day of each month.	There is no fee for one person to attend the first convention. For your second and subsequent conventions, you must pay the Convention Fee by EFT, in equal monthly installments, even if you are unable to attend. We may increase the fee upon written notice. See Note 7.
Interest on Overdue Payments	The lesser of 18% per annum or the maximum contract rate of interest permitted by law.	At time the late payment is paid.	Only applicable if you don’t pay the amounts you owe on time. Interest will be charged only on late amounts and will begin to accrue on the date when the payment was originally due.
Records and Rights of Inspection (Audit)	The under reported amount plus the lesser of (a) 1.5% interest per month or (b) highest interest rate permitted by law.	Only if incurred.	Only applicable if we require you undergo an audit for any period. See Note 6.
Third-Party Transfer Fee	\$7,500	Before completion of transfer.	Only applicable when the Franchise Agreement, or any controlling interest in the WIN Business is assigned to any third party. You also must pay us a deposit of \$5,000, which we will refund to you once you provide us proof of required “tail” insurance.
Attorneys’ Fees and Other Costs	Will vary under the circumstances	Only if incurred.	Only applicable if you fail to comply with the Franchise Agreement, if we are joined in a lawsuit, or administrative or legal proceedings are commenced against us involving you, in which case we may recover our costs and attorneys’ fees.
Indemnification	Will vary under the circumstances	Only if incurred.	You must reimburse us for our losses and expenses as a result of third-party claims arising from your failures or breaches under the Franchise Agreement, your operation of the franchise or any other unauthorized acts.

All of the fees described in the table above are payable to us and via EFT unless otherwise noted and are non-refundable. The fees are uniformly imposed unless we, in our discretion, lower the fees. The following describes the fees listed above.

### Notes:

- (1) Gross Revenue. “Gross Revenue” means the aggregate dollar amount from all sales of goods or services made, provided by, or in connection with the WIN Business or the Marks, whether for cash or credit or non-cash payments or consideration at fair market value, regardless of collection in the case of credit, without any deduction for any costs. Gross Revenue includes, without limitation: (i) all sales made in connection with residential properties, commercial properties, or multi-use properties; (ii) all sales made or provided by you directly or indirectly through an affiliate

or a subcontractor; (iii) all sales of Approved Products and Services; and (iv) all sales of all unapproved goods and services. “Gross Revenue” does not include (a) gratuities paid by customers to you or your WIN Business employees; (b) any sales tax or other tax you collect from your customers and pay to the appropriate authority; and (c) any refunds approved by us that you give to your customers in good faith to advance the goodwill of the WIN Business.

- (2) Royalty Fee. You must pay us a monthly Royalty Fee that is the greater of (a) \$280 per month, or (b) 7% of the Gross Revenue for the month. Your Royalty Fee will be due by the seventh of each calendar month for the prior month. For the first full 12 months from the date you sign your Franchise Agreement, the minimum Royalty Fee of \$280 will be waived and Royalty Fee will be equal to 7% of the Gross Revenue for the previous month.
- (3) System Brand Fee. You must pay us a monthly System Brand Fee that is the greater of (a) \$195 per month, or (b) 4% of the Gross Revenue for the month for the marketing and promotional fund (the “System Brand Fund”). For the first full 12 months from the date you sign your Franchise Agreement, the minimum System Brand Fee of \$195 will be waived and System Brand Fee will be equal to 4% of the Gross Revenue for the previous month; provided that if the Franchise Agreement is terminated due to your breach of the Franchise Agreement, and if during any of the first 12 months after the Effective Date, you owed us less than the minimum royalty fee of \$280 per month in any month, you must pay us the different between the minimum royalty of \$280 per month and what you actually owed us for each of those months. Your System Brand Fee will be due by the 7<sup>th</sup> of each calendar month for the prior month. The monthly System Brand Fees will be deposited in the System Brand Fund, which is administered by us and consists of System Brand Fees paid by all franchisees. We may not deposit the System Brand Fee in a separate bank account; however, we maintain a ledger of the System Brand Fund receipts and disbursements. We do not own any WIN franchises, but if we do, those will contribute to the System Brand Fund in the same manner as all other franchisees.
- (4) Infrastructure Fee. You are required to pay us an Infrastructure Fee of \$350 per month for technology, services and support for one person’s access to the WINnovation Platform (usually the Principal Owner (defined in Item 15 below) or Designated Owner (defined in Item 15 below)), and if applicable, an additional \$90 per month for each additional inspector. This fee includes maintenance support and services as well as the license and subscription fees for the WINnovation Platform which includes the report writing system; customer management system; invoicing and payment processing system; learning and training system; online communities portal; business metrics reporting; booking, confirming, and communicating with your customers and referral sources; and creating, executing, and managing your agreements with customers. Also included is a telephone number which you must utilize as your WIN Business number. Also included is technical support and maintenance for the WINnovation Platform. The Infrastructure Fee may be increased by us upon 90 days’ notice in the event our costs for providing such support are increased, or when we determine that maintenance, repair or upgrade will be required. The Infrastructure Fee will not be adjusted more than once in a calendar year. You will perform ongoing maintenance, repairs and upgrades for your computer hardware and software, including the Inspection Tablet, at your expense, and there is no contractual limitation on the frequency or costs of these obligations in the Franchise Agreement.
- (5) Renewal Fee. You must, at a minimum of six months prior to your renewal date, inform us in writing that you intend to renew your Franchise Agreement (“Renewal Notice”). There is no fee for renewal. If you do not provide us the Renewal Notice, we may decide to not grant you the opportunity to renew your Franchise Agreement. Providing us with a Renewal Notice does not

automatically give you a right to renew. Rather, we may accept or deny your request to renew based on your past compliance with the Franchise Agreement.

- (6) Records and Rights of Inspection. We may require you to complete an audit at any time with no prior notice, including as a condition of renewing the Franchise Agreement. If we require an audit as a condition of renewal, you must pay the third-party auditor for the cost of the audit (which will not exceed \$2,000). If we require that you undergo an audit for any period, and the Gross Revenue or underlying metrics (such as number of inspections transacted) shown in your statements for that period should be found to be understated by more than 2%, you must immediately, after such findings, pay us for our cost of such audit plus the understated amount and interest on the understated amount from the date of underpayment. We will pay the cost of the audit if the results of the audit show you did not understate your Gross Revenue or number of inspections by more than 2%.
- (7) Convention Fee. You are not required to pay the Convention Fee for the first WIN Convention (as defined in Item 11) after you sign the Franchise Agreement, but you must pay the Convention Fee for any additional attendee for your first WIN Convention. For each subsequent WIN Convention, you must pay the Convention Fee, in monthly installments. The Convention Fee is currently \$1,000 for the first attendee, and \$395 for each additional attendee. After the first WIN Convention, you must pay a Convention Fee of \$1,000 even if you fail to attend the WIN Convention to cover the costs and expenses we incur to provide you with the opportunity to attend the WIN Convention.

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## ITEM 7: ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT FOR A START-UP WIN BUSINESS

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (See Note 1)	\$25,520 - \$31,900	Lump sum	When you sign the Franchise Agreement	Us
Real Estate and Improvements (See Note 3)	\$0	As incurred	As incurred	Approved Suppliers
WIN Branding Kit (See Note 3)	\$2,000	Lump Sum	Before opening	Approved Suppliers
WIN Vehicle Branding (See Note 4)	\$1,900 - \$3,100	Lump Sum	Before opening	Approved Suppliers
Inspection+ Tool Kit (Note 5)	\$5,950 - \$9,850	As incurred	Before opening	Approved Suppliers
Computer Hardware and Software (See Note 6)	\$675- \$1,800	As incurred	Before opening	Approved Suppliers
Insurance Premiums—First 3 Months (See Note 7)	\$700 - \$800	Monthly, quarterly or yearly	Due upon set up of coverage	Approved Insurance Carriers, and Associations
Business Organizational Filings, Industry Dues and Licensing Fees (See Note 8, 9)	\$750 - \$1,000	As incurred	Before opening	Government Agencies
Startup Launch Program (See Note 10)	\$4,000	As incurred	Before opening	Us
Additional Funds—First 3 Months (See Note 11)	\$1,500 - \$3,000	As incurred	As incurred	Us, Approved Suppliers, and/or Various Third Parties
<b>TOTAL</b> (See Note 12)	<b>\$42,995 - \$57,450</b>			

In addition to the fees described in Items 5 and 6, you may be required to make the payments described above. All fees payable to us are non-refundable and you must pay by EFT, unless otherwise noted. The following describes the fees listed above.

#### Notes:

- (1) **Initial Franchise Fee.** The Initial Franchise Fee is \$31,900, but you may qualify for a discounted Initial Franchise Fee. The Initial Franchise Fee is not refundable and is due when you sign the Franchise Agreement. Included in the Initial Franchise Fee is initial training provided by us, one inspection computer or tablet, certain computer software, access to the Operations Manual and the registration fee for one individual for the first WIN Convention. We may offer financing for up to \$10,000 of the Initial Franchise Fee.
- (2) **Real Estate and Improvements.** We recommend you operate your WIN Business from your home. We assume you have basic furniture in your home such as a table and chair to conduct your business. If your home is not located in your Territory, you must receive our prior written approval to operate your WIN Business from your home.
- (3) **WIN Branding Kit.** Before you open your WIN Business, you will be required to obtain from our approved suppliers, the WIN Branding Kit that will provide (i) marketing materials including business cards and marketing brochures, and (ii) WIN branded apparel to wear when you meet with clients and referral sources, when you conduct inspections, and at other various business events.
- (4) **WIN Vehicle Branding.** Before you open your WIN Business, you will be required to obtain from our approved suppliers the WIN branded decal package that conforms to our brand standards. If

you live in a community that prohibits identified vehicles, we will grant you an exception so that you may use alternative vehicle identification instead. The costs of an Approved Vehicle (as defined in Item 8) are not included in Item 7 because we assume that you already own a vehicle that will meet our qualifications as an Approved Vehicle.

- (5) Inspection+ Tool Kit. Before you open your WIN Business, you must order the extensive tools and equipment we identify and require (the “Inspection+ Tool Kit”) for you to provide a wide variety of inspection services beyond a typical home inspection. You may, at your discretion and upon our subsequent approval, purchase additional equipment for various service offerings.
- (6) Computer Hardware and Software. The initial fee includes the Inspection Tablet computer and access to the WINnovation Platform. We assume you have another working computer you may have purchased in the last five years. As such, the cost for additional hardware is minimal and as we specify in the Operations Manual.
- (7) Insurance Premiums for First 3 Months. Before you open your WIN Business and at all times during the term of the Franchise Agreement (including all renewal periods), you must obtain and maintain in full force and effect insurance policies insuring you and us against any liability that may accrue by reason of your operation of the WIN Business. For example:

Professional liability insurance (also known as error and omissions insurance):  
\$1,000,000 per occurrence and \$1,000,000 in the aggregate.

General liability and product liability insurance: \$1,000,000 per occurrence and  
\$1,000,000 in the aggregate.

Commercial automobile insurance: \$1,000,000 per occurrence and \$1,000,000 in  
the aggregate.

Workers’ compensation and occupational disease insurance: \$500,000 in the  
aggregate.

Other insurance as may be required by statute or regulation of the state in which  
you operate the WIN Business.

You must maintain such additional coverage and higher policy limits as we may reasonably specify from time to time via the Operations Manual.

You must name us, our affiliates, and our and our affiliates’ respective owners, officers, directors and employees as additional insureds for each required policy. In addition, you must maintain workers’ compensation insurance, employer’s liability insurance, and any other insurance as may be required by law in the jurisdiction in which your WIN Business is located. We will provide you with a list of approved insurance carriers in the Operations Manual, and you must obtain required insurance coverages from an insurance carrier approved by us. In order to obtain and maintain these insurance policies, you will typically be required to pay part of the insurance premium upfront. We estimate that the cost of professional liability insurance, general liability insurance, and incremental endorsement for commercial auto policy on an existing auto policy to be \$2,800 to \$3,200 in the first year, with your initial insurance premium of approximately \$700 to \$800. The cost of coverage will vary based on a number of factors, for example, the area in which your WIN Business is located, your experience with the insurance carrier, your loss experience, your expected level of sales, and other factors beyond our control.

- (8) Business and Industry Organization Dues. Within the first three months of operating your WIN Business, we encourage you to join business and industry organizations in your Territory that



operate at the local, state, or national level. Your connections with others who are members in the applicable business and industry organizations can be helpful as you grow your WIN Business.

- (9) Business Organizational Filings and Licensing Fees. Before you open your WIN Business, you may need to obtain any required certification, registration, or professional license. Costs associated with this can vary depending on your location. As of the date of this document and to the best of our knowledge, the states that are known to have laws, regulations or programs that require home inspectors to be certified, registered or licensed include the following: Alabama, Alaska, Arizona, Arkansas, Connecticut, Delaware, Florida, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, and Wisconsin. Other states may have trade practice laws or other laws or pending laws that affect how home inspectors conduct their business in those states. Municipal or county home inspection regulations may also apply in some areas. It is your responsibility to investigate your state or local requirements and plan accordingly. Certain states may require that you do field work such as “Ride-along Inspections” under the supervision of another licensed inspector. Such fieldwork may require additional time and expenses that will be above and beyond the estimates we have provided.
- (10) Startup Launch Program. You will pay the Startup Launch Program fee before opening your WIN Business. We developed and operate the Startup Launch Program, which provides you initial start-up services as you initially launch your business.
- (11) Additional Funds – First Three Months. This amount estimates the expenses you will incur during the first three months of startup of your WIN Business for various expenses such as accounting and/or legal services, gasoline and vehicle maintenance, and fees charged by digital and non-digital publishers (for example, Google and Facebook) for local ads. We cannot guarantee that you may not have to spend more based on your local or state requirements.
- (12) Total Initial Investment. The figures stated do not include salaries, draws, your living expenses or applicable taxes. You should review these figures independently and with a business advisor before making any decision to invest in the WIN Business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your WIN Business. However, we estimated this amount based on our and our predecessors’ over 20 years of experience franchising WIN Businesses. Your costs will depend on factors such as how closely you follow our WIN Home Inspection System, your management skills and experience, local economic conditions, the prevailing wage rate, competition, the amount of the initial investment you finance, state and local licensing or certification requirements, and the sales level reached during the initial period.

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

To ensure a consistent brand and quality of products and services, you must maintain and comply with our quality standards. We will provide you information on these standards through Operations Manual. As we determine trends in the marketplace or develop new marketing techniques, technologies, products and services, we anticipate that we will develop new and/or modify existing standards, and notify you through Operations Manual amendments. You must comply with all such mandatory standards.

### Equipment, Products and Signs

In operating your WIN Business, you may only use approved or designated materials, supplies, equipment, tools, vehicle decals, vehicle wraps, WIN career wear, signs, inventory, supplies, forms, printed and electronic advertising materials, computer hardware and software that we have approved as meeting our specifications and standards for appearance, function and performance (“Approved Items”). You may

purchase Approved Items from any supplier we approve or designate. We or one of our affiliates may be a designated or an approved supplier of one or more Approved Items, but as of the Issuance Date of this Franchise Disclosure Document, neither we nor our affiliates are the sole supplier for Approved Items.

Initial Products

Before you open your WIN Business, you must order from the approved suppliers the initial products we require, including products in the WIN Branding Kit and the Inspection+ Tool Kit. You must provide us proof of such orders before you open your WIN Business.

Vehicle

You must own or lease at least one vehicle that meets our standards and specifications for use in your WIN Business (the “Approved Vehicle”). Before you open your WIN Business, you must purchase the required WIN branded decal or wrapper package for your Approved Vehicle. You will utilize the Approved Vehicle in conducting the WIN Business. The condition of your vehicle, among other factors, is expected to have a strong influence on the growth of your business. We may ask you to repair or replace the Approved Vehicle(s), including rebranding, rewrapping, or re-decating with our then-current requirements. If at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the vehicle(s) does not meet our then-current standards, we will notify you accordingly and specify the action(s) you must promptly take to rectify the deficiency.

Computer Hardware and Software

We require that you obtain and use certain computer hardware and software to operate your WIN Business. We require you to have and use a computer or tablet for all inspections you complete in your WIN Business (the “Inspection Tablet”). We will order the Inspection Tablet for you at no extra cost to you after you sign the Franchise Agreement and pay the fees due to us. You will be responsible for any accessories, repairs, replacement or upgrades to the Inspection Tablet.

You must use our proprietary bundle of software and services (the “WINnovation Platform”) in the operation of your WIN Business. You will pay us the monthly Infrastructure Fee to access the WINnovation Platform, which is currently \$350 per month, plus \$90 per month per additional inspector. As of the issuance date of this Franchise Disclosure Document, we are the only approved supplier for the WINnovation Platform.

Insurance

Before you open your WIN Business and at all times during the term of the Franchise Agreement (including all renewal periods), you must obtain and maintain in full force and effect those insurance policies we require, including but not limited to the following, insuring you and us against any liability that may accrue by reason of your operation of the WIN Business:

<b>Insurance Policy</b>	<b>Minimum Coverage Requirements</b>
Professional Liability Insurance (also known as Error and Omissions Insurance)	\$1,000,000 per occurrence \$1,000,000 in the aggregate
General Liability and Product Liability Insurance	\$1,000,000 per occurrence \$1,000,000 in the aggregate
Commercial Automobile Insurance	\$1,000,000 per occurrence \$1,000,000 in the aggregate
Workers’ Compensation and Occupational Disease Insurance	\$500,000 in the aggregate

In addition to or in lieu of the above, you must maintain any other insurance as may be required by statute or regulation of the state in which you operate the WIN Business. If your state or local insurance requirements, including coverage requirements, are less stringent or lower than what we have specified, you must comply with our requirements. We will provide you with a list of approved insurance carriers, and related information in the Operations Manual, and you must obtain required insurance coverages from an approved insurance carrier. You must name us, our affiliates, and our and our affiliates' respective owners, officers, directors and employees as additional insured for each required policy. All insurance policies must contain a waiver of the insurance company's right of subrogation against us and must provide that we will receive prior written notice of any material change, termination, expiration or cancellation of any policy.

We may periodically change the minimum coverage and deductible requirements for you, and we may require different or additional kinds of insurance for you to reflect economic, industry, or standard changes in your liability and insurance coverage. We will provide you prior written notice and at least 45 days to obtain the revised insurance policies.

At least two weeks before you open your WIN Business, you must provide us with copies of the certificate of insurance, insurance policy endorsements, or other evidence of compliance with our insurance requirements. Further, you must send us a copy of the evidence of the renewal or extension of each insurance policy in a form we require, including certificate of insurance, at least two weeks before the expiration of your then current policy.

#### WIN Marketing and Promotional Materials

You may purchase from approved suppliers any approved marketing materials you want to use in your WIN Business, including brochures, business cards, career wear, promotional items, vehicle decals and wraps, signage, and other marketing materials. Additionally, you may purchase these materials from a third party provided the purchased materials comply with our standards as described in the Operations Manual. Immediately upon receipt of notice from us, you must stop using any marketing material you procured from a non-approved supplier if, solely in our judgment, that marketing material violates our policies and procedures or could adversely impact the Marks or the WIN Home Inspection System.

#### Supplier and Product Approval

You must purchase or lease certain Approved Items only from our designated or approved suppliers, which may include our affiliates or us. The Operations Manual will contain a list of approved manufacturers, suppliers, and distributors, and a list of approved items we deem necessary to operate your WIN Business. These lists may include suppliers from which you must purchase certain items, or specific brands or types of items that you may buy from any source provided that the items conform to the standards and specification we designated. Approved suppliers, specifications, and standards are determined based on the current needs for operating WIN Businesses, and we may make changes in the Operations Manual without prior notice.

With the exception of the WINnovation Platform, neither we nor our affiliates are currently the only designated or approved supplier of any other products or services. We reserve the right to be one of, or the sole, designated or approved supplier in the future.

We consider a variety of factors when considering which suppliers we will deem as approved suppliers, such as price, service, quality, warranty, delivery terms, ability to provide products and services that meet our specifications, responsiveness, and other commercially reasonable benchmarks. If you want to use a

material, supply, equipment, product or sign that we have not yet approved, or you want to purchase any items from any supplier that we have not approved, you must first notify us in writing and must submit to us, at our request, sufficient information, specifications, and samples for us to determine whether the services, material, supply, equipment, product or sign complies with our specifications and standards, or whether the supplier meets our approved supplier criteria. We reserve the right to approve or disapprove without any obligation to provide an explanation of the approval criteria to you. Within 90 days of receiving your request, we will either accept or reject the proposed item or supplier. You will not distribute or offer for sale any products or services of the proposed supplier until you receive our written approval. Currently, we do not charge a fee to evaluate alternative supplier or items, but we reserve the right to charge a fee in the future. We may revoke our approval of any supplier or item with 30 days' prior written notice to you. Upon receipt of written notice of such revocation, you must cease to purchase from the disapproved supplier(s) or to purchase the disapproved item(s).

Revenue and Rebates

During our last fiscal year, neither we nor our affiliates received any revenues or rebates from the sale of required products and services to our franchisees.

We and our affiliates reserve the right to collect rebates and other consideration from any third party designated and approved suppliers. These rebates or consideration may not be reasonably related to services we or our affiliate provide to these third parties. None of our officers owns an interest in an approved supplier. Some of our officers own an interest in us.

Miscellaneous

We estimate that the purchase of required items from designated or approved suppliers (which may include us or our affiliates), or those meeting our standards and specifications, will be approximately 40% to 45% of your total cost to establish your WIN Business, and between 10% to 25% of your total cost of operating your WIN Business.

We do not have any purchasing or distribution co-operatives as of the issuance date of this Franchise Disclosure Document. We may negotiate purchase arrangements with designated and approved suppliers for the benefit of our franchisees. We do not provide material benefits, such as renewing or granting additional franchises, based on the franchisee's use of designated or approved suppliers or purchases of particular products or services.

**ITEM 9: FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise agreement 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.**

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
a.	Site selection and acquisition/lease	2	None
b.	Pre-opening purchase/lease	5 and 10(G)	5, 7
c.	Site development and other pre-opening requirements	2, 5, and 10(G)	None
d.	Initial and ongoing training	6	11
e.	Opening	4(G), 5(A)	11

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
f.	Fees	3(B), 4, 6, 10(B), 10(J), 11(B), and 13(C)	5, 6
g.	Compliance with standards and policies/operations manual	3(B), 4(H), 5(E), 5(F), 6, 7(C), 10, 11, 12(A)	11
h.	Trademarks and proprietary information	2, 7, 8, and 14	13, 14
i.	Restrictions on products/services offered	2 and 10	8, 16
j.	Warranty and customer service requirements	10(C)	None
k.	Territorial development and sales quotas	2	12
l.	Ongoing product/service purchases	5(E), 7(C), 7(F), 10(A), 10(B), 10(G), 11(A), and 12(A)	8
m.	Maintenance, appearance and remodeling requirements	5(C), 5(D), 10(A), 10(B), and 10(D)	None
n.	Insurance	10(G)	7
o.	Advertising	11	6, 11
p.	Indemnification	9(C)	None
q.	Owner's participation/management/staffing	10(F)	11, 15
r.	Records and reports	12	6
s.	Inspections and audits	13	6, 11
t.	Transfer	15	17
u.	Renewal	3(B)	17
v.	Post-termination obligations	14(B) and 17	17
w.	Non-competition covenants	14	17
x.	Dispute Resolution	18	17
y.	Personal guaranty and payment obligations	15(G) and Exhibit D	10, 22
z.	Sublicense of software	5(E)	8
aa.	Vehicle requirements	5(G)	11
bb.	Convention	6(D)	11
cc.	Promissory Note	4(B) and Exhibit E	5, 10
dd.	Grant of Security Interest	None	10

## **ITEM 10: FINANCING**

Except as indicated below, we require that the Initial Franchise Fee described in Item 5 be paid to us at the time of signing the Franchise Agreement.

We may provide optional financing available for a portion of the Initial Franchise Fee to qualifying franchisees. If you meet our qualifications, we may finance up to \$10,000 of your Initial Franchise Fee for up to 36 months, provided at the time you sign the Franchise Agreement, you also sign the Promissory Note (“Note”) attached as Exhibit E to the Franchise Agreement. The effective annual interest rate will be 5%, and if we finance \$10,000 of your Initial Franchise Fee, your monthly payment will be \$299.71 for each of the 36 months of financing to pay off the loan and interest. The Note does not contain a prepayment penalty, does not require a security interest, and no person other than you (and, if you are an entity, your Principal Owners) must sign the Note. A personal guarantee of the Note is required.

If you accept financing from us and sign the Note, you will be required to waive any right to presentment for payment, notice of non-payment, protest, and notice of protest and notice of any renewals, extensions,

amendments, or modifications of the Note. Other than as mentioned directly above, neither the Note, nor any other financing document you sign will contain any waiver of defense or similar provision. If you default under the Note by not making payments when due, at our option, we may, in our sole discretion, take one or more of the following actions: (a) require you to immediately pay us the entire amount of the unpaid balance plus any accrued interest, and/or (b) terminate the Franchise Agreement. You must pay us any attorneys' fees and other costs we incur in collecting the monies owed by you to us. We also have the right to accelerate the Note if you are in default under the terms of the Franchise Agreement, the Franchise Agreement terminates, or if you assign or sell your WIN Business. You must pay all amounts owed to us including any amounts financed by us before you may be allowed to assign or sell your WIN Business. We have not in the past and do not currently intend to sell, assign or discount to any third party the Note or any other financing document you sign.

If applicable, we will comply with appropriate laws and regulations governing direct financing we offer to you, such as the California Finance Lenders Law.

Other than as described above, we do not offer direct or indirect financing, we do not guarantee your loans, lease or other obligations, and we do not receive payments or other consideration for the placement of financing. We reserve the right to terminate our financing program at any time, offer different terms or assist franchisees in obtaining financing in the future.

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

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

##### **Pre-Opening Assistance**

Before you open your WIN Business, we will:

- 1) Designate your Territory. (Section 2(A) and Exhibit B to the Franchise Agreement)
- 2) Conduct the training that you must attend remotely and/or in-person, and complete to our satisfaction before you may open your WIN Business. (Section 6(A) of the Franchise Agreement)
- 3) Provide you access to the Operations Manual. (Section 6(F) of the Franchise Agreement)
- 4) Provide you with access to the WINnovation Platform. (Section 5(E) of the Franchise Agreement)
- 5) Provide you guidance, as needed, for procuring recommended computer hardware and software for your WIN Business. (Sections 5(C), 5(D) of the Franchise Agreement)
- 6) Assist you in procuring required services and products to establish your WIN Business. Provide you access to approved suppliers. (Section 6(E) of the Franchise Agreement)
- 7) Establish a digital and social media presence for your WIN Business. (Sections 7(C) and 10(H) of the Franchise Agreement)
- 8) Approve the assignment of the Franchise Agreement to a wholly owned entity, if you are an individual. (Sections 5(A) and 15(B) of the Franchise Agreement)

## Operations Manual

We will provide you electronic access to policies, procedures, standards and guidelines for your WIN Business (the “Operations Manual”) (Section 6(F) of the Franchise Agreement). The Operations Manual is not one fixed document but is instead a compilation of various documents we make available to you via our intranet as well as through videos, newsletters, emails, announcements on internal websites and portals, bulletins, notices and other periodic communications, whether in electronic or printed formats. The Operations Manual is confidential and remains our proprietary information. You may not copy or reproduce any part of the Operations Manual or share with anyone not authorized by us in writing. We may modify the Operations Manual from time to time, but the modifications will not alter your rights under the Franchise Agreement. The Operations Manual contains references and/or links to additional information including instructional videos, and the total number of pages is approximately 230. The table of contents is attached as Exhibit B.

## WIN Office Location

The physical address of your WIN Business must be approved by us in writing before you can begin to operate your WIN Business (the “Approved Location”). The Approved Location should ideally be within your Territory. Without prior written consent from us, you are not allowed to use a virtual address as the address of your WIN Business. Examples of virtual address include USPS PO Box and UPS store address. We recommend that you operate your WIN Business from your home. You must have our written approval to change the Approved Location. We consider a number of factors in deciding whether to approve or require you to relocate an Approved Location, including the general location, the size of the location, and other relevant factors. If you fail to obtain an Approved Location within 30 days from the date you sign the Franchise Agreement, we may put you in default and terminate the Franchise Agreement.

## Time to Open

Although not required, we will support you in getting your WIN Business ready to begin operations. Generally, the amount of time it takes to open your WIN Business from the date you execute your Franchise Agreement is between 60 and 120 days. Factors that may affect your ability to open the WIN Business include financing, state licensing requirements, training, and other factors. We require you to open the WIN Business within 120 days from the day you sign the Franchise Agreement. We may extend this deadline for up to an additional 90 days if we determine in our reasonable judgment that your failure to obtain an approved location or open your WIN Business did not result from your failure to use your best efforts. If you are not open for business within the required time, we may terminate the Franchise Agreement.

## **Post-Opening Assistance**

During the operation of your WIN Business, we will:

- 1) Provide you access to updates to the Operations Manual. (Section 6(F) of the Franchise Agreement)
- 2) Provide updates or replacements to the WIN Home Inspection System infrastructure, including the WINnovation Platform. (Section 5(E) of the Franchise Agreement)
- 3) Host periodic WIN Conventions. (Section 6(C) of the Franchise Agreement)
- 4) Manage the System Brand Fund to promote all WIN home inspection businesses, the WIN® system and the Marks. (Section 11(B) of the Franchise Agreement)

- 5) Provide access to personalized web page on our website, company email address, and periodic updates on the business. (Section 10(H))
- 6) Provide reporting on business metrics. (Section 6(E) of the Franchise Agreement)

Although we are not required, we may provide additional support and assistance, as we deem appropriate. The nature, frequency, and length of our assistance will be at our discretion. Our representatives may be available by phone and/or email during normal business hours. (Section 6(E) of the Franchise Agreement.)

We may assist you in establishing prices, but you are solely responsible for setting your own prices. We reserve the right to delegate some or all of our pre-opening and continuing obligations under the Franchise Agreement to third parties chosen by us. Except as described above, we do not provide any additional assistance to you.

## **Advertising**

### System Brand Fund

We operate the System Brand Fund. We may use the System Brand Fund to conduct brand advertising, marketing, promotional and public relations campaigns, including paying for the cost of research, design, implementing tools and techniques for digital, social media and print marketing, and preparing and conducting print, radio, television, Internet, electronic, digital and billboard advertising and the WIN Convention, and employing outside agencies with the objective of protecting and enhancing the Marks and WIN® system. Further, we may use the System Brand Fund to develop marketing and promotional materials for use in national, regional, or local markets. We may contract with outside advertising agencies and third-party vendors for certain marketing initiatives and promotional materials and to create and implement marketing and public relations campaigns. We will determine, at our sole discretion, the use of the monies in the System Brand Fund. We are reimbursed for all expenses and costs incurred by us related to the promotion of WIN® system and the Marks, including reasonable administrative costs and overhead we incur in administering the System Brand Fund.

System Brand Fees that are not spent in any fiscal year will be carried over for future use. We may make loans to the System Brand Fund bearing reasonable interest to cover any deficit of the System Brand Fund and cause the System Brand Fund to invest the surplus for future use by the System Brand Fund. System Brand Fees will not be used for advertising principally directed at the sale of franchises. We are not required to spend any amount from the System Brand Fund on marketing or advertising in your Territory. We may not deposit the System Brand Fee in a separate bank account; however, we maintain a ledger of the System Brand Fund receipts and disbursements. Within 90 days of receiving your written request, we will provide you with an annual unaudited statement of the receipts and disbursements of the System Brand Fund for the calendar year prior to the date of your written request.

You will pay us a monthly System Brand Fee that is the greater of (a) \$195 per month, or (b) 4% of the Gross Revenue for the preceding month. For the first full 12 months from the date you sign your Franchise Agreement, the minimum System Brand Fee of \$195 will be waived and System Brand Fee will be equal to 4% of the Gross Revenue for the previous month. The System Brand Fees will be deposited in the System Brand Fund, which is administered by us and consists of all System Brand Fees paid by all franchisees. We do not own any WIN franchises, but if we do, they will contribute to the System Brand Fund in the same manner as franchisees.



In the year ended December 31, 2022, the System Brand Fund expenditures were:

National Marketing Programs	23%
Digital Media	69%
Administration/Brand Support	8%
	100%

The expenditures include a proportional allocation of the compensation and expenses of our in-house resources. Administration/Brand Support includes our expenses and staff compensation incurred for supporting the brand and related administrative functions.

#### Recommended Additional Local Promotion

In addition to the System Brand Fund, we recommend you spend at least \$500 per month on additional local marketing, and typically between 5% and 10% of your Gross Revenue on additional local marketing including digital and local advertising. You must use our approved marketing and promotional materials purchased from approved suppliers to promote your WIN Business. You may, at your own cost, develop your own marketing materials. However, before you use or publish the materials, you must obtain our prior written permission. If we inform you that any of your marketing materials do not satisfy our standards, which we will determine at our sole discretion, you must immediately cease using such materials.

#### Startup Launch Program

We developed and operate the Startup Launch Program to provide you with certain initial start-up services as part of the launch of your WIN Business.

#### Franchisee Advisory Council

We created, sponsor, and endorse the Mentorship Advisory Council ("MAC"), whose purpose include individual and collective growth of all our franchise owners. MAC serves solely in an advisory capacity and has no decision-making authority. We have the right to form, change and dissolve the MAC and its bylaws without prior notice, including amending the nomination process and adding or reducing the number of MAC members.

#### Cooperatives

You are not required to join in any organizations or associations of franchisees, advertising council, or cooperative that we may establish or that is established at our direction for promoting, coordinating, and purchasing advertising.

### **Computer Hardware, Software, and Other Technology**

#### Hardware

The Inspection Tablet is an important tool you must use when you conduct inspections. We will order your Inspection Tablet that will either be shipped to you or provided at the Training Program. The cost of the Inspection Tablet is included in the Initial Franchise Fee. We will provide you with ongoing support for operational systems and services included in the WINnovation Platform. You will use the Inspection Tablet to input inspection data into the WINnovation Platform and deliver electronic copies of the inspection report either on-site or within 24 hours after the inspection. You may use another computer, smartphone or tablet to complete the inspection report, subject to our approval.

We require that you use certain additional computer hardware such as a desktop or laptop computer to operate your WIN Business. The Operations Manual will have further information on such required and optional computer hardware and software. We anticipate you may already own such hardware, in which case you will not have to incur additional expenses. If you do not already own such hardware, we estimate the cost to be between \$600 to \$1,000. You will be responsible for purchasing accessories, and any repairs, replacement or upgrades to the Inspection Tablet once we have provided you the Inspection Tablet. You may need to purchase a data plan to support internet access to the Inspection Tablet, and the estimated cost of a data plan is typically \$0-\$20 per month when added to an existing mobile plan. You will also be responsible, at your own cost, to replace, upgrade, or otherwise update your computer and related hardware and software, as we require, and there is no contractual limitation on the frequency or costs of these obligations in the Franchise Agreement. While we recommend you deliver the inspection report electronically, you may, at your own time and expense, print inspection reports and deliver them in a presentation binder.

### The WINnovation Platform

We provide you access to, and you must use in the operation of your WIN Business, the WINnovation Platform, our proprietary bundle of software, services and data storage to assist you with operating and marketing your WIN Business, including report writing system, customer management system, invoicing and payment processing, training programs, forums; booking, confirming, and communicating with customers and referral sources; and creating, executing, and managing your agreements with customers. We may provide you with data in the WINnovation Platform, such as lists of clients and referral sources. It will be your responsibility to verify the accuracy and relevance of such data. We make no representations or warranties to the accuracy or completeness of such data. We will provide ongoing maintenance, repairs, upgrades or updates for WINnovation Platform and related data storage services. We may change or replace any part of WINnovation Platform, and in the event of any such changes, we will assist you in incorporating those required upgrades and replacements.

You are required to use the most current version of the WINnovation Platform or any component thereof, together with all updates. If you do not comply with the requirements and the steps outlined by us to receive and begin utilizing the most current updates to the WINnovation Platform, you may be subject to additional fees and we may terminate the Franchise Agreement. If you or we run into any issues that are inherent in updating computers and software programs (for example, compatibility issues between hardware and software, age of hardware, or due to even minor deviations by you in following the steps outlined by us to complete the upgrade process), you must reasonably cooperate with us to find alternative methods or solutions to complete the updates.

### Other Software and Programs

Currently, we require you use QuickBooks® Online for bookkeeping. You must pay a third party, such as Intuit or an authorized reseller, to license the software. We estimate the current cost for such software programs is approximately \$55 per month for annual plan. This does not include the cost associated with the accounting support.

### Data Ownership, Access, and Control

We own and have the right to have independent access to any and all information, photos, videos, and data stored in or generated by your WIN Business or by any of your affiliates while using our proprietary and confidential information including our Marks, WIN Home Inspection System, Inspection Tablet, WINnovation Platform, or any other computer or software associated with your WIN Business, including information and data related to customers, referral sources, inspections, and financials and any other related

information. There are no contractual limitations on our right to access, use, and aggregate such information and data in any way we see fit. We have the sole right to determine the names of and information contained in any digital marketing programs or digital assets, including social media profiles, pertaining to your WIN Business. We may change the names of or information in any marketing programs, digital assets and social media profiles pertaining to your WIN Business without any prior notice. We may use or aggregate such information and data in any way we see fit. We own and will have access to social media accounts regarding your WIN Business, whether created by us or by you. You must comply with any written request from us to modify, remove, or delete any statement from you, whether in print or online, that we believe is not consistent with or could be detrimental to the WIN Home Inspection System brand or the Marks.

## **Training**

### Training for New Franchisees

The Designated Owner or another person who will conduct inspections on behalf of your WIN Business who we approve (“Participant”) must complete our multi-prong training program to our satisfaction, unless we make an exception based on your prior experience, before you can open your WIN Business. The Participant must complete all the training course(s) that we will assign. The Participant(s) must complete our training program (“Training Program”) in-person and/or via videoconferencing.

The Training Program may take place via videoconferencing or in-person, either at our corporate headquarters in Chicago, Illinois, or another location that we may determine. We generally offer six to eight Training Programs per year, but that number may change. The Training Program includes three weeks of training regarding business operations, marketing your WIN Business, technical aspects of home inspection, and technology systems in the WIN Home Inspection System. We will not pay you for any services you perform in connection with the Training Program, and you will be responsible for all travel and living expenses in connection with the Training Program. In addition, the Participant is required to conduct at least 20 practice home inspections. You may be compensated by your clients for some of those inspections you perform. However, we will not pay you any compensation whatsoever for any such practice inspections. You are responsible for all equipment, third party services, travel and living expenses you or the Participant may incur for the Training Program. Once the Participant completes the Training Program to our satisfaction and earns a passing score on the technical exams where applicable or deemed necessary by us, the Participant will become a “WIN Certified Home Inspector.” We may offer additional training programs or refresher courses for continuing technical education from time to time. You must comply with the requirements of such additional training programs to maintain your status as a WIN Certified Home Inspector. Additionally, you may be required to complete additional training classes and/or pass specific exams to attain and maintain local licenses and certifications. You will complete such classes and/or exams at your own cost and within reasonable time. We may supplement training programs with third-party suppliers to provide you with relevant and timely training. The following provides an estimated breakdown of the training hours over the 90 days of training for the Designated Owner or a Participant. If the Participant is primarily conducting inspections and not supporting business operations including marketing, the training hours for such Participant is expected to be less than those outlined below. Classroom training hours include the hours spent in reviewing and completing virtual live as well as non-live training modules and classes. On-the-job-training hours include the hours spent in completing field assignments under the supervision of qualified inspectors, as well as independent assignments that you will be asked to complete.

## TRAINING PROGRAM

### TECHNICAL TRAINING PROGRAM ESTIMATED HOURS:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Exterior	9	8	Locally or Chicago, Illinois or remotely via videoconferencing
Structure, Attics and Crawlspace	11	10	Locally or Chicago, Illinois or remotely via videoconferencing
Roofing	9	8	Locally or Chicago, Illinois or remotely via videoconferencing
Interior	9	10	Locally or Chicago, Illinois or remotely via videoconferencing
HVAC	11	8	Locally or Chicago, Illinois or remotely via videoconferencing
Plumbing/Fuel Systems	7	8	Locally or Chicago, Illinois or remotely via videoconferencing
Electrical	9	9	Locally or Chicago, Illinois or remotely via videoconferencing
National SOP/COE	3	0	Locally or Chicago, Illinois or remotely via videoconferencing
Ancillary Services	28	24	Locally or Chicago, Illinois or remotely via videoconferencing
NRPP Radon	12	4	Locally or Chicago, Illinois or remotely via videoconferencing
Inspections & Report Writing	21	56	Locally or Chicago, Illinois or remotely via videoconferencing
Business Technology	8	4	Locally or Chicago, Illinois or remotely via videoconferencing
<b>Total Hours</b>	<b>137</b>	<b>149</b>	

### BUSINESS TRAINING PROGRAM ESTIMATED HOURS:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Industry Overview	4	0	Locally or Chicago, Illinois or remotely via videoconferencing
Risk Management	5	3	Locally or Chicago, Illinois or remotely via videoconferencing
Financial Management	4	8	Locally or Chicago, Illinois or remotely via videoconferencing
Business Operations	11	8	Locally or Chicago, Illinois or remotely via videoconferencing
Relationship Management	8	20	Locally or Chicago, Illinois or remotely via videoconferencing
<b>Total Hours</b>	<b>32</b>	<b>39</b>	

**MARKETING TRAINING PROGRAM ESTIMATED HOURS:**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Sales & Marketing Management	25	25	Locally or Chicago, Illinois or remotely via videoconferencing
Digital and Online Marketing	9	20	Locally or Chicago, Illinois or remotely via videoconferencing
<b>Total Hours</b>	<b>34</b>	<b>45</b>	

**TRAINING PROGRAM ESTIMATED HOURS SUMMARY:**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>TOTAL HOURS</b>
Technical	137	149	286
Business	32	39	71
Marketing	34	45	79
<b>Total Hours</b>	<b>203</b>	<b>233</b>	436

The experience of our instructors includes the following:

**Patrick Knight.** Before joining WIN’s predecessor in August 2002, Mr. Knight owned a WIN franchise in Bellevue, Washington. Mr. Knight’s primary role is to oversee the technical aspects of the franchise training program as well as the field support program, which provides onsite assistance and guidance to WIN franchisees. Additionally, he provides operations support for improvement and training to franchise owners and assists with policy and procedure development for the WIN Home Inspection System. He holds a Bachelor of Arts in Education from Washington State University and has more than 29 years of teaching and training experience.

**Keith Williams.** Before joining WIN in January 2023, Mr. Williams owned a WIN franchise in Greenville, South Carolina. Mr. Williams’ primary role is to oversee the field support program, which provides coaching, guidance, and assistance to WIN franchisees. Additionally, he provides operations support for improvement and training to franchise owners and assists with policy and procedure development for the WIN Home Inspection System. He holds a Bachelor of Science in Business Administration from Hawaii Pacific University and has more than 23 years of teaching and training experience. Mr. Williams also served as an Officer in the United States Marine Corps from May 1990 to December 2013 including five overseas deployments and five combat tours.

**Josh Rogers.** Before joining WIN in August 2022, Mr. Rogers owned a WIN franchise in Chicago, Illinois. Mr. Rogers’ primary role is to provide coaching, guidance, and assistance to WIN franchisees. Before owning his WIN franchise, Mr. Rogers worked as a home inspector with another WIN franchise owner for nearly five years.

**Abby Firmstone.** Ms. Firmstone provides support in training, marketing and start up for new franchise owners. Ms. Firmstone joined WIN as Marketing Coordinator in February 2021. Her background includes assisting on marketing and training initiatives to help support growth.

**Shubha Gangal.** Ms. Gangal oversees and provides training and business coaching in sales, marketing, and business operations. Ms. Gangal joined WIN as Vice President of Marketing in November 2018. Ms. Gangal's experience as a successful entrepreneur and advisor to small and mid-sized businesses gives her a unique perspective in understanding and mitigating the pain points of small businesses, including developing actionable marketing plans to spur growth.

**Will Rosler.** Mr. Rosler provides support in operations, business accounting and management. His background includes investing, operations and consulting with five years of experience as a private equity professional. He received a B.A. in Economics from Northwestern University.

**Praful Mittal.** Before joining WIN in November 2018, Mr. Mittal had extensive involvement in streamlining and growing businesses in a number of industries. Previously, he has had leadership roles in private equity, consulting and operations. He received degrees in business and software design from Massachusetts Institute of Technology and Northeastern University.

In addition, we have developed a network of other WIN franchisees who may be involved in providing training support across the WINnovation Platform and other areas.

#### Your Employees' Certification Requirements

Any individual conducting home inspection services on behalf of your WIN Business must also be a WIN Certified Home Inspector. An individual may become a WIN Certified Home Inspector by completing our training program that we designate, completing the technical part of the Training Program, and earns a passing score on the technical exams where applicable or deemed necessary by us. Moreover, there may be a requirement to complete additional training classes and/or pass specific exams to attain and maintain local licenses and certifications, at your own cost and within reasonable time. We may require existing franchisees to attend certain parts of the training program based on a number of factors including the relevant statutes and regulations.

#### Training for Other Inspections

Prior to offering other types of inspection services, you must either become licensed, if licensing is required by any statute or regulation, or obtain training to perform such inspection services. We may offer in-house training or partner with a third party to provide you with training. You will be responsible for all costs for such training with third parties. We may require you to carry additional or modified insurance before you attend the training and before you begin ancillary inspections.

#### WIN Annual Convention and Continuing Education

We periodically host a convention (the "WIN Convention") where you have the opportunity to network with other WIN franchisees and learn new skills. We may, at our discretion, hold all or part of the Convention remotely via online videoconferencing. In January 2023, the WIN Convention included approximately 39 hours of instruction and discussions on a variety of topics, including technical procedures, business related topics, risk management, recruiting, and new product offerings. For your first WIN Convention, you are not required to pay the Convention Fee for your first attendee. For each subsequent year, you must pay the Convention Fee in monthly installments. The Convention Fee is currently \$1,000 for the first attendee and \$395 for each additional attendee. Even if you fail to attend the WIN Convention, you must pay a Convention Fee to cover the costs and expenses we incur to provide you with the opportunity to attend the WIN Convention.

During the term of the Franchise Agreement, we may require you to attend additional training, webinars, seminars, and programs to continue your education and maintain your status as a WIN Certified Home Inspector. You must attend all such training programs and, as necessary, pay all expenses incurred to attend these programs, including training materials, instructors, transportation, lodging, meals, and wages. We recommend that you maintain membership in good standing in one or more industry professional associations that are approved by us.

## **ITEM 12: TERRITORY**

### **Rights Granted**

We grant you a Territory with a designated size and location for you to establish your office and to operate your WIN Business. Your Territory shall be designated by us and attached to the Franchise Agreement. Your territory will comprise a geographical area typically identified by zip codes. 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. We do not currently own any outlets or control any competitive brands. There is no standard size of a territory. We designate the Territory based on many factors, including but not limited to population and density, number of housing units, real estate agents and real estate offices, volume of real estate transactions, variability in local market conditions, competition, the number of existing WIN franchisees, if any, already in the geographic area and the growth plans of any such WIN franchisees already in the Territory. We may grant other WIN franchisees the same or overlapping Territories, based on our assumptions of your future performance, market share potential for WIN franchisees in the Territory and other factors.

You may only visit agents or prospective clients for marketing your WIN Business within the Territory. You may digitally market your WIN Business (i) within the Territory; and (ii) outside the Territory so long as your digital marketing efforts do not target any part of the territory of another WIN franchised business. You may not attend open houses or visit agents' offices outside the Territory. You may attend regional and national marketing and trade events outside the Territory. You may sell Approved Products and Services to persons or properties located inside as well as outside the Territory so long as, at our request, you can provide evidence that the source of the referral was developed (a) within the Territory, or (b) through digital marketing in a manner compliant with the Franchise Agreement, or (c) from the National Accounts Program.

With our prior written consent, which we have the right to deny or revoke at any time, you may (i) establish or maintain social media profiles and/or accounts on other Internet sites to advertise your WIN Business, and (ii) offer or sell any Approved Products and Services on the Internet (or any other existing or future form of electronic communication).

We reserve the right to operate, or to grant other persons the right to operate, WIN Businesses from any location or within any geographic area, including within your Territory, and on terms and conditions we deem appropriate. We reserve the right to sell any products or services under the Marks or under any other trademarks or service marks. We may also merge with, acquire or become associated with any businesses using other systems or other marks, and those businesses may (a) convert to or operate under the Marks or other trademarks, (b) offer or sell products and services that are the same or similar as the products and services your WIN Business offers, and/or (c) be located within or outside the Territory. We may operate and grant to others the right to operate, home inspection businesses under trademarks other than the Marks and under terms and conditions we deem appropriate. We may carry out any of the above stated actions without compensation to you. There are no restrictions on other business activities in which we may engage within a Territory.

We may establish a national accounts program (“National Accounts Program”) where we partner with other businesses to create additional business opportunities for you and other WIN franchisees. We reserve the right to negotiate and set pricing for the National Accounts Program, and to require you to participate in the National Accounts Program. Once established, details of the National Accounts Program will be provided and updated in the Operations Manual.

You are not granted an option, right of first refusal, or similar right to acquire any additional geographic area outside your Territory. If you were to seek additional Territories at a future date, we may grant you additional Territories, solely at our discretion, under separate, then-current Franchise Agreement(s). Neither we nor any of our affiliates operate, franchise, or have current plans to operate or franchise any business selling the products and services authorized for sale at a business under any other trademark or service mark.

WIN Office Location

We recommend that your WIN Business office is located in your home. You may not relocate your WIN Business office unless you have our prior written approval. You may not use a virtual address, such as a USPS P.O. Box or UPS Store, for your WIN Business without our prior written permission. You must have at least one business telephone line dedicated to the WIN Business. You must use the telephone number provided by us as your WIN Business office telephone line.

**ITEM 13: TRADEMARKS**

The Franchise Agreement grants you the right to open and operate a home inspection business under the “WIN Home Inspection” marks and any other brand, trade names, trademarks, service marks, logos, and proprietary marks we may authorize you to use to identify your WIN Business (“Marks”). We have not established, and we do not intend to establish, another franchise system in the home inspection industry that may use the Marks, but we reserve the right to use the Marks in other franchise systems that do not directly compete with the WIN Business.

We have registered the following trademarks with the United States Patent and Trademark Office on the principal register as follows:

<b>MARK</b>	<b>Registration No.</b>	<b>Registration Date</b>
WIN	3681634	September 8, 2009
WIN	3687527	September 22, 2009
WIN Home Inspection	3710644	November 10, 2009
WIN Home Inspection	3756170	March 2, 2010
WE SEE MORE. CLEARLY.	3802910	June 15, 2010
FRIENDLY, PROMPT, AND THOROUGH HOME INSPECTORS YOU CAN TRUST	6062678	May 26, 2020

WIN has filed all required affidavits in connection with these trademarks. We have timely renewed each registration when eligible for renewal.

You must follow our standards when you use the Marks. You may not use the Marks as part of your corporate, partnership or limited liability company name, nor may you modify words, designs, symbols, or colors either alone or in combination with other words or logos, as part of any Mark or on any Internet URL address or domain name. You may not register any domain name in connection with the WIN Business, regardless of whether such domain name contains or doesn’t contain the Marks. You may not create or



utilize alternative websites or landing pages for the WIN Business, including any pages created by or in connection with third parties, without our prior written consent. You may not use the Marks in connection with the sale of an unauthorized products or services. You may use the Marks on the Internet only as we specifically authorize in the Franchise Agreement or in the Operations Manual. Upon written notice, you must modify or stop using the Marks within 10 days of receiving written notice and, at your sole cost and expense, must promptly begin using such additional, modified or substituted Marks. However, we agree to reimburse you for your direct out-of-pocket costs associated with any changes, revisions, or substitutions to the Marks that we require arising from litigation respecting the Marks. We are not party to any agreements that limit our rights to use, or license the use of, the Marks.

As of the issuance of this Franchise Disclosure Document, there are no material determinations of any state or federal trademark administrator, or any court, pending infringement opposition, cancellation, or pending material litigation involving the Marks. Further, we have not entered into any agreements, other than Franchise Agreements with current WIN franchisees that limit our right to use or license the use of the Marks. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Marks.

If a suit in equity or action at law is brought against you and/or us alleging that you and/or we have no right to use any of the Marks used to identify the WIN Business, we will assume, with your cooperation, the defense of the suit or action. Our trademark counsel will control and coordinate the defense. We will bear all costs of the defense, and we retain the right to any money we may be awarded in any such defense. If the Marks are being used by an unlicensed party in your Territory and you ask us to protect or enforce your rights to the Marks, we will take the action we deem appropriate with your cooperation. Our trademark counsel will control and coordinate the action. We will bear all costs of the action, and we retain the right to any money we may be awarded in any such action. You must not directly or indirectly contest our right to the Marks.

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

There are no patents or patent applications that are material to the WIN Business. We claim copyright protection of the Operations Manual, the WINnovation Platform, and advertising and promotional materials, forms, and related materials that we or you produce in connection with the WIN Business (“Copyrighted Material”), although Copyrighted Material may not have been filed with the Copyright Office of the Library of Congress and no copyright registration may have been issued. Copyrighted Material are proprietary and confidential and are our property. You may use Copyrighted Material only during the Term of the Franchise Agreement, and only as provided in your Franchise Agreement. You must promptly tell us when you learn about any unauthorized use of Copyrighted Material. We are not obliged to take any action when we learn of the unauthorized use, but will respond as we deem appropriate.

There are no material determinations of the United States Patent and Trademark Office, the United States Copyright Office or a court regarding our copyrights. We are not obligated to protect our copyrights or to protect you against claims arising from your use of our copyrights. We do not know of any patent or copyright infringement that could materially affect you.

#### **Confidential Information & Trade Secrets**

We own certain trade secrets and Confidential Information. “Confidential Information” means the methods, techniques, formats, marketing, business development and promotional techniques, operating procedures, specifications information, data, trade secrets, product and service quality standards, and systems and knowledge of operating and/or franchising WIN businesses that are provided to you or that you otherwise acquire in developing or operating the WIN Business under the WIN Home Inspection System, before, on,

or after the effective date of the Franchise Agreement. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through direct or indirect disclosure (whether deliberate or inadvertent) by you. For the avoidance of doubt, any customer or referral lists and information in part or entirety are included in Confidential Information, even if parts of the lists or information are generally known to the public.

During and after the term of the Franchise Agreement, you must keep confidential and must not reveal, publish, disseminate, share, or otherwise make public any Confidential Information to another person except with our prior written consent. During the term of the Franchise Agreement, you must not use any Confidential Information for any purpose except to develop and operate your WIN Business. After the term of the Franchise Agreement, you must not use any Confidential Information for any purpose. You may not copy any Confidential Information or give it to a third party. All persons affiliated with you must sign a confidentiality and non-competition agreement before you grant them access to any Confidential Information.

You may disclose Confidential Information to your employees and/or your affiliates only (i) if they have signed a nondisclosure and/or non-competition agreement, (ii) to the extent necessary to operate your WIN Business, and (iii) while the Franchise Agreement is in effect. Upon the termination of the Franchise Agreement, you must immediately destroy or return all Confidential Information to us, and if destroyed, certify the destruction of such information in writing.

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

We require you to participate in the operation of your WIN Business on an exclusive and full-time basis. You must designate, and we must approve, one owner who will oversee the WIN Business operations on an exclusive and full-time basis and represent you in interactions and communications with us (the “Designated Owner”). If you are the sole owner of the WIN Business, then you shall be deemed as the Designated Owner. Without our prior written consent, the Designated Owner may not engage in any other business or other activity during normal business hours that requires any management responsibility, time commitments, or otherwise may conflict with Designated Owner’s exclusive and full time obligations to the WIN Business.

The Designated Owner must attend and complete to our satisfaction the Pre-Training Program, the Training Program, and the Post-Training Program.

If you are an entity, each individual who owns a 5% or greater interest in you at any time is considered a “Principal Owner,” and each Principal Owner must sign a guaranty and assumption agreement in the form attached as Exhibit D to the Franchise Agreement. If any corporation or other entity other than a partnership is a Principal Owner, a “Principal Owner” also will mean a shareholder or owner of a 5% or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a “Principal Owner” also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a 5% or greater interest in such general partner. If no individual owns 5% or greater interest in you at any time, then each owner will be considered a Principal Owner and will be required to sign the Guaranty and Assumptions of Obligations.

The Principal Owners agree to discharge all obligations of the franchisee entity to us under the Franchise Agreement, and the Principal Owners are bound by all of the provisions of the Franchise Agreement, including maintaining the confidentiality of Confidential Information described in Item 14 and complying with the non-compete covenants described in Item 17. In addition, all of your employees who have managerial duties at the WIN Business (and if you are an entity, all your officers, directors, and partners),

must sign a written agreement to maintain the confidentiality of our Confidential Information described in Item 14 and comply with the non-compete covenants described in Item 17.

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

You may only offer and sell Approved Products and Services, which currently comprise residential, commercial and other building inspection services and related products and services including but not limited to inspecting and/or testing for air quality, radon, mold, asbestos, lead, wood destroying insects, wood destroying organisms, pests, wind mitigation, swimming pools, spas, water quality, wells, sewer, septic systems, as well as energy evaluations, thermographic inspections, virtual home tours, measurements, and concierge services. You must offer all products and services in accordance with the mandatory policies, practices, procedures, regulations and specifications required by applicable laws or that we establish and modify from time to time. We may change Approved Products and Services from time to time, and you agree to comply with such changes in the time frame we provide in the Operations Manual. There are no limitations on our right to make such changes. If there is a conflict between applicable laws and specifications, we may have outlined in the Operations Manual, you should abide by the applicable laws and statutes instead of our policies and specifications.

Only with our prior written approval, you may offer goods and services that we do not yet approve (“New Products and Services”). We reserve the right to not approve New Products and Services.

To avoid conflict of interest, you are prohibited from accepting commissions or offering referrals to yourself for repair or replacement stemming from the delivery of Approved Products and Services.

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

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

**THE FRANCHISE RELATIONSHIP**

	<b>Provision</b>	<b>Section in the Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	3(A)	Five years
b.	Renewal or extension of the term	3(B)	Ten renewal terms of five years each

	<b>Provision</b>	<b>Section in the Franchise Agreement</b>	<b>Summary</b>
c.	Requirements for you to renew or extend	3(B)	<p>You have the right to renew provided the following conditions are met:</p> <p>(1) we are still offering franchises under the Marks and WIN Home Inspection System,</p> <p>(2) you meet our then-current standards and specifications for new WIN franchisees;</p> <p>(3) you agree to submit to an audit in case we require it;</p> <p>(4) you give us 180 days' prior written notice of your intent to renew;</p> <p>(5) you are compliant to our satisfaction with your signed Franchise Agreement;</p> <p>(6) you assign the telephone numbers used in connection with your WIN Business to us;</p> <p>(7) you complete new or refresher training as we may deem appropriate;</p> <p>(8) you sign the then current Franchise Agreement, which may contain materially different terms and conditions, including different definition of your Territory; and</p> <p>(9) you sign general release in a form acceptable to us.</p>
d.	Termination by franchisee	Not applicable	Franchisee may terminate the franchise agreement under any grounds permitted by law.
e.	Termination by franchisor without cause	Not applicable	Not applicable.
f.	Termination by franchisor with cause	16(A), 16(B) and 16(C)	We may terminate the franchise agreement if you are in default as outlined in this document and the Franchise Agreement.
g.	"Cause" defined – curable defaults	16(B) and 16(C)	You have 10 calendar days to cure monetary defaults, and 30 calendar days to cure all other defaults, except non-curable defaults. We reserve the right to limit your access to the WINnovation Platform, Confidential Information, and any other aspects of the System that we determine upon providing you notice of default under Section 16(B) and 16(C) of the Franchise Agreement.
h.	"Cause" defined - non-curable defaults	16(A)	<p><u>Without providing notice:</u></p> <p>(A) voluntary or involuntary bankruptcy or insolvency; or</p> <p>(B) beginning or in the process of dissolution or receivership or similar action.</p> <p><u>By providing notice:</u></p> <p>(1) you conduct any transfer of your WIN Business not authorized by us in writing or fail to complete an approved transfer in a timely manner;</p> <p>(2) you fail to satisfactorily complete our Training Program or a subsequent training program;</p> <p>(3) you do not open your WIN Business in a timely manner;</p> <p>(4) you misrepresent or falsify information in application for the franchise or renewal or any communication during the course of the operation of the WIN Business;</p> <p>(5) you maintain or submit false or misleading business or financial information;</p>

	Provision	Section in the Franchise Agreement	Summary
			<p>(6) you plead no contest to or are convicted for felony, crime of moral turpitude, or any other crime or offense or you have a government action against you that in our opinion injures the Marks;</p> <p>(7) you fail to operate WIN Business in compliance with federal, state and local laws and regulations or if you recommend yourself to perform repairs identified in your inspection reports;</p> <p>(8) you fail to obtain and maintain required state or local licenses, permits, or other required certification within 6 months of executing the Franchise Agreement;</p> <p>(9) you fail to obtain and/or maintain required insurance coverage at all times;</p> <p>(10) you fail to conform to material requirements of the WIN Home Inspection System or misuse the Marks;</p> <p>(11) you abandon the WIN Business;</p> <p>(12) your WIN Business is a threat or danger to the public health or safety;</p> <p>(13) you understate Gross Revenue by 5% or more as revealed by audit;</p> <p>(14) you understate Gross Revenue of 2% or more on 3 occasions in the same 36-month period as revealed by audit;</p> <p>(15) you do not give us requisite access to inspect your financial records or business premises within 5 days of notice;</p> <p>(16) you disclose Confidential Information or other proprietary information except as allowed by the Franchise Agreement;</p> <p>(17) you receive cure notices on three or more occasions within any 12-month period;</p> <p>(18) you fail to comply in a timely manner with our requirements for implementing software or hardware changes;</p> <p>(19) you default under your promissory note between you and us;</p> <p>(20) your actions, in public or on the internet, materially impairs the goodwill associated with the Marks in our judgment;</p> <p>(21) you violate anti-terrorism laws;</p> <p>(22) you fail to participate in required conferences, training programs, and meetings that we organize either over the web or in person;</p> <p>(23) you violate our policies regarding the intranet three or more times during the term of the agreement;</p> <p>(24) you fail to respond three or more times to our inquiries or questions within 10 calendar days of each such inquiry, including failures to complete surveys or provide requested feedback, in any 12-month period;</p> <p>(25) The Designated Owner fails to oversee the WIN Business operations on an exclusive and full-time basis;</p> <p>(26) you fail to have a fully signed and executed services agreement with any client before providing services;</p> <p>(27) you fail to obtain our approval for a subcontractor or provide us with proof of subcontractor insurance; or</p> <p>(28) the nature of your breach makes it not curable.</p>

	Provision	Section in the Franchise Agreement	Summary
i.	Franchisee's obligations on termination/non-renewal	14(B), 17(A), 17(B) and 17(D)	<p><u>Immediately:</u></p> <p>(1) cease operations of the WIN Business;</p> <p>(2) stop using the Marks;</p> <p>(3) stop representing yourself as a current WIN franchisee;</p> <p>(4) delete all local and/or personal electronic copies of and cease using any Confidential Information, trade secrets, Operations Manual, and other proprietary information;</p> <p>(5) assign to us and cease using all WIN email address, websites, platforms, social media accounts, and other online presence associated with the WIN Business;</p> <p>(6) comply with non-compete requirements of the Franchise Agreement;</p> <p>(7) retain all records of the WIN Business for five years from the date of expiration or termination; and</p> <p>(8) procure extended "tail" insurance policy for errors and omissions for least two years from the date of termination, and name as an additional insured on those policies (you must deposit \$5,000 with us at time of transfer that will be refunded once you provide us with proof of tail insurance).</p> <p><u>Within 5 business days:</u></p> <p>(7) pay all dues you owe to us and our affiliates</p> <p>(8) return all hard copies of any Confidential Information, trade secrets, Operations Manual, and other proprietary information;</p> <p>(8) stop using the telephone number listed as your WIN Business telephone number, and upon our request, assign to us the business telephone number, email address, websites, platforms, social media accounts, and other online presence associated with the WIN Business;</p> <p>(9) take necessary action to cancel fictitious or assumed names associated with our Marks; and</p> <p>(10) comply with all other post-term requirements.</p>
j.	Assignment of contract by franchisor	15(A)	No restriction on our rights to transfer or assign.
k.	"Transfer" by franchisee - defined	15(B)	Any assignment, transfer, or sale of the Franchise Agreement, WIN Business, or any interest in them.
l.	Franchisor approval of transfer by franchisee	15(B)	No transfer shall be deemed valid unless approved in writing by us, except for if the transfer is to a business entity formed by you per the Franchise Agreement.
m.	Conditions for franchisor approval of transfer	15(B)	<p><u>Majority Interest.</u> We require the following before we will approve a transfer of 50% or more in you or the Franchise Agreement:</p> <p>(A) you are in full compliance with the terms of the Franchise Agreement, including paying all outstanding monetary obligations to us and our affiliates and all obligations under Section 7 of the Franchise Agreement;</p> <p>(B) you provide us with a transition plan that outlines your assistance to proposed transferee, that we will review and approve in our sole discretion;</p> <p>(C) transferee is approved by us to have qualifications we deem satisfactory to operate WIN Business;</p>

	Provision	Section in the Franchise Agreement	Summary
			<p>(D) transferee signs our then-current franchise agreement, which may have terms that are materially different than the terms in your Franchise Agreement;</p> <p>(E) transferee, and its principal owners or designated operators satisfactorily complete required training;</p> <p>(F) if necessary, you have received the landlord consent to transfer any lease of Approved Location to transferee;</p> <p>(G) you make necessary expenditures to modernize equipment and other items used in the WIN Business;</p> <p>(H) you pay us a transfer fee of \$7,500, plus the then current Startup Launch Program fee;</p> <p>(I) you and your Principal Owners sign a general release in a form acceptable to us;</p> <p>(J) we approve of the material provisions of the signed transfer contract between you and the transferee;</p> <p>(K) you and buyers have signed and confirmed confidentiality/non-compete agreements;</p> <p>(L) the proposed transferee and its Principal Owners or Designated Owners satisfactorily complete other requirements including insurance, license and/or certifications;</p> <p>(M) you assign the telephone numbers used in connection with the operation of your WIN Business to us; and</p> <p>(N) you procure extended “tail” insurance policy for errors and omissions for least two years from the date of termination, and name us as an additional insured on those policies.</p> <p><u>Minority Interest.</u> We require the following before we will approve a transfer of more than 5% but less than 50% of interest in you or the Franchise Agreement:</p> <p>(1) you provide us at least 30 days’ notice;</p> <p>(2) new owners sign a personal guaranty; and</p> <p>(3) you provide us with other information relating to the transfer as we request.</p>
n.	Franchisor's right of first refusal to acquire franchisee's business	15(F)	You must sell to us if we match a legitimate offer for 20% or more of your business.
o.	Franchisor's option to purchase franchisee's business	17(C)	We have 60 days from the date of notice of termination or expiration to potentially purchase tangible and intangible assets of your business.
p.	Death or disability of franchisee	15(D)	You have 90 days to appoint a competent manager acceptable to us, and an additional four months to transfer the interests of the dead or permanently disabled persons in the WIN Business.
q.	Non-competition covenants during the term of the franchise	14(A)	You are not allowed to be involved in competing business anywhere in the U.S.
r.	Non-competition covenants after the franchise is terminated or expires	14(B)	For a period of one (1) year from the date of termination or expiration or assignment of your franchise agreement: i) no involvement by you in any competing business within the Territory and within a 25-mile radius around the outside border of the Territory and any other then-existing Territory for another WIN franchisee; ii) no solicitation of current customers and referral sources of

	<b>Provision</b>	<b>Section in the Franchise Agreement</b>	<b>Summary</b>
			any WIN Business or employ our employees or those of other WIN franchisees.
s.	Modification of the agreement	19(L), 6(F)	The Franchise Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both you and us. We may revise the contents of the Operations Manual, and you expressly agree to comply with any new or changes.
t.	Integration/merger clause	19(P)	The “Introduction” section, the exhibit(s) to the Franchise Agreement, and the Statement of Prospective Franchisee (Exhibit H to this FDD), which represents the entire agreement of the parties, and supersedes and terminates all prior agreements and understandings, either oral or in writing. Any representations, warranties, inducements, promises, understandings or agreements between the parties, that are not in the Franchise Disclosure Document which you will acknowledge receiving at least 14 days before signing the Franchise Agreement or paying any money, or in writing and signed by us and you, are void and not enforceable. Nothing in the Franchise Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we provided to you. (subject to state law)
u.	Dispute resolution by arbitration or mediation	18	Except for certain claims, all disputes must be arbitrated in Chicago, Illinois (subject to state law).
v.	Choice of forum	19(D)	The state and federal courts located in Cook County, Illinois (see also state-specific addenda).
w.	Choice of law	19(E)	The laws of the state of Delaware, without regard to any conflict of laws principles under Delaware law (subject to state law).

### **ITEM 18: PUBLIC FIGURES**

We do not use any public figure to promote the WIN Home Inspection System.

### **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 Franchise 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.

We have a reasonable basis and written substantiation for the financial performance information disclosed in Item 19.

The tables below present data we collected respecting the historic Gross Revenue for WIN franchisees that own one or more franchise units, with a franchised business that has been in operation for at least one full year as of December 31, 2022, for the twelve-month period ending December 31, 2022 (the “Measurement



Period”). For the Measurement Period, only data from franchisees that reported Gross Revenue and were in compliance for each of the 12 months of the Measurement Period were included in the tables. A franchisee is not “in compliance” if one or more of the following occurred during the Measurement Period: (i) more than one instance of non-payment, (ii) franchisee operated a territory without a Designated Owner, (iii) the Designated Owner did not devote full time efforts to the business, (iv) failure to obtain or maintain required licensing, or (v) failed to obtain or maintain insurance coverage.

While the consumer facing characteristics of the included outlets are materially the same as those offered in this franchise disclosure document, there may be certain back-end characteristics of the included outlets that are materially different, including different support from us, a different fee structure, and different restrictions on the Territory.

The following information was compiled from monthly Gross Revenue reports submitted to us or to our predecessor by the franchisees. The number of franchisees excluded in each category is shown in the notes below the chart.

Throughout this Item 19, “Gross Revenue” means the aggregate dollar amount from all sales of goods or services made, provided by, or in connection with the WIN Business or the Marks, whether for cash or credit or non-cash payments or consideration at fair market value, regardless of collection in the case of credit, without any deduction for any costs. Gross Revenue includes, without limitation: (i) all sales made in connection with residential properties, commercial properties, or multi-use properties; (ii) all sales made or provided by you directly or indirectly through an affiliate or a subcontractor; (iii) all sales of Approved Products and Services; and (iv) all sales of all unapproved goods and services. “Gross Revenue” does not include (a) gratuities paid by customers to you or your WIN Business employees; (b) any sales tax or other tax you collect from your customers and pay to the appropriate authority; and (c) any refunds approved by us that you give to your customers in good faith to advance the goodwill of the WIN Business.

**Section I: Franchisees with Gross Revenue of \$100,000 or more for the Measurement Period**

The average Gross Revenue, median Gross Revenue, high value Gross Revenue, low value Gross Revenue, number of applicable franchisees, and the average gross revenue growth for franchisees with Revenue of \$100,000 or more for the Measurement Period is as follows:

<b>Franchisees with Gross Revenue of \$100,000 or more</b>	<b>Year Ended 12/31/22</b>	<b>Year Ended 12/31/21</b>	<b>Year Ended 12/31/20</b>
Average Gross Revenue	\$246,296.08	\$279,360.35	\$265,759.77
Median Gross Revenue	\$194,026.00	\$212,056.00	\$205,812.50
High Value of Gross Revenue	\$950,477.71	\$1,289,901.99	\$1,297,020.00
Low Value of Gross Revenue	\$101,528.00	\$111,415.00	\$107,859.00
# of Franchisees	88	89	88
Average # of Territories per Franchisee	1.39	1.35	1.38

The average Gross Revenue, median Gross Revenue, high value Gross Revenue, low value Gross Revenue, number of applicable franchisees, and the average gross revenue growth for franchisees with Gross Revenue of \$100,000 or more for the Measurement Period is broken down by quartiles as follows:

<b>First Quartile</b>	<b>Year Ended 12/31/22</b>	<b>Year Ended 12/31/21</b>	<b>Year Ended 12/31/20</b>
Average Gross Revenue	\$450,095.54	\$526,015.61	\$502,161.67
Median Gross Revenue	\$359,152.50	\$470,437.50	\$406,102.50
High Value of Gross Revenue	\$950,477.71	\$1,289,901.99	\$1,297,020.00
Low Value of Gross Revenue	\$283,482.00	\$345,967.53	\$314,398.75
# of Franchisees	22	23	22
Average # of Territories per Franchisee	2.00	2.00	1.91

<b>Second Quartile</b>	<b>Year Ended 12/31/22</b>	<b>Year Ended 12/31/21</b>	<b>Year Ended 12/31/20</b>
Average Gross Revenue	\$243,450.60	\$260,423.95	\$253,387.24
Median Gross Revenue	\$246,112.50	\$260,810.00	\$249,057.50
High Value of Gross Revenue	\$283,482.00	\$322,666.00	\$314,398.75
Low Value of Gross Revenue	\$194,026.00	\$212,056.00	\$205,812.50
# of Franchisees	22	22	22
Average # of Territories per Franchisee	1.36	1.23	1.27

<b>Third Quartile</b>	<b>Year Ended 12/31/22</b>	<b>Year Ended 12/31/21</b>	<b>Year Ended 12/31/20</b>
Average Gross Revenue	\$164,244.27	\$184,454.03	\$175,464.33
Median Gross Revenue	\$162,014.50	\$179,505.00	\$171,862.88
High Value of Gross Revenue	\$194,026.00	\$210,088.60	\$205,812.50
Low Value of Gross Revenue	\$142,157.50	\$163,786.00	\$151,825.50
# of Franchisees	22	22	22
Average # of Territories per Franchisee	1.14	1.14	1.18

<b>Fourth Quartile</b>	<b>Year Ended 12/31/22</b>	<b>Year Ended 12/31/21</b>	<b>Year Ended 12/31/20</b>
Average Gross Revenue	\$127,393.89	\$135,336.21	\$132,025.83
Median Gross Revenue	\$130,248.84	\$133,688.55	\$135,784.50
High Value of Gross Revenue	\$142,157.50	\$152,575.00	\$152,374.00
Low Value of Gross Revenue	\$101,528.00	\$111,415.00	\$107,859.00
# of Franchisees	22	22	22
Average # of Territories per Franchisee	1.05	1.00	1.14

Section I Notes:

1. In calendar year of 2022:
  - a. Of the 206 franchisees in the system operating in 252 territories, 88 franchisees (43%) were in our system for more than one year, reported Gross Revenue for all 12 months of the Measurement Period, and had annual Gross Revenue of \$100,000 or more during that calendar year. Of the 88 franchisees, 33 (38%) met or exceeded the average Gross Revenue of \$246,296.08.
  - b. Of the 88 franchisees included in the table above, 22 franchisees were in the first quartile, 22 franchisees were in the second quartile, 22 franchisees were in the third quartile, and 22 franchisees were in the fourth quartile. Of the 22 franchisees in the first quartile, 7 (32%)

met or exceeded the average Gross Revenue of \$450,095.54. Of the 22 franchisees in the second quartile, 11 (50%) met or exceeded the average Gross Revenue of \$243,450.60. Of the 22 franchisees in the third quartile, 9 (41%) met or exceeded the average Gross Revenue of \$164,244.27. Of the 22 franchisees in the fourth quartile, 13 (59%) met or exceeded the average Gross Revenue of \$127,393.89.

- c. Of the 206 franchisees in the system operating in 252 territories, 90 franchisees (48%) were not included because (i) 28 franchisees were not in our system for at least one year, and (ii) 62 franchisees either did not report Gross Revenue for all 12 months of the Measurement Period and/or were not in compliance during the Measurement Period. Of the 206 franchisees in the system operating in 252 territories, 28 franchisees (14%) were not included because they did not earn at least \$100,000 in Gross Revenue during the Measurement Period.
2. In calendar year of 2021:
    - a. Of the 201 franchisees in the system operating in 237 territories, 89 franchisees (44%) were in our system for more than one year, reported Gross Revenue for all 12 months of the Measurement Period, and had annual Gross Revenue of \$100,000 or more during that calendar year. Of the 89 franchisees, 31 (35%) met or exceeded the average Gross Revenue of \$279,360.35.
    - b. Of the 89 franchisees included in the table above, 23 franchisees were in the first quartile, 22 franchisees were in the second quartile, 22 franchisees were in the third quartile, and 22 franchisees were in the fourth quartile. Of the 22 franchisees in the first quartile, 7 (30%) met or exceeded the average Gross Revenue of \$526,015.61. Of the 22 franchisees in the second quartile, 12 (55%) met or exceeded the average Gross Revenue of \$260,423.95. Of the 22 franchisees in the third quartile, 10 (45%) met or exceeded the average Gross Revenue of \$184,454.03. Of the 22 franchisees in the fourth quartile, 11 (50%) met or exceeded the average Gross Revenue of \$135,336.21.
    - c. Of the 201 franchisees in the system operating in 237 territories, 97 franchisees (48%) were not included because (i) 45 franchisees were not in our system for at least one year, and (ii) 42 franchisees either did not report Gross Revenue for all 12 months of the Measurement Period and/or were not in compliance during the Measurement Period. Of the 201 franchisees in the system operating in 237 territories, 15 franchisees (7%) were not included because they did not earn at least \$100,000 in Gross Revenue during the Measurement Period.
  3. In calendar year of 2020:
    - a. Of the 162 franchisees in the system operating in 202 territories, 88 franchisees (54%) were in our system for more than one year, reported Gross Revenue for all 12 months of the Measurement Period, and had annual Gross Revenue of \$100,000 or more during that calendar year. Of the 88 franchisees, 31 (35%) met or exceeded the average Gross Revenue of \$265,759.77.
    - b. Of the 88 franchisees included in the table above, 23 franchisees were in the first quartile, 22 franchisees were in the second quartile, 22 franchisees were in the third quartile, and 22 franchisees were in the fourth quartile. Of the 22 franchisees in the first quartile, 8 (36%) met or exceeded the average Gross Revenue of \$502,161.67. Of the 22 franchisees in the

second quartile, 11 (50%) met or exceeded the average Gross Revenue of \$253,387.24. Of the 22 franchisees in the third quartile, 10 (45%) met or exceeded the average Gross Revenue of \$175,464.33. Of the 22 franchisees in the fourth quartile, 12 (55%) met or exceeded the average Gross Revenue of \$132,025.83.

- c. Of the 162 franchisees in the system operating in 202 territories, 57 franchisees (35%) were not included because (i) 37 franchisees were not in our system for at least one year and (ii) 20 franchisees either did not report Gross Revenue for all 12 months of the Measurement Period and/or were not in compliance during the Measurement Period. Of the 162 franchisees in the system operating in 206 territories, 15 franchisees (9%) were not included because they did not earn at least \$100,000 in Gross Revenue during the Measurement Period.

**Section II: Average Home Inspection Fee Charged by Franchisees with Gross Revenue of \$100,000 or more for the Measurement Period**

Year	Average Fee Per Home Inspection	Median Fee Per Home Inspection	Range of Fees Per Home Inspection	Number of Franchisees Who Met or Exceed the Average Fee Per Home Inspection	Average Fee Growth (%)
2022	\$560.44	\$560.26	\$353.78-\$1,072.66	44 (50%)	6.0%
2021	\$528.47	\$525.92	\$346.56 - \$961.17	45 (51%)	5.4%
2020	\$501.53	\$500.82	\$331.52 - \$733.06	44 (50%)	10.0%

**Section III: Franchisees with Gross Revenue of less than \$100,000 for the Measurement Period**

The average gross revenue, median gross revenue, high value gross revenue, low value gross revenue, number of applicable franchisees, and the average gross revenue growth for franchisees with Gross Revenue of less than \$100,000 for the Measurement Period is as follows:

Franchisees with Gross Revenue of less than \$100,000	Year Ended 12/31/22	Year Ended 12/31/21	Year Ended 12/31/20
Average Gross Revenue	\$72,466.47	\$85,585.91	\$89,473.15
Median Gross Revenue	\$79,160.77	\$86,797.50	\$92,206.00
High Value of Gross Revenue	\$97,210.00	\$98,956.00	\$99,497.00
Low Value of Gross Revenue	\$33,428.08	\$66,510.00	\$73,300.00
# of Franchisees	28	15	15
Average # of Territories per Franchisee	1.00	1.00	1.07

**Section III Notes:**

1. In calendar year of 2022, of the 206 franchisees in the system operating in 252 territories, 28 franchisees (14%) had annual Gross Revenue of less than \$100,000 during that calendar year. Of the 28 franchisees, 17 (61%) met or exceeded the average Gross Revenue of \$72,466.47.
2. In calendar year of 2021, of the 201 franchisees in the system operating in 237 territories, 15 franchisees (7%) had annual Gross Revenue of less than \$100,000 during that calendar year. Of the 15 franchisees, 9 (60%) met or exceeded the average Gross Revenue of \$85,585.91.
3. In calendar year of 2020, of the 162 franchisees in the system operating 202 territories, 15 franchisees (9%) had annual Gross Revenue of less than \$100,000 during that calendar year. Of the 15 franchisees, 9 (60%) met or exceeded the average Gross Revenue of \$89,473.

**Section IV: Average Home Inspection Fee Charged by Franchisees with Gross Revenue of less than \$100,000 for the Measurement Period**

Year	Average Fee Per Home Inspection	Median Fee Per Home Inspection	Range of Fees Per Home Inspection	Number of Franchisees Who Met or Exceed the Average Fee Per Home Inspection	Average Fee Growth (%)
2022	\$539.31	\$523.09	\$369.82 - \$839.8	11 (39%)	7.0%
2021	\$504.04	\$502.95	\$346.23 - \$663.58	7 (47%)	5.8%
2020	\$476.43	\$424.80	\$355.45 - \$552.26	4 (27%)	9.2%

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

The information regarding the Gross Revenue of the Franchised Businesses is based upon the amounts reported to us by our franchisees.

Written substantiation for the financial performance representation is available to the prospective franchisee upon reasonable request.

The financial performance figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the revenue or sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.

Other than the preceding financial performance representation, WIN does not make any financial performance representations. We also do not authorize our employees or representatives to make any financial performance representations orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet that are available to us on an audited basis. 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 Praful Mittal, World Inspection Network International LLC, 155 N. Wacker Dr., Suite 4250, Chicago, IL 60606, 1-800-967-8127, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2020 to 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	174	203	+29
	2021	203	237	+34
	2022	237	252	+15
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	174	203	+29
	2021	203	237	+34
	2022	237	252	+15

**Table No. 2**  
**Transfers of Outlets From Franchisees to New Owners**  
**(Other than the Franchisor)**  
**For Years 2020 to 2022**

State	Year	Number of Transfers
California	2020	1
	2021	0
	2022	1
Colorado	2020	0
	2021	0
	2022	1
Indiana	2020	0
	2021	3
	2022	1
Montana	2020	0
	2021	1
	2022	0
Washington	2020	0
	2021	2
	2022	0
<b>Total</b>	2020	1
	2021	6
	2022	3

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2020 to 2022**

State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
Alabama	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	1	3
Arizona	2020	13	2	0	0	0	0	15
	2021	15	1	0	0	0	0	16
	2022	16	2	1	0	0	0	17
Arkansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	25	2	1	0	0	0	26
	2021	26	3	0	0	0	1	28
	2022	28	1	1	0	0	1	27
Colorado	2020	10	2	0	0	0	0	12
	2021	12	1	0	0	0	0	13
	2022	13	0	0	0	0	0	13

State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
Connecticut	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Florida	2020	6	1	1	0	0	0	6
	2021	6	7	0	0	0	0	13
	2022	13	5	0	0	0	0	18
Georgia	2020	4	1	0	0	0	0	5
	2021	5	2	0	0	0	0	7
	2022	7	1	0	0	0	1	7
Idaho	2020	2	2	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	1	4
Illinois	2020	3	1	1	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Indiana	2020	7	0	0	1	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Iowa	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Kansas	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
Kentucky	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Maine	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Maryland	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Michigan	2020	5	3	0	1	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	1	0	0	0	0	8
Minnesota	2020	4	1	0	1	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	1	4
Mississippi	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	3	2	0	0	0	0	5
	2021	5	2	0	0	0	1	6
	2022	6	0	0	0	0	0	6
Montana	2020	2	0	0	0	0	0	2

State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Nebraska	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Nevada	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	2	0	0	0	0	5
New Hampshire	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Mexico	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New York	2020	12	3	0	0	0	0	15
	2021	15	1	1	0	0	0	15
	2022	15	0	1	0	0	0	14
North Carolina	2020	2	1	0	0	0	0	3
	2021	3	4	1	0	0	0	6
	2022	6	0	1	0	0	0	5
Ohio	2020	6	4	0	0	0	0	10
	2021	10	0	1	0	0	1	8
	2022	8	2	1	0	0	0	9
Oklahoma	2020	0	1	0	0	0	0	1
	2021	1	4	0	0	0	0	5
	2022	5	0	1	0	0	0	4
Oregon	2020	4	1	0	1	0	0	4
	2021	4	2	0	0	0	0	6
	2022	6	1	0	0	0	0	7
Pennsylvania	2020	7	1	3	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	1	0	0	0	0	7
Rhode Island	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	2	0	0	0	1	3
South Dakota	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	1	0
Tennessee	2020	11	2	0	0	0	0	13
	2021	13	0	0	0	0	1	12



State	Year	Businesses at the Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
	2022	12	1	0	0	0	0	13
Texas	2020	7	0	0	0	0	0	7
	2021	7	3	0	0	0	0	10
	2022	10	2	1	0	0	1	10
Utah	2020	2	0	0	0	0	0	2
	2021	2	2	0	0	0	1	3
	2022	3	1	0	0	0	0	4
Virginia	2020	1	1	0	0	0	0	2
	2021	2	2	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Washington	2020	24	1	0	0	0	0	25
	2021	25	2	1	0	0	0	26
	2022	26	0	0	0	0	4	22
West Virginia	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Wisconsin	2020	0	2	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	1	0	0	0	0	2
Wyoming	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
<b>Total</b>	2020	174	39	6	4	0	0	203
	2021	203	45	6	0	0	5	237
	2022	237	33	7	0	0	11	252

\* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

**Table 4**  
**Status of Company-Owned Outlets**  
**For Years 2020 to 2022**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
<b>Total</b>	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

**Table No. 5**  
**Projected Openings as of December 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Florida	0	2	0
Massachusetts	1	1	0
New York	1	1	0
Ohio	0	1	0
South Carolina	2	2	0
Texas	3	3	0
<b>Total</b>	<b>7</b>	<b>10</b>	<b>0</b>

Attached as Exhibit D is a list of the addresses and telephone numbers of all operating franchisees in the WIN Home Inspection System as of December 31, 2022, including franchisees with a franchise agreement signed but outlet not opened in Table No. 5. Exhibit D also contains a list of the name and last known home address and telephone number of each franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a WIN Franchise Agreement during our last fiscal year or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the WIN Home Inspection System.

All franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the WIN Home Inspection System. You may wish to speak with current and former franchisees, but be aware that not all of these franchisees will be able to communicate with you.

The WIN Mentorship Advisory Council has been created, and is sponsored and endorsed, by WIN. The address and telephone number of the advisory council are 444 W Lake Street, Suite 1700, Chicago, IL 60606, 1-800-967-8127. The advisory council has no separate email address or Web address other than those used for internal communications. The advisory council was created by WIN and is comprised of at least 6 franchisees in a given year whose purpose includes individual and collective growth of all our franchise owners. WIN has the power to form, change and dissolve the advisory council.

#### **ITEM 21: FINANCIAL STATEMENTS**

Attached as Exhibit C are our audited financial statements as of December 31, 2022, December 31, 2021, and as of December 31, 2020.

## ITEM 22: CONTRACTS

The following agreements are attached as exhibits to this Franchise Disclosure Document:

<b>Agreement</b>	<b>Location</b>
Franchise Agreement	Exhibit A
Electronic Transfer of Funds Form	Franchise Agreement, Exhibit C
Guaranty And Assumption Agreement	Franchise Agreement, Exhibit D
Promissory Note	Franchise Agreement, Exhibit E
Franchise Agreement State Addenda	Franchise Agreement, Exhibit F
Form General Release	Exhibit F
Franchise Disclosure Document State Addenda	Exhibit G
Statement of Prospective Franchisee	Exhibit H

## ITEM 23: RECEIPTS

**The last two pages of this Franchise Disclosure Document are a detachable document for you to sign and return to us acknowledging receipt of this Franchise Disclosure Document.** The two pages located before the last two pages is a duplicate Receipt for you to keep. If these pages or any other pages or exhibits are missing from your copy, please contact us at the address and phone number on the cover page of this Franchise Disclosure Document.

**EXHIBIT A**  
**FRANCHISE AGREEMENT**



**WORLD INSPECTION NETWORK INTERNATIONAL LLC**  
**FRANCHISE AGREEMENT**

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FRANCHISEE/YOU

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DATE OF AGREEMENT

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**EXHIBITS**

- A – OWNERSHIP AND MANAGEMENT OF FRANCHISEE
- B – APPROVED LOCATION AND TERRITORY
- C – ELECTRONIC TRANSFER OF FUNDS FORM
- D – GUARANTY AND ASSUMPTION AGREEMENT
- E – PROMISSORY NOTE
- F – FRANCHISE AGREEMENT STATE SPECIFIC ADDENDA

# WORLD INSPECTION NETWORK INTERNATIONAL LLC

## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (“Effective Date”), between World Inspection Network International LLC, a Delaware limited liability company, with a principal place of business at 444 W Lake Street, Suite 1700, Chicago, IL 60606 (“we,” “us,” or “our”), and \_\_\_\_\_, a [resident of] [corporation organized in] [limited liability company organized in] the state of \_\_\_\_\_ (“you” or “your”).

### INTRODUCTION

A. As a result of our investment of time, skill, effort, resources, and money, we have developed and continue to develop a unique system for the development and operation of a business that offers inspection and other services and products for single and multi-family residences and commercial establishments under the Marks (as defined in Section 1(G) below) and WIN Home Inspection System (as defined in Section 1(K)).

B. We grant qualified persons the right to develop, own and operate a franchised WIN business using the WIN Home Inspection System and Marks within a designated territory, and you desire to obtain the right to develop and operate a franchised WIN business using the WIN Home Inspection System and Marks within a designated territory.

C. We have agreed to grant you the right to develop and operate a franchised WIN business subject to the terms and conditions of this Agreement (including all exhibits and related documents) and Operations Manual.

### AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the Parties agree as follows:

#### **1. DEFINITIONS**

A. “Anti-Terrorism Laws” means Executive Order 13244 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

B. “Approved Products and Services” means all products, services, and bundles of products and services that we have approved for offer or sale in a WIN Business, which includes residential, commercial and other building inspection services and other products and services including but not limited to inspecting and/or testing air quality, radon, mold, asbestos, lead, wood destroying insects, wood destroying organisms, pests, wind mitigation, swimming pools, spas, water quality, wells, sewer, septic systems, as well as energy evaluations, infrared inspections, thermographic inspections, virtual home tours, measurements, and concierge services. We may modify Approved Products and Services at any time upon written notice to you.

C. “Confidential Information” means the methods, techniques, formats, marketing, business development and promotional techniques, operating procedures, specifications, information, data, trade secrets, product and service quality standards, and systems and knowledge of operating and/or franchising WIN businesses that are provided to you or that you otherwise acquire in developing or operating the WIN Business under the WIN Home Inspection System, before, on, or after the Effective Date. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through direct or indirect disclosure (whether deliberate or inadvertent) by you. For the avoidance of doubt, any customer or referral lists and information in part or entirety are included in Confidential Information, even if parts of the lists or information are generally known to the public.

D. “Content” means all text, images, sounds, files, videos, designs, animations, layouts, color schemes, trade dress, concepts, methods, techniques, processes and data used in connection with, displayed on, or collected from or through the Intranet or email system.

E. “Designated Owner” means the Principal Owner who will oversee the WIN Business operations on an exclusive and full-time basis, and represent you in interactions and communications with us.

F. “Gross Revenue” means the aggregate dollar amount from all sales of goods or services made, provided by, or in connection with the WIN Business or the Marks, whether for cash or credit or non-cash payments or consideration at fair market value, regardless of collection in the case of credit, without any deduction for any costs. Gross Revenue includes, without limitation: (i) all sales made in connection with residential properties, commercial properties, or multi-use properties; (ii) all sales made or provided by you directly or indirectly through an affiliate or a subcontractor; (iii) all sales of Approved Products and Services; and (iv) all sales of all unapproved goods and services. “Gross Revenue” does not include (a) gratuities paid by customers to you or your WIN Business employees; (b) any sales tax or other tax you collect from your customers and pay to the appropriate authority; and (c) any refunds approved by us that you give to your customers in good faith to advance the goodwill of the WIN Business.

G. “Marks” means the WIN service mark, and other trademarks, trade names, service marks, domain names, logos and commercial symbols that we have designated, or may in the future designate, for use in the WIN Home Inspection System.

H. “Principal Owner” means any person or entity who directly or indirectly owns a 5% or greater interest in you and as set forth in Exhibit D. If any corporation or other entity other than a partnership is a Principal Owner, a “Principal Owner” also will mean a shareholder or owner of a 5% or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a “Principal Owner” also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a 5% or greater interest in such general partner.

I. “Territory” means the geographic area as identified in Exhibit B.

J. “WIN Business” means the franchised WIN business you own and operate under this Agreement.

K. “WIN Home Inspection System” means the WIN system which includes home inspection products and services, and other related services that we may designate in the future under the Marks; the Approved Products and Services; certain distinctive types of equipment (including the Computer System (as defined in Section 5(C) below)); the Confidential Information; marketing, business development, and advertising techniques; operating procedures; product and service quality standards; business methods; the



WINnovation Platform; the Operations Manual; and other expertise that we supply throughout the term of this Agreement.

L. “WINnovation Platform” means our proprietary bundle of software, data storage, infrastructure, and services in the operation of your WIN Business, including all existing or future communication or data storage systems, components thereof and associated service, which we have developed, customized and/or selected for the WIN Home Inspection System.

## 2. GRANT OF FRANCHISE

A. Grant of Franchise, WIN Business Location and Territory. Subject to the provisions contained in this Agreement, including all exhibits and related documents, and Operations Manual, we grant you a franchise to own and operate a WIN Business within the Territory (the “Franchise”). We will designate the Territory for you to operate your WIN Business. The physical address of your WIN Business (“Approved Location”) must be approved by us in writing before you can begin to operate your WIN Business. We recommend that you operate the WIN Business from your home. You may not use a virtual address for your WIN Business address. For purposes of this Agreement, a virtual address means a USPS P.O. Box, UPS store, or any other address from which you do not conduct your WIN Business. Your Approved Location and Territory are identified in Exhibit B. You may not relocate your Approved Location without our prior written consent.

B. Permitted Actions Inside and Outside Your Territory. You may only visit agents or prospective clients for marketing your WIN Business within the Territory. You may digitally market your WIN Business i) within the Territory; and ii) outside the Territory so long as your digital marketing efforts do not target the territory of another WIN franchised business. You may not attend open houses or visit agents’ offices outside the Territory. You may attend regional and national marketing and trade events outside the Territory. You may sell Approved Products and Services to persons or properties located inside as well as outside the Territory so long as, at our request, you can provide evidence that the source of the referral was developed (a) within the Territory, or (b) through digital marketing in a manner compliant with this Agreement, or (c) from the National Accounts Program (as defined in Section 10(J)).

C. Rights Reserved To Us. We (for ourselves and our affiliates) retain the right:

1. to open and operate, or license third parties the right to open or operate, WIN businesses using the Marks and WIN Home Inspection System within and outside the Territory;

2. to open and operate, or license third parties the right to open or operate, businesses that offer or sell products or services similar to the WIN Business under marks other than the Marks at any location within and outside the Territory;

3. to sell products, items, and other materials under the Marks or other trademarks, including by electronic means such as the Internet, applications, and by websites we may establish; and

4. to merge with, acquire or become associated with any businesses using other systems or trademarks, and those businesses may (a) convert to or operate under the Marks or other trademarks, (b) offer or sell products and services that are the same or similar as the products and services your WIN Business offers, and/or (c) be located within or outside the Territory;

5. to enter into agreements with and provide services under the National Accounts Program;

6. to advertise the WIN Home Inspection System inside and outside of the Territory, including, without limitation, on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks;

7. to engage in all other activities not expressly prohibited under this Agreement.

### 3. TERM OF FRANCHISE; RENEWAL RIGHTS

A. Term. The term of this Agreement commences on the Effective Date of this Agreement and ends five years after Effective Date (the "Term").

B. Renewal. You will have the right to renew the Franchise for up to ten additional terms of five years each, provided the following conditions are met:

1. we are still offering franchises under the Marks and WIN Home Inspection System;

2. you meet our then-current standards and specifications for new WIN franchisees;

3. you have given us written notice of your intention to renew at least 180 days before the end of the then-existing term of this Agreement;

4. you have fully complied with all provisions of this Agreement, including but not limited to the payment of all monetary obligations you owe to us or our affiliates throughout the Term, and all obligations under Section 7 of this Agreement;

5. You assign the telephone numbers used in connection with the operation of your WIN Business to us;

6. your Principal Owner(s) and any other employees we designate, complete, to our satisfaction, any new training and refresher programs as we may reasonably require. You are responsible for all travel, living and compensation costs of training attendees;

7. you sign our then-current franchise agreement, which may contain terms and fees that are materially different from those contained in this Agreement; provided that you will be required to pay the Renewal Fee in lieu of the initial franchise fee stated in the then-current franchise agreement. We may modify the Territory at the time of renewal based on our assessment of changes to market conditions;

8. you and each Principal Owner sign a general release, in a form acceptable to us, of all claims against us and our affiliates, officers, directors, employees, and agents; and

9. upon our request, you submit the WIN Business and all related entities, including affiliates, to an audit completed by a third party at your expense. If the audit reveals you have under-reported Gross Revenue of more than 2%, you must immediately pay us, whether you renew or not, the amount owed, plus interest that has accrued since the date(s) of non-payment, and we may choose not to renew this Agreement upon written notice to you, in addition to the other rights we reserve in this Agreement.

#### 4. FRANCHISE FEES

A. Initial Franchise Fee. You will pay us an initial franchise fee (the “Initial Franchise Fee”) in an amount equal to \$31,900 upon signing this Agreement. The Initial Franchise Fee is non-refundable and fully earned by us when we and you sign this Agreement.

B. Financing of Initial Franchise Fee. If you meet our qualifications, we may finance up to \$10,000 of your Initial Franchise Fee for up to 36 months, provided at the time you sign the Agreement, you also sign the Promissory Note (“Note”) attached as Exhibit E to the Agreement. The effective annual interest rate will be 5%, and if we finance \$10,000 of your Initial Franchise Fee, your monthly payment will be \$299.71 for each of the 36 months of financing to pay off the loan and interest. The Note does not contain a prepayment penalty, require a security interest, and no person other than you (and, if you are an entity, your Principal Owners) must sign the Note.

C. Royalty Fee. You must pay a monthly royalty fee that is equal to the greater of (a) \$280 per month, or (b) 7% of the Gross Revenue generated by your WIN Business in the month (“Royalty Fee”). For the first full 12 months after the Effective Date, the minimum monthly Royalty Fee of \$280 will be waived and monthly Royalty Fee will be equal to 7% of the Gross Revenue for the preceding month. The Royalty Fee is due and payable by the 7th day of each month for the prior month.

D. Infrastructure Fee. You must pay us our then-current infrastructure fee (the “Infrastructure Fee”) by the 7th day of each month along with the Royalty Fee. As of the Effective Date, the Infrastructure Fee is \$350 per month for the Principal Owner or Designated Owner, plus \$90 per month for each additional inspector (“AI”). We may increase the Infrastructure Fee upon 90 days’ notice to you in the event our costs for providing such support are increased. In no event will the Infrastructure Fee be adjusted more than once in the same calendar year.

E. Startup Launch Program. We will provide you with initial start-up services after you launch your WIN Business. For this one-time setup and one-time support (the “Startup Launch Program”), you must pay us a fee of \$4,000 when you sign this Agreement. The Startup Launch Program fee is non-refundable and fully earned by us when we and you sign this Agreement.

F. Interest and Late Payment Fee. Any late payment or underpayment of the Royalty Fees, Infrastructure Fees, System Brand Fees and any other amounts which you owe to us our affiliates will bear interest from the due date until paid the due date at the lesser of: (1) 18% per annum; or (2) the maximum contract rate of interest permitted by law in the state in which the WIN Business is located. Nothing contained in this Section 4(G) will prevent us from exercising any other rights or remedies available to us under this Agreement. You acknowledge and agree that this Section 4(G) does not constitute our or our affiliates’ agreement to accept such payments after they are due or a commitment to extend credit to or otherwise finance the operation of your WIN Business. The collection of any interest and the acceptance of any late payment will not waive or diminish our or our affiliates’ right to any other remedies available under this Agreement.

G. Electronic Transfer of Funds. You must sign electronic transfer of funds authorizations and other documents as we periodically designate, in the form attached as Exhibit C, to authorize your bank to transfer, either electronically or through some other method of payment we designate, directly to our account and to charge your account for all amounts you owe us. Your authorizations will permit us to designate the amount to be transferred from your account. You will maintain a balance in your account sufficient to allow us to collect the amounts owed to us when due. You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein. You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein. You must

give us at least 14 days written notice before making any change to your EFT bank account, providing all documentation and information required to change EFT to the new account.

H. Application of Payments. We may apply against amounts due to us or any of our affiliates any payments received from you or any indebtedness of us to you.

I. Withholding Payments Unlawful. You agree that you will not withhold payment of any Royalty Fees, Infrastructure Fees, System Brand Fees, or any other amounts which you owe us or our affiliates, and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, Infrastructure Fees, System Brands Fees, or any other amounts due.

J. Tax Indemnification. You will promptly pay when due all taxes and assessments levied, assessed, or required to be collected, including, without limitation, unemployment, sales, use and real and personal property taxes, and all accounts and other indebtedness of every kind incurred by you in the ownership or leasing of assets and the conduct of the business licensed under this Agreement. You will file any and all tax returns required by the laws of any applicable jurisdiction and remit the tax due to such taxing jurisdiction. You will indemnify us and reimburse us for all income, capital, gross receipts, sales, and other taxes that the state in which the WIN Business is located imposes, or may in the future impose, as a result of your operation of the WIN Business or the license of any of our intangible property in the jurisdiction in which the WIN Business is located. If more than one WIN franchisee is located in such jurisdiction, they will share the liability on an equal basis. If applicable, this payment is in addition to the Royalty Fee payments described above. In the event of any bona fide dispute as to your liability for taxes or assessments assessed or other indebtedness, you may contest the validity or the amount of the tax, assessment, or indebtedness in accordance with procedures of the taxing authority or applicable law, including, without limitation, any bond requirements thereof; however, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the assets of the WIN Business.

## **5. DEVELOPMENT AND OPENING OF THE WIN BUSINESS**

A. Development of the WIN Business. You must open your WIN Business within 120 days of the Effective Date. We may extend this deadline up to an additional 90 days if we determine that you exercised due diligence and used your best efforts to open your business within 120 days. If you are not open for business within the required time, we may terminate this Agreement. Before you begin operating the WIN Business:

1. you must obtain an opening inventory of career wear, supplies, equipment, advertising materials, insurance, signs and such other products and materials we require you to carry for your WIN Business;
2. you must obtain the Computer System (as defined in Section 5(C)), an Approved Vehicle (as defined in Section 5(G)), business insurance, and any necessary state or local licenses, permits, or other certifications we require to operate your WIN Business;
3. your Designated Owner, or another person whom we have approved, must become a WIN Certified Home Inspector (as defined in Section 6(A)(2)) by completing all training obligations to our satisfaction (as described in Section 6(A));
4. if you are an individual or individuals, you must successfully transfer this Agreement and WIN Business to an entity that we approve (as described in Section 15(B));

5. you must complete other pre-launch steps as outlined in the Operations Manual or as we otherwise determine; and

6. you must obtain our prior written approval before you begin operating your WIN Business.

B. Equipment and Signs. You will use in operating the WIN Business only those products, materials, supplies, equipment (including computer hardware and software), vehicles and signs that we have approved for your WIN Business as meeting our then-current specifications and standards for appearance, function and performance. You may only purchase approved supplies, materials, equipment, vehicles and signs from any supplier we approve or designate (which may include us and/or our affiliates). If you propose to purchase any supplies, materials, equipment, or signs we have not then approved, or any items from any supplier we have not then approved, you must comply with our alternative product or supplier procedure discussed more fully in Section 10(B) of this Agreement.

C. Computer Hardware. We have the right to require that you use certain brands, makes, and/or models of computer hardware or software in the WIN Business (collectively, the “Computer System”), including without limitation: (a) back office and relationship management systems, data, audio, video, and voice storage retrieval, and transmission systems for use in conjunction with the WIN Business; (b) Inspection Tablet (defined below); (c) computer hardware, software, platforms, and programs, (d) accounting programs; (e) WINnovation Platform; (f) printers and other peripheral devices; (g) archival back-up systems; (h) dedicated telephone lines (i) smartphones and other forms of mobile devices; (j) email and other electronic messaging services; and (k) internet access and speed. You must comply with our then-current standards and specifications with respect to the Computer System. Except as provided in Section 5(E) below, we may require you to upgrade, repair, or replace any aspect of the Computer System, or make certain updates, supplements, modifications, or enhancements to the Computer System at any time and at your sole expense, and there is no limit to the costs you may incur. You must maintain Internet access with a form of high-speed connection at a minimum speed and specifications we may stipulate, and a dedicated telephone line for the WIN Business. We will provide you a telephone number for the WIN Business that we own and manage and you are required to use such telephone number as your primary telephone number in the operation of the WIN Business, including, but not limited to listing the telephone number as the only and primary business telephone number on any signature block, marketing material or any other use we specify to you. We have the right to designate source(s) from which you must purchase the Computer System, any software or hardware components thereof and associated services, and we or our affiliates may be one of multiple sources or the single source.

D. Inspection Tablet. We will provide to you, at our expense, one computer or mobile device that you must use in conducting inspections in your WIN Business (the “Inspection Tablet”). We will ship the Inspection Tablet to a mailing address designated by you, and we will load the Inspection Tablet with relevant configuration and information for use in your WIN Business. You will use the Inspection Tablet to input inspection data into the WINnovation Platform and create the inspection report. You will be responsible for purchasing and installing accessories for the Inspection Tablet, and to make repairs, replacements or upgrades to the Inspection Tablet during the initial term of this agreement, and for each renewal term thereafter. You may purchase a data plan to support internet access to the Inspection Tablet.

E. WINnovation Platform. You must use the WINnovation Platform in the operation of your WIN Business. You agree that you will store and access information relating to the WIN Business in the WINnovation Platform or Computer System in the manner we outline in the Operations Manual. The WINnovation Platform is and will remain the confidential property of us, our affiliates, or our third-party suppliers. You shall not copy, duplicate, record or otherwise reproduce, reverse engineer, de-compile the data or code in the WINnovation Platform or any upgrades thereto, in whole or in part, or otherwise make

the same available to any unauthorized person or entity. You may be required to enter into license agreements in connection with your use of the WINnovation Platform. We, our affiliates, or our third-party supplier may provide you with information in the WINnovation Platform, and it is your responsibility to verify the accuracy and relevance of such information including but not limited to lists of clients, referral sources, inspection report templates, and historical data. We do not represent or warrant that such aforesaid information is accurate or complete, and you agree that we, our affiliates, and our and our affiliates' officers, directors, managers, and employees shall have no liability for any damages as a result of your use of any such information. We or our third-party supplier(s) will provide periodic maintenance and updates to the WINnovation Platform at no cost to you, and you are required to use the most current version of the WINnovation Platform at all times and promptly make any updates as we require. We reserve the right to assign our rights, title and interest in the WINnovation Platform or any software license agreement to a third party we designate, or to replace the WINnovation Platform. In such event, you may be required to enter into additional separate software license agreements specified by us or the third-party suppliers of all or part of the WINnovation Platform. In addition, you agree to abide by all provisions of the Operations Manual including any Acceptable Use Policy with regards to your use of the WINnovation Platform.

F. Data Access and Control. We may specify, in the Operations Manual, the information that you must collect and maintain on the Computer System used for the WIN Business, and you must provide to us such reports as we may reasonably request from the data so collected and maintained by you. We may access the Computer System and retrieve, analyze, download and use all data, photos, videos, text, and files stored or used on the Computer System for any purpose and without notifying you. In addition, you agree to provide us with unimpeded electronic access to the Computer System promptly upon our request in a manner that we reasonably request. All data pertaining to the WIN Business, and all data created or collected by you in connection with the WIN Home Inspection System, or in connection with your operation of the business (including without limitation data pertaining to or otherwise concerning the WIN Business' customers, referral sources, inspections, and financials) or otherwise provided or created by you (including, without limitation, data uploaded to, or downloaded from your Computer System or data relating to the WIN Business on any other computer or device) (collectively, the "Data") is and will be owned exclusively by us, and we have the right to use such Data in any manner that we deem appropriate without any notice or compensation to you. You must document all products and services relating to the WIN Business in the manner as prescribed by us, including, but not limited to, complete and accurate client information, referral sources information, and proof of payment in the Computer System.

You must abide by all applicable federal, state and municipal laws and regulations pertaining to the privacy of consumer, employee, and transactional information ("Privacy Laws"). Except where they conflict with Privacy Laws, you must comply with our standards and policies that we may specify pertaining to privacy. You must not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent. It is your responsibility to comply with all laws and regulations of the payment card industry data security standards, commonly known as PCI compliance. You must notify us immediately of any suspected data breach in connection with your WIN Business.

G. Vehicles. You must own or lease at least one vehicle that meets our standards and specifications for use in your WIN Business (the "Approved Vehicle"). You must ensure that the WIN Business has a sufficient number of Approved Vehicles providing home inspection products and services to meet customer demand. All vehicles used in connection with the operation of your WIN Business must meet our then-current standards and specifications, including without limitation, appearance. Before you open your WIN Business, you must purchase and apply the required decal package to your Approved Vehicle. If at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the Approved Vehicle(s) does not meet our then-current standards, we will notify you accordingly and you must take the specified action(s) promptly to correct the deficiency.

## 6. TRAINING AND OPERATING ASSISTANCE

A. Training. Your Designated Owner or another person who will conduct inspections on behalf of your WIN Business and who we approve (“Participant”) must successfully complete our training program to our satisfaction (as described in this Section 6(A)) and become a WIN Certified Home Inspector (as defined in Section 6(A)(2) below). During training, you will be responsible for costs related to travel and transportation, lodging, meals, and salaries. We will not pay for any services Participant performs in connection with and during the initial or ongoing training program.

1. Training Program. Participant must attend the training program that will be conducted at a place and time we designate, including conducting it remotely via videoconferencing (the “Training Program”). The Training Program is typically 15 business days for Designated Owner, and 10 business days for others. Participant must take the technical exam and earn a passing score on the technical exams where applicable or deemed necessary by us to become a “WIN Certified Home Inspector.” If Participant does not earn a passing score on the technical exams where applicable or deemed necessary by us or if Participant does not attend some or all of the Training Program sessions or modules, we may require Participant to retake the technical exam, complete additional training or repeat portions of the training, or we may terminate this Agreement. In the case of such termination, we will not refund any non-refundable fee. You are responsible for the compensation, travel, lodging and living expenses that Participant and any other attendee incurs in attending the Training Program. In the event you hire or replace any management personnel throughout the Term of this Agreement, such new personnel must attend and successfully complete our then-current Training Program. In the event you hire one or more additional inspectors (“AIs”), all such AIs must successfully complete the technical training part of the Training Program. Based on our assessment of the prior experience of any newly hired AI, we may alter the training requirements for each such AI. In addition, the Participant is required to conduct at least twenty (20) practice home inspections. You may be compensated by your clients for some of those inspections you perform. However, we will not pay you any compensation whatsoever for any such practice inspections. You are responsible for all equipment, third party services, travel and living expenses you or the Participant may incur for the Training Program.

B. Additional Ongoing Training. We may require the Participant, Designated Owner, and other owners, managers or employees to participate in additional training, which may be at a location we designate or, conducted remotely via online videoconferencing.

C. Continuing Education. You must meet or exceed all continuing education requirements required by us or by applicable law or industry regulations for maintaining your license, permit or applicable certifications.

D. Convention. We may, at our discretion, hold a convention typically once per calendar year at a time, date, and location to be selected by us (the “Convention”). We may, at our discretion, hold all or part of the Convention remotely via online videoconferencing. We will determine the topics and agenda for the Convention to serve the purpose, among other things, of updating you and other WIN franchisees on developments affecting franchisees, exchanging information between franchisees and our personnel regarding operations and programs, and recognizing franchisees for their achievements. We require you to attend the Convention and pay our then-current registration fee. You will pay the then-current registration even if you do not attend. All expenses, including your and your other attendees’ transportation to and from the Convention, as well as lodging, meals, and salaries during the Convention are your sole responsibility. We may use any proportion of System Brand Fees for purposes related to the Convention, including costs related to productions, programs, and materials.

E. Operating Assistance. You are solely responsible for the day-to-day operation of your WIN Business. We will, however, provide you with operational advice and guidance in operating the WIN Business, as we deem appropriate, through Operations Manual including telephone conversations, emails, and/or remote or in-person meetings. Such guidance and assistance may include: (1) assisting with marketing programs; (2) sharing best business practices; (3) providing periodic report on select business metrics; (4) providing a list of necessary or recommended products and equipment; (5) providing a list of designated or approved suppliers; and (6) other assistance we deem appropriate.

F. Operations Manual. During the Term of this Agreement, we will provide electronic access to a manual and any other documents, policies, and procedures for your WIN Business, and we shall make such information available to you via the intranet, videos, newsletters, emails, announcements on internal websites and portals, bulletins, notices, and other periodic communications, whether in electronic or printed formats (collectively, the “Operations Manual”). The Operations Manual is not one fixed document but is instead a fluid compilation of various documents and communications as described in this Section 6(F). The Operations Manual will contain mandatory and suggested specifications, standards and operating procedures that we have developed for the WIN Business and information relating to your obligations. Any required specifications, standards and operating procedures exist to protect our interests in the WIN Home Inspection System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved for you. We may from time to time revise the contents of the Operations Manual, and you expressly agree to comply with any new or changed required standard. The Operations Manual must remain confidential and is our exclusive property. You may not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual.

## 7. MARKS

A. Ownership and Goodwill of Marks. We are the owner of all right, title, and interest in and to the Marks and the goodwill associated with and symbolized by the Marks. We have the right to use and license others to use the Marks. You acknowledge and agree that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of your WIN Business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the Term of this Agreement. You agree that your use of the Marks and any goodwill established exclusively benefits us and our affiliates, and that you receive no interest in any goodwill related to your use of the Marks or the WIN Home Inspection System. You must not, at any time during or after the Term of this Agreement, contest or assist any other person in contesting the validity or ownership of any of the Marks. Except as specified in this Agreement, the license of the Marks granted to you under this Agreement is non-exclusive and we retain the right, among others, to: (i) use the Marks in connection with selling products and services; (ii) grant other licenses to use the Marks; and (iii) develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks (collectively “New Marks”), and to grant licenses to others to use New Marks without providing any rights to you to use the New Marks.

B. Limitations on Your Use of Marks. You may use only the Marks designated by us in operating your WIN Business, and you must use the Marks only in the manner authorized and permitted by us. You agree to use the Marks as the sole identification of the WIN Business, but you must identify yourself as the independent owner of the WIN Business in the manner we direct. You must not use any Mark as part of any corporate or trade name or in any modified form, and you cannot use any Mark in selling any unauthorized product or service or in any other manner unless we have expressly authorized such use in writing. You may not register any domain name in connection with the WIN Business, regardless of whether such domain name contains or doesn’t contain the Marks. You may not create or utilize alternative websites or landing pages for the WIN Business, including pages created by or in



connection with third parties, without our prior written consent. You agree to display the Marks prominently and in the manner we direct on all websites, social media, signs and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under applicable law. Your right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use will constitute an infringement of our and our affiliate's rights.

C. Restrictions on Internet and Website Use. Except as otherwise described in this Agreement, we retain the sole right to advertise the WIN Home Inspection System and to create, operate, maintain and modify, or discontinue the use of, a website, social media account, or other online presence using the Marks. We may, but are not obligated to, grant you the right to access and participate in our website or other online presence as further described in Section 10(H). We may, but are not obligated to, create interior pages on our website(s) that contain information about your WIN Business and other WIN businesses. If we do create such pages, we may require you to prepare all or a portion of the page for your WIN Business, with your time and at your expense, using a template that we provide and/or by paying our designated supplier. Furthermore, any updates or modifications to such pages, whether required by us or requested by you, will be at your sole expense. All such information, updates, or modifications will be subject to our approval in writing prior to posting.

1. Domain Names. You acknowledge that we and/or our affiliates are the lawful, rightful and sole owner of the Internet domain name wini.com as well as any other Internet domain names registered by us or our affiliates, and you unconditionally disclaim any ownership interest in such domain names and any Internet domain names colorably similar thereto. You agree not to register any Internet domain names in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic or visual variation of those words, or any other name that could be deemed confusingly similar, or any other domain created by you or a third party in connection with the WIN Business ("WIN Domain"). Immediately upon our written request, you must assign to us the ownership of any WIN Domain without any monetary award or compensation to you, and we will pay any ongoing fee for maintenance or hosting or subscription to that WIN Domain. You agree that we have unconditional right to remove any content from WIN Domains as we deem appropriate and without notice to you.

2. Social Media. With our prior written consent, which we have the right to deny, you may establish or maintain a separate profile on Google, Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, or any other social media and/or internet site for your WIN Business ("WIN Social Media"). If we grant such approval, you must: (i) provide us with each social media profile's accurate and up-to-date administrative access; (ii) establish, operate, and maintain such profile, site or presence in accordance with our WIN Home Inspection System standards and any other mandatory policies we designate in the Operations Manual; and (iii) use any templates that we may provide to you to create and/or modify any such profiles, sites or presences. Your failure to grant us administrative access to WIN Social Media within 24 hours of its creation may result in termination of this Agreement and any other remedies afforded to us under this Agreement. You understand, acknowledge and agree that we have the unconditional right to remove any content from WIN Social Media without notice to you.

3. Other Limitations. Except as otherwise specified herein or the Operations Manual, you may not, without our prior written consent, (1) link or frame our website; (2) offer or sell any products or services on the Internet (or any other existing or future form of electronic communication); (3) use additional email addresses in operating the WIN Business beyond those we have authorized; or (4) create or utilize alternative websites or landing pages for the WIN Business, including any pages created by or in connection with third parties.

D. Notification of Infringements and Claims. You must notify us in writing within 24 hours of learning of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. Unless required by law, you must not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We may take any action we deem appropriate and you agree that we have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You agree to provide your full cooperation and assistance and take all actions as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

E. Litigation. You acknowledge that we have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of our rights to the Marks. We will have the option to defend you, at your expense, against such third party claims, suits, or demands arising out of your use of the Marks. You will bear the cost of such defense, including, without limitation, attorney's fees and the cost of any judgment or settlement. In the event of any litigation relating to your use of the Marks, you must execute any and all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your direct out-of-pocket costs associated with any changes, revisions, or substitutions to the Marks that we require arising from such litigation.

F. Changes. You cannot make any changes or substitutions to the Marks unless we so agree in writing. We reserve the right to modify, substitute, or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you must discontinue using all Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and, at your sole cost and expense (subject to Section 7(E)), must promptly begin using such additional, modified or substituted Marks.

## **8. CONFIDENTIAL INFORMATION AND IMPROVEMENTS**

A. Confidential Information. You acknowledge and agree that you do not have nor will you acquire any interest in the Confidential Information, other than the right to use it in owning and operating the WIN Business pursuant to this Agreement, and that the use or duplication of any Confidential Information by you in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is disclosed to you solely on the condition that you agree you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the Term of this Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written or electronic form; (4) will adopt and implement all reasonable procedures that you take to protect your sensitive information and you will take actions we direct you to take to prevent unauthorized use or disclosure of the Confidential Information; and (5) will require all Principal Owners, managers and other employees with access to Confidential Information to sign confidentiality agreement and non-competition agreement in a form that works for you so long as we also approve. Notwithstanding any other provision of this Agreement, there may be limited circumstances where applicable law allows for the disclosure of certain Confidential Information. The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and promptly provide us the

opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

B. Improvements. If you, your employees, or your Principal Owner(s) develop any new concept, process or improvement in the operation or promotion of the WIN Business, including, but not limited to, any modifications, new concepts, processes, improvements, or additions to the Confidential Information or WIN Home Inspection System (collectively “Improvements”), you must promptly notify us, and provide us Improvements, without compensation. Regardless of whether you notify us or not, Improvements will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, trade secrets, copyrights and other related intellectual property rights. You and your Principal Owner(s) and agents hereby assign to us any rights they may have or acquire in Improvements, including the right to further modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights in Improvements and its further derivatives. You and your Principal Owner(s) and agents agree to assist us in obtaining and enforcing the intellectual property rights to any Improvements in any and all jurisdictions and further agree to execute and provide us with all necessary documentations for obtaining and enforcing such rights. You and your Principal Owner(s) and agents hereby irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any Improvements. In the event that the foregoing provisions of this Section 8(B) are found to be invalid or otherwise unenforceable, you and your Principal Owner(s) and agents hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of Improvements to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe your rights therein.

C. Trade Secrets. You understand and agree that you will come into possession of certain of our trade secrets concerning the manner in which we conduct business including: methods of doing business, or business processes; strategic business plans; referral and customer information; vendor information; accounting records; marketing and promotional campaigns; and any other materials clearly marked or labeled as trade secrets, whether provided to you or developed by you, before, on, or after the Effective Date. You agree that the foregoing information, which may or may not be considered trade secrets under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to us. You agree that we derive independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by another person or entity. You agree to take reasonable measures, including as we may describe further in the Operations Manual, to keep such information secret. Upon termination of this Agreement, you will not use, sell, teach, train, or disseminate in any manner to any other person, firm, corporation, or association any trade secret pertaining to our business and/or the manner in which it is conducted.

D. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation or wrongful use of Confidential Information or trade secrets per the provisions in this Section 8(D) and that injunctive relief is essential for our protection. You therefore agree that we are entitled to injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any provision in this Section. The provisions stated in this Section 8(D) will survive the termination or expiration of this Agreement.

E. Violation by You. You shall notify us promptly upon discovery of any disclosure or use of Confidential Information by you in violation of this Agreement. In aforesaid situations, you shall provide your commercially reasonable cooperation to help us regain possession of our Confidential Information and/or prevent further unauthorized use or disclosure.

F. Legally Compelled Disclosures. In the event that you become legally compelled to disclose any of the Confidential Information, you will notify us promptly so that we may seek a protective order or other appropriate remedy, or, in our sole discretion, waive compliance with the provisions of this Agreement. In the event (a) such protective order or other remedy is not obtained or (b) we waive compliance with the provisions of this Agreement, you will furnish or cause to be furnished only that portion of the Confidential Information which you reasonably believe is legally required to be disclosed, and will exercise good faith efforts (at our sole expense) to obtain assurances that confidential treatment is afforded to such Confidential Information upon and after such disclosure.

## **9. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION**

A. Relationship of the Parties. You understand, acknowledge, and agree that you and we have an independent contractor relationship. Neither you nor we are the agent, legal representative, partner, subsidiary, joint venturer, employee, joint employer or servant of the other for any reason. Neither you nor we will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary or other special relationship of or confidence between you and us. During the term of this Agreement, you must hold yourself out to the public, identify and represent yourself in all dealings with your employees, customers, lessors, referral sources, suppliers, public officials, and any other third party as an entity utilizing our Marks, but independent of us. You must place notices of your status as an entity utilizing our Marks, but independent of us on signs, forms, stationery, advertising, and other materials in a manner we may specify in the Operations Manual.

B. Your Hiring and Training of Employees. You are solely responsible for all employment decisions and functions of your WIN Business including, without limitation, those related to hiring, firing, training, compliance with wage and hour requirements, personnel policies, scheduling, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you receive advice from us on these subjects. You acknowledge and agree that all personnel decisions will be made by you, without any influence from us, and such decisions and actions will not be, nor be deemed to be, a decision or action of ours. From time to time, we may provide you access to tools, software, resources or templates (“Resources”) that you may utilize in the operation of your WIN Business. We recommend you review such Resources carefully, including with your legal counsel, before use. You acknowledge, understand and agree that any decision you make to use such Resources, with or without modifications, and with or without your own legal counsel’s review of the same, will be entirely your own choice, and that choice is without any influence from us and without any liability to us whatsoever. You will maintain at all times a staff of trained employees sufficient to operate the WIN Business in compliance with our standards and applicable law. You understand and acknowledge that your employees must obtain the requisite licenses, permits, or other state and local certification and become a WIN Certified Home Inspector before they may provide certain inspection services, as described in the Operations Manual. Subject to applicable state law, prior to employment, you must require potential employees to sign a confidentiality agreement in a form amenable to us (and consistent with applicable state law), plus satisfactorily complete a background check. You must provide us with 14 days prior notice before hiring an employee, so that we can adequately provision the WINnovation Platform and plan our training program.

C. Indemnification. You will, at all times, defend, indemnify and hold harmless to the fullest extent permitted by law, us, our subsidiaries, affiliates, successors and assigns and the respective directors, officers, shareholders, employees, agents and representatives, and all others (hereinafter collectively, “Indemnitees”) from all losses, costs and expenses (including attorneys’ fees) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon or related to this Agreement, the activities conducted under this Agreement or in connection with the WIN Business, or your or your employees’ actions or inaction unless the claims, obligations, or damages

are determined to be caused solely by our willful misconduct. We reserve the right to control any matter in which we are named or directly affected in such manner as we deem appropriate. Such an undertaking by us will in no manner or form diminish your and each of your Principal Owners' obligations to indemnify the Indemnitees and to hold them harmless.

D. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

E. Anti-Terrorism Laws. You certify, represent and warrant that none of your property or interests is subject to being blocked under any of the Anti-Terrorism Laws and that you are not otherwise in violation of any of the Anti-Terrorism Laws. You certify that none of your employees, or anyone associated with you are listed in the Annex (defined below) and that you have no knowledge or information that, if generally known, would result in you, your employees, or anyone associated with you to be listed in the Annex to Executive Order 13224, available at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html> (the "Annex"). You agree not to: (i) hire any individuals listed in the Annex, or (ii) otherwise associate the WIN Business with any individuals listed in the Annex.

## 10. OPERATION OF THE WIN BUSINESS

A. Condition of the WIN Business and Approved Vehicle(s). You agree to repair, upgrade or replace worn out or obsolete equipment, signs, or other items used in connection with the WIN Business, periodically clean such items as we require, and otherwise ensure that the appearance and condition of such items comply with our then-current standards and specifications set forth in the Operations Manual. You also agree to maintain the condition and appearance of the Approved Vehicle(s) you use in connection with operating the WIN Business in accordance with our then-current standards and specifications as set forth in the Operations Manual, and repair or replace the vehicles as we may require, and at your sole expense, including any rebranding of the vehicle consistent with our requirements.

B. Services, Products, Supplies and Materials. In operating your WIN Business, you may only use approved or designated services, products, materials, supplies, equipment, tools, vehicle decals, vehicle decals and wraps, WIN career wear, signs, inventory, forms, advertising materials, and Computer System that we have approved as meeting our specifications and standards for one or more of function, reputation, differentiation, appearance, and performance ("Approved Items"). You may purchase Approved Items only from suppliers we approve or designate (which may include us and/or our affiliates) ("Approved Suppliers"). We may periodically modify the list of Approved Items and Approved Suppliers, and you will comply with any such modified lists. You agree that certain products may only be available from one source, and we or our affiliates may be that source. If you propose to use or offer for sale any products or services which we have not approved, you must first notify us in writing and provide sufficient information, specifications, photographs, drawings, samples or other information that we may request concerning the proposed good, service, brand and/or supplier to permit us to determine whether it meets our then-current standards and specifications. We will notify you within 90 days of receiving your request whether or not the proposed good, service, brand and/or supplier is approved. If we approve of any proposed good, service, brand and/or supplier, we reserve the right to revoke our approval at any time and you must cease use within 30 days' of receiving our notice of revocation of approval. We may impose limits on the number of suppliers and/or brands for any products and services to be used in the WIN Business. We may develop procedures for the submission of requests for approved goods, services, brands and suppliers, and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). You must at all times maintain an inventory of products sufficient in quantity and variety to realize the full potential of the WIN Business. Neither we nor our affiliates, however, guarantee that product will be available from us or any third party supplier. We and

our affiliates make no warranty and expressly disclaim all warranties, including warranties of merchantability and fitness for any particular purpose, respecting products, equipment (including any required Computer Systems), supplies, or other items that we distribute or recommend or that third parties approved by us manufacture or distribute for use in the system.

C. Standards of Service. You must at all times give prompt, courteous and efficient service to your actual and potential customers and referral sources. You must, in all dealings with your customers, referral sources, suppliers and the public, adhere to the highest standards of honesty, integrity and fair dealing, and comply with our standards and specifications as set forth in the Operations Manual. You must promptly and fully respond to and resolve all customer complaints.

D. Standards, Specifications, and Procedures. While you are solely responsible for the day-to-day operation of your WIN Business, you acknowledge that we will impose certain mandatory standards, specifications and operating procedures (as described in the Operations Manual) that must be met to protect the Marks, customer experience and other WIN businesses. You agree to strictly comply with all mandatory standards, specifications and operating procedures we impose, as set forth in the Operations Manual, and you further agree that your failure to do so or to promptly make required changes to comply with updates to the Operating Manual as per our written request will constitute a material breach of this Agreement. You acknowledge that we have the right to vary our standards, specifications and operating procedures in our sole and reasonable judgment, to accommodate circumstances of individual franchisees. Our mandatory standards, specifications and operating procedures may include restrictions or requirements for, without limitation: (1) the type and quality of products and services offered through the WIN Business; (2) the quality and uniformity of service and sales of all products and services through the WIN Business; (3) the methods, procedures, formats, and appearance of marketing, communicating with customers and referral sources, and delivery of services; (4) the safety, maintenance, cleanliness, function, style, make and appearance of the WIN Business and the Approved Vehicle(s), equipment, signage, and displays; (5) the style, make and/or type of vehicles, supplies, and equipment (including Computer System) used in operating the WIN Business; (6) the use of promotional or branded signs, posters, displays, standard formats and similar items; and (7) the advertising and promotion materials, and the marketing campaigns and promotions you use to market the WIN Business. With our prior written approval, you may use subcontractors or third parties to provide services or products authorized under this Agreement so long as you take the sole responsibility of ensuring that: (i) such subcontractors maintain insurance coverage at least at similar levels carried by you and includes coverage for you as additional insured; (ii) you provide evidence of such insurance coverage to us before the subcontractor provides any services or products, (iii) such subcontractors have required licenses and certifications, and (iv) you have written agreement(s) with the subcontractors. We reserve the right to reject any subcontractor. You agree to indemnify us from any action relating, directly or indirectly, to such subcontractors.

E. Compliance with Laws and Good Business Practices. You must secure and maintain in full force at all times, all required licenses, permits and certificates relating to the operation of the WIN Business. You must operate the WIN Business in full compliance with all applicable laws, ordinances and regulations. You must comply with all laws and regulations relating to privacy and protection of Data, and you must comply with any privacy policies or data protection and breach response policies we may establish as described in Section 5(F) of this Agreement. In the event of a conflict between applicable laws and our mandated standards, you must comply with applicable laws and notify us immediately of any such conflict in writing. You must notify us in writing within 24 hours of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, injunction, or award of decree by any court, agency or other governmental instrumentality, that may adversely affect the operation or financial condition of you or the WIN Business. We have the right to require you to undergo a background check from time to time, at our expense. You agree that you will promptly cooperate fully as necessary or reasonably requested with us and our agents in connection with any such background check request by us. You must

have a signed contract with all your customers before performing any services as part of your WIN Business. You will not conduct any business or advertising practice which injures other WIN businesses, the WIN Home Inspection System, or the goodwill associated with the Marks.

F. Management of the WIN Business. If there is more than one Principal Owner, then Principal Owners must designate one Principal Owner as the Designated Owner. If you are the sole Principal Owner, then you are the Designated Owner. The Designated Owner must at all times faithfully, honestly, and diligently perform the obligations contained in this Agreement, and continuously use best efforts to promote and enhance your WIN Business. The Designated Owner must participate in the operation of the WIN Business on an exclusive and full-time basis during normal business hours. Without our prior written consent, the Designated Owner must not engage in any business activity during normal business hours, directly or indirectly, that requires any significant time commitment or otherwise may conflict with your obligations to promote and enhance your WIN Business.

G. Insurance. You agree to purchase and maintain in force, at your expense, all of the insurance coverage we require in the types and amounts described in the Operations Manual. Such insurance is in addition to any other insurance that may be required by applicable law, your landlord, or otherwise. All insurance policies must: (1) be issued by an insurance carrier(s) designated by or acceptable to us; (2) name us, our affiliates, and our and our affiliates' officers, directors, and employees as additional insureds; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the minimum insurance coverage set forth herein or as we set forth in the Operations Manual; and (5) provide that we will receive 30 days' prior written notice of any material change in or termination, expiration or cancellation of any policy. We may periodically, with prior written notice to you, alter the minimum insurance coverage requirements, and require different or additional kinds of insurance, and you must accordingly comply with the new insurance requirements.

You will provide us with copies of the certificate of insurance, insurance policy endorsements or other evidence of compliance with these requirements: (i) at least 2 weeks before you commence operations of the WIN Business, (ii) on an annual basis (at least two weeks before the expiration of your then-current policy), and (iii) at such other times as we may require. In addition, you must provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require. We do not represent or warrant that any insurance that you are required to purchase will provide you with adequate coverage. The insurance requirements specified in this Agreement and the Operations Manual are for our protection. You should consult with your own insurance agents, attorneys and other advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require. As of the Effective Date, such policies must include a minimum of: (1) \$1,000,000 per occurrence and \$1,000,000 in the aggregate in professional liability insurance (also known as error and omissions insurance); (2) \$1,000,000 per occurrence and \$1,000,000 in the aggregate in general liability and product liability insurance; (3) \$1,000,000 per occurrence and \$1,000,000 in the aggregate in commercial automobile insurance; (4) \$500,000 in workers' compensation and occupational disease insurance; and (5) any other insurance required by statute or regulation of the state in which you operate the WIN Business.

H. Participation on Internet Website, Email Use. We require you to participate in our WIN website listed on the Internet or other online communications and participate in any extranet system we establish. We will provide you a WIN email address, and you must (i) use that WIN email address to conduct your WIN Business, and (ii) provide us with independent, unimpeded electronic access to your WIN email address. We will determine the content and use of the WIN website, and we may modify the WIN website without notice to you. We may establish policies under which some or all WIN franchisees will participate. We may alter the website without notice to you. Your general conduct on the Internet, and specifically your use of the Marks or any advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation in the Internet), will be subject to the provisions

of this Agreement and must be in compliance with the Operations Manual including any Acceptable Use Policy. You acknowledge that certain information obtained through your online participation in the website or extranet system is considered Confidential Information. Your right to participate in the WIN website or otherwise use the Marks or the WIN Home Inspection System on the Internet will terminate when this Agreement expires or terminates.

I. Participation in Certain Programs and Promotions. You must use your best efforts to promote and advertise your WIN Business and must participate in all advertising and promotional programs we establish in the manner we direct. You must follow our policies, guidelines, and programs for advertising and promotion. To the extent allowed by law, this includes a requirement that you must sell products or services at the prices and discounts advertised or promoted pursuant to programs we establish.

J. National Accounts Program. We may establish a national accounts program (“National Accounts Program”) where we partner with other businesses to create additional business opportunities for you and other WIN franchisees. We reserve the right to negotiate and set pricing for the National Accounts Program, and to require you to participate in the National Accounts Program. Once established, details of the National Accounts Program will be provided and updated in the Operations Manual.

K. Intentionally left blank.

L. Intranet Terms of Use. We have developed restricted access websites that may allow you and certain of your employees to download approved local marketing and advertising materials, to communicate with us and other WIN Businesses, to access contents of the Operations Manual, to access Resources, and other uses that we may designate from time to time (collectively, the “Intranet”). Periodically, we may modify the terms of use for the Intranet or modify or discontinue the Intranet or any of its features, without prior notice to you. You agree that we will not be liable to you or to any third party you have a relationship with from any modification, suspension, malfunction or discontinuation of the Intranet. We are the owner of, and will retain all right, title and interest in and to all Content prepared for, used on, or transferred to, the Intranet or WIN email, and all intellectual property rights in or to any of them and may reproduce, distribute, transmit, publish, sell or otherwise commercially exploit any such Content in any manner or through any medium we choose. Under no circumstances will we be liable in any way for any Content, including errors or omissions in any Content, or for any loss or damage of any kind incurred as a result of the use of any Content posted, emailed or otherwise transmitted via the Intranet. We reserve the right, at our sole discretion, which need not be exercised in a reasonable manner, to block or remove any Content we deem objectionable and that you transmit via the Intranet or to suspend or terminate your rights to the Intranet if you violate the terms of this Section. We may terminate this Agreement immediately upon written notice to you if you have three or more violations under this Section, in addition to the other rights and remedies afforded to us under this Agreement. You will not, on the Intranet, email, website, social media or otherwise:

1. upload, post, email or otherwise transmit any Content that is unlawful, harmful, threatening, abusive, harassing, tortious, derogatory, defamatory, vulgar, obscene, libelous, invasive of another's privacy, hateful, or racially, ethnically, or otherwise offensive;
2. impersonate any person or entity or disguise the authorship or origin of any Content you transmit;
3. upload, post, email or otherwise transmit any Content that you do not have a right to transmit under any law or under contractual or fiduciary relationships (such as inside information, proprietary information and confidential information);



4. upload, post, email or otherwise transmit any Content that infringes any patent, trademark, trade secret, copyright or other proprietary rights of any person;
5. upload, post, email or otherwise transmit any unsolicited or unauthorized advertising, promotional materials, junk mail, spam, chain letters, or any other form of solicitation;
6. upload, post, email or otherwise transmit any material that contains software viruses or any other computer code, files or programs designed to interrupt, destroy or limit the functionality of any computer software or hardware or telecommunications equipment;
7. disrupt the normal flow of dialogue, or otherwise act in a manner that negatively affects other users' ability to engage in orderly exchanges;
8. interfere with or disrupt servers or networks connected to the Intranet;
9. stalk or otherwise harass another;
10. collect or store personal data about other users; or
11. post your WIN Business for sale, and/or sell any merchandise related to the sale and/or termination of the WIN Business.

## **11. ADVERTISING**

A. Approved Advertising and WIN Business Promotion Materials. All advertising and promotion by you in any medium must be conducted in a professional manner and must conform to our standards and requirements as set forth in the Operations Manual. You must obtain our prior written approval of any advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by or previously approved by us. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. We may revoke our approval of any previously approved advertising materials upon notice to you, at which time you must immediately cease using such materials at your sole expense.

B. System Brand Fund. You must pay to us for deposit in a brand fund (the “System Brand Fund”) a development contribution (the “System Brand Fee”). You must pay us a monthly System Brand Fee that is the greater of (a) \$195 per month, or (b) 4% of the Gross Revenue for the preceding month. For the first full 12 months from the Effective Date, the minimum monthly System Brand Fee of \$195 will be waived and monthly System Brand Fee will be equal to 4% of the Gross Revenue for the preceding month. You will pay the System Brand Fee by the 7th day of each month, in the same manner and at the same time as the Royalty Fee. We will place all System Brand Fees we receive in the System Brand Fund and will manage the System Brand Fund. We also will contribute to the System Brand Fund for each WIN business that we operate in the United States, which will be at the same rate as WIN franchisees must pay to the System Brand Fund.

Reasonable disbursements from the System Brand Fund will be made solely to pay expenses we incur in connection with the general promotion and protection of the brand, the Marks and the WIN Home Inspection System, including to: (i) conduct brand advertising, marketing, promotional and public relations campaigns, (ii) pay for the cost of assessing and implementing tools and techniques for print and digital marketing, (iii) prepare and conduct digital, print, radio, television, and billboard advertising, (iv) provide you with marketing materials samples, (v) contract with various outside advertising agencies and third party vendors for certain marketing initiatives and promotional materials, (vi) create and implement marketing

and public relations campaigns, and any other advertising or public relations materials as we deem appropriate, (vii) employ advertising agencies and provide promotional brochures and advertising materials to WIN businesses and to regional and local advertising cooperatives, (viii) administer the System Brand Fund, and ix) pay for accounting, legal expenses, and salaries and fringe benefits paid to our employees engaged in promoting the brand, the Marks and the WIN Home Inspection System and administering the System Brand Fund.

The System Brand Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the System Brand Fund. We may not deposit the System Brand Fee in a separate bank account, however, we maintain a ledger of the System Brand Fund receipts and disbursements. We are not obligated to spend monies from the System Brand Fund in any particular market, and we cannot ensure that you or any other individual WIN franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising. We may spend in any fiscal year an amount greater or less than the aggregate contributions of WIN businesses to the System Brand Fund in that year. In the event our expenditures for the System Brand Fund in any one fiscal year exceeds the total amount contributed to the System Brand Fund during such fiscal year, we have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the System Brand Fund or to use such excess as a credit against its future contributions. We will determine the methods of advertising, media employed, and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Within 90 days of written request by you, we will provide you an annual unaudited statement of the receipts and disbursements of the System Brand Fund for the for the calendar year prior to the date of the your written request.

## **12. RECORDS AND REPORTS**

A. Accounting and Records. You must, at your expense, maintain and retain complete and accurate books, records, and accounts (using such methods of bookkeeping and accounting as we may require) relating to the WIN Business (the “Records”), in the form and manner we direct in the Operations Manual. You must retain these Record for the Term of this Agreement and for five years after termination or expiration of this Agreement. The Records will include: (i) detailed monthly financial statements including profit and loss statements, income statements, and balance sheet; (ii) chart of accounts in a format that we may designate; (iii) tax returns relating to the WIN Business; (iv) police and other reports of driving incidents including accidents involving you or an employee of the WIN Business; (v) contracts with referral sources; and (vi) such other records and information as we periodically may request. You will be permitted to preserve Records and submit reports electronically, consistent with our requirements. As noted in Section 5(F) of this Agreement, we may electronically access information, Records and Data located on your Computer System, and you must promptly grant us such access to your Computer System. We reserve the right to require you to work with a third-party accounting firm we designate if you fail to maintain the Records in the form we require at your sole expense.

B. Reports and Tax Returns. We may, at any time, access the information, Records, and Data of the WIN Business for any purpose(s), including to calculate the monthly fee, including Royalty Fee and System Brand Fees, you owe us. At our request, you will promptly provide us any clarifications we need to accurately compute the fees you owe us. You also agree not to hinder the process of accessing aforesaid information. You must provide us copies of Records, Data, and supporting documents that we designate in the Operations Manuals. We may, on our own or through a third-party vendor, access the Records and you agree that you will provide prompt and ongoing authorization and access to the Records.

### **13. INSPECTION AND AUDITS**

A. Our Right to Inspect the WIN Business. To determine whether you are complying with this Agreement, we or our representatives may, at any time during regular business hours and without prior notice to you, inspect the WIN Business. You will fully cooperate with us and our representatives and will permit interviews with employees and customers of your WIN Business.

B. Our Right to Examine Books and Records. We may, at all reasonable times and without prior notice to you, examine, audit, or request copies of the Records (including the books, records and state and/or federal income tax records of the WIN Business) and the federal income tax returns of any Principal Owner. You must maintain all Records and supporting documents at all times at a location or in a format we determine. You will make financial and other information available electronically, and will allow us (and our agents) full and free access to any such information used by or at the WIN Business or your corporate office, including, but not limited to, direct and continuous access to Quickbooks Online or other accounting software used by the WIN Business. At your expense, you must provide to us electronic copies of any Records we request and deliver those Records to us or our designee in electronic format. You otherwise will fully cooperate with our representatives to conduct any examination or audit.

C. Result of Audit; Unreported Revenue. The following remedies are in addition to all of our other remedies and rights under this Agreement and applicable law.

1. If any examination or audit discloses an understatement of Gross Revenue of less than 2%, you will immediately pay to us the amount of the understatement, plus the lesser of 1.5% or the highest interest rate permitted by law, per month on the under reported amounts from the date of non-payment.

2. If any examination or audit discloses an understatement of Gross Revenue between 2% and 5%, you will immediately pay to us the amount of the understatement plus the lesser of 1.5% or the highest interest rate permitted by law, per month on the under reported amounts from the date of non-payment, plus all costs associated with the examination or audit, including any travel, lodging, meals, compensation, and reasonable accounting and legal fees incurred by us.

3. If any examination or audit discloses an understatement of Gross Revenue of more than 5%, you will immediately pay to us the amount of the understatement plus the lesser of 1.5% or the highest interest rate permitted by law, per month on the under reported amounts from the date of non-payment, plus all costs associated with the examination or audit, including any travel, lodging, meals, compensation, and reasonable accounting and legal fees incurred by us, and we may immediately terminate you, upon written notice, and without any opportunity to cure, in accordance with Section 16.

4. If any examination or audit discloses an understatement of Gross Revenue of 2% or more on three separate occasions in any 36 month period, we may immediately terminate you, upon written notice, and without any opportunity to cure, in accordance with Section 16.

### **14. COVENANTS**

A. Covenant Not To Compete During Term. You acknowledge that, pursuant to this Agreement, you will receive valuable, specialized training and access to Confidential Information, including, but not limited to, information and/or data regarding the operation, sales, referral sources including real estate agents, promotion, and marketing methods and techniques of us and the WIN Home Inspection System. You (or if you are an entity, each Principal Owner) will not, during the Term of this

Agreement, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity that offers the Approved Products and Services offered and sold by the WIN Business, whether located inside the Territory or elsewhere, except: (i) with our prior written consent; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities. Further, you agree that during the Term of this Agreement, you will not divert or attempt to divert any present or prospective business or customer of any WIN home inspection franchise to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the WIN Home Inspection System.

B. Post-Term Covenant Not To Compete. You (or if you are an entity, each Principal Owner) will not, for a period of one (1) year from the date this Agreement is transferred, expired, or terminated, or the date on which you cease to operate the WIN Business under this Agreement, whichever is later, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity that offers Approved Products and Services or is otherwise competitive with a WIN business, either directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation: (i) inside your Territory, (ii) inside any territories owned by us, our affiliate, or any other WIN franchise, or (iii) anywhere within a 25-mile radius of the outside border of your Territory or a then-existing territory owned by us or a WIN franchisee; provided, however, that this Section 14(B) will not apply to: (1) other WIN businesses that you operate under WIN franchise agreements; or (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities. You agree that the length of time in this Section 14(B) will be tolled for any period during which you are in breach of the covenants or we must seek to enforce your obligations in this Section.

You and we have attempted in Sections 14(A) and 14(B) to limit your right to compete only to the extent necessary to protect us from unfair competition. You and we hereby expressly agree that if the scope or enforceability of the provision of Sections 14(A) and/or 14(B) are disputed at any time by you, a court or arbitrator, as the case may be, may modify Sections 14(A) and/or 14(B) to the extent that it deems necessary to make such provision enforceable under applicable law. In addition, we reserve the right to reduce or clarify the scope of said Sections 14(A) and/or 14(B) without your consent, at any time or times, effective immediately upon notice to you. You expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities to exploit such skills. Consequently, enforcement of the covenants set forth above will not deprive you of the ability to earn a living.

In the event that you are not an individual, this Section 14 will also apply to you, your officers, directors, stockholders, partners, members, trustees, personal guarantors, beneficiaries and/or principals, and any persons controlled by, controlling, or under common control with you. In the event that you are an individual, this Section 14 will also apply to your spouse.

C. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section 14 in that injunctive relief is essential for our protection. You therefore agree that we are entitled to injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section 14. The covenants stated in this Section 14 will survive the termination or expiration of this Agreement.

D. Non-Disparagement. You will not at any time, directly or indirectly, privately or publicly, orally or in writing, on the Intranet or the Internet, denigrate, defame or disparage the reputation, performance, services, business practices or ethics of us, our clients, customers, suppliers or franchisees or

our and our respective directors, managers, equity holders, officers, employees and agents. Further, in the case of any action, proceeding or claim related to the Agreement, you will not disclose to any person, except to your advisors in such matters or unless required by law, any information about any such proceeding, action or claim, including the existence or status thereof.

## 15. ASSIGNMENT

A. By Us. We have the right to transfer this Agreement and all or any part of our rights and obligations under this Agreement to any person or entity without prior notice to you and without your consent. We will remain liable for the performance of our obligations up to the effective date of such transfer. This Agreement will inure to the benefit of our successors and assigns.

B. Your Assignment to Corporation or Limited Liability Company. If you are an individual, before you may open your WIN Business, you must assign this Agreement within 120 days from the Effective Date to a corporation, limited liability company, or another entity that you own and control and that we approve. You must obtain our prior written consent to assign this Agreement. We will not unreasonably withhold our consent to an assignment of this Agreement to an entity that you own and control and that we approve, provided you comply with all of the following conditions: (i) the entity must not conduct any business other than the WIN Business; (ii) the ownership and management is substantially unchanged; (iii) the Designated Owner actively manages the WIN Business in accordance with this Agreement; (iv) you and all Principal Owners of the assignee entity sign the Guaranty and Assumption Agreement attached hereto as Exhibit D; (v) you provide us no less than ten (10) days' written notice before the proposed date of assignment of this Agreement to the entity; (vi) you provide to us a certified copy of the articles of incorporation, operation agreement, organizational documents, and a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the assignee entity; and (vii) the organizational documents and all issued and outstanding stock or membership certificates will bear a legend, in form acceptable to us, reflecting or referring to the assignment restrictions stated in this Agreement.

C. Your Assignment or Sale of Substantially All of Your Assets. You understand that we have granted the Franchise under this Agreement in reliance upon the individual or collective character, aptitude, attitude, business ability and financial capacity of your Principal Owners.

1. Majority Interest. You (and your Principal Owners) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, your business, the WIN Business, substantially all or all of the assets of the WIN Business, this Agreement, or any majority interest in you ("majority interest" to include a proposed transfer of 50% or more of the common (voting) stock in a corporation or of the ownership interest in a limited liability company or partnership) unless you obtain our prior written consent. We will not unreasonably withhold our consent to an assignment of this Agreement, provided you comply with all of the following conditions:

a. you are in full compliance with the terms of this Agreement, including paying all outstanding monetary obligations to us and our affiliates and all obligations under Section 7 of this Agreement;

b. you provide us with a transition plan that outlines your assistance to proposed transferee, that we will review and approve in our sole discretion;

c. the proposed transferee is approved by us after exhibiting qualifications that we require of new WIN franchisees;

d. the proposed transferee signs our then-current franchise agreement, which may have terms that are materially different than the terms in this Agreement;

e. the proposed transferee and its Principal Owners or Designated Owners satisfactorily complete required training;

f. if necessary, you have received the landlord consent to transfer any lease of the Approved Location to the proposed transferee;

g. you make necessary expenditures to modernize all required equipment and other items used in the WIN Business;

h. you pay us a transfer fee of \$7,500, plus the then current Startup Launch Program fee;

i. you and your Principal Owners sign a general release in a form acceptable to us;

j. we approve of the material provisions of the signed transfer contract between you and the transferee;

k. you and buyers execute confidentiality, non-competition, non-solicitation, and non-disparagement agreements;

l. you assign the telephone numbers used in connection with the operation of your WIN Business to us;

m. the proposed transferee and its Principal Owners or Designated Owners satisfactorily complete other requirements to operate the WIN Business, including insurance, license and/or certifications; and

n. you procure extended “tail” insurance policy for errors and omissions for least two (2) years from the date of termination, and name us as an additional insured on those policies. You must pay us a refundable deposit of \$5,000, in addition to the transfer fee described above, but we will refund the \$5,000 deposit to you once you furnish evidence of the required tail insurance policy.

2. Minority Interest. If the transfer involves a “minority interest” in you (“minority interest” to include a proposed transfer of less than 50%, but more than 5% of the common (voting) stock in a corporation or of the ownership interest in a limited liability company or partnership), you must obtain our prior written consent, which we will unreasonably withhold, provided you comply with any or all of the following conditions which we may deem necessary:

a. You provide us with 30 days advance written notice of the transfer;

b. Any new owner signs a personal guaranty in the form we designate; and

c. You provide us with such other information relating to the transfer as we request.

D. Your Death or Disability. If you (or a Principal Owner) die or are permanently disabled, your executor, administrator or other personal representative, or the remaining Principal Owners, must appoint a competent manager acceptable to us within a reasonable time, not to exceed 90 days, from the date of death or permanent disability. The appointed manager must satisfactorily complete our designated training program. If a manager we approve is not appointed within 90 days after your death or permanent disability, we may, but are not required to, immediately appoint a manager to maintain WIN Business operations on your behalf until an approved assignee can assume the management and operation of the WIN Business. Our appointment of a manager does not relieve you of your obligations, and we will not be liable for any debts, losses, costs or expenses incurred in operating the WIN Business or to any of your creditors for any products, materials, supplies or services purchased by the WIN Business while it is managed by our appointed manager. If you (or a Principal Owner) die or are permanently disabled, your executor, administrator, or other personal representative must transfer his/her interest within a reasonable time, not to exceed four months from the date of death or permanent disability, to a person we approve. Such transfers, including transfers by devise or inheritance will be subject to conditions contained in Section 15(C) above, provided no transfer fee will be charged.

E. Public or Private Offerings. Subject to Section 15(C) above, if you (or any of your Principal Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in you or any of your affiliates, you agree to submit to us any written information we request before its inclusion in any registration statement, prospectus or similar offering circular or memorandum and must obtain our written consent to the method of financing before any offering or sale of securities. Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering. No information respecting us or any of our affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used. Should we object to any reference to us or any of our affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn. We assume no responsibility for the offering.

The prospectus or other literature utilized in any offering must contain the following language in boldface type on the first textual page:

**“NEITHER WORLD INSPECTION NETWORK INTERNATIONAL LLC NOR ANY OF ITS AFFILIATES, IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER WORLD INSPECTION NETWORK INTERNATIONAL LLC NOR ANY OF ITS AFFILIATES, ASSUMES ANY RESPONSIBILITY RESPECTING THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED HEREIN. NEITHER WORLD INSPECTION NETWORK INTERNATIONAL LLC NOR ANY OF ITS AFFILIATES, ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”**

F. Our Right of First Refusal. If you or your Principal Owners at any time during the Term desire to sell or assign, in whole or in part, this Agreement, the Franchise, the WIN Business, or an ownership interest representing (in the aggregate) 20% or more of the ownership in you or all or substantially all of your assets, you or your Principal Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to us. We have the right, exercisable by written notice delivered to you or your Principal Owners within 30 days following receipt of the proposed offer, to purchase the interest in the WIN Business or your ownership interest for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment

proposed in the offer and will have a minimum of 60 days to prepare for closing. If we do not exercise our right of first refusal, you or your Principal Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Principal Owners otherwise comply with this Section 15. If the sale to the proposed purchaser is not completed within 180 days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again have the right of first refusal.

G. Guaranty. You (or if you are an entity, all Principal Owners) must sign the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit D. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of you under the provisions of this Section 15 or otherwise will, as a condition of becoming a Principal Owner, sign the Guaranty Agreement. You will furnish to us at any time upon reasonable request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form we reasonably require, of all shareholders or members of record and all persons having a beneficial interest in any corporation or other entity that is or becomes a WIN franchisee.

## 16. OUR TERMINATION RIGHTS

A. Automatic Termination. This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following defaults:

1. Voluntary Bankruptcy. If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the WIN Business;

2. Involuntary Bankruptcy. If proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the WIN Business without your consent, and the appointment is not vacated within 60 days; or

3. Dissolution. If you are a corporation, limited liability company, partnership or other business entity and any action is taken which purports to dissolve or liquidate such entity without our prior written consent.

B. Termination Upon Notice. We have the right to terminate this Agreement upon notice to you without providing you an opportunity to cure for any of the following defaults:

1. you fail to open your WIN Business within the time required under Section 5(A) above;

2. you (or if you are an entity, the Designated Owner or Participant) fail to satisfactorily complete the training requirements set forth in Section 6(A) or fail to open and commence full operations of the WIN Business at such time as provided in this Agreement;

3. you or any of your managers, directors, officers or any Principal Owner makes a material misrepresentation or omission in the application for the Franchise or for renewal of this Agreement or any other legal document during the course of the operation of the WIN Business;



4. you or any of your managers, directors, officers or any Principal Owners knowingly submits false or misleading reports or information, or otherwise conceals any information or revenue from us, during the term of this Agreement;

5. you or any of your managers, directors, officers or any Principal Owner is convicted of, or pleads guilty or no contest to, a felony, a crime involving moral turpitude, or any other crime or offense, or the government takes any action against you, that we believe will injure the WIN Home Inspection System, the Marks, or the goodwill associated therewith, or if we have proof that you have committed such a felony, crime, or offense;

6. you or any of your managers fail to operate the WIN Business in full compliance with federal, state and local laws and regulations;

7. you fail to obtain and maintain the requisite state and local license, permit, or other certification necessary to operate your WIN Business within six (6) months of the Effective Date;

8. you fail to maintain the required insurance coverage or fail to provide the required evidence of insurance to us, as we require in Section 10(G) and in the Operations Manual

9. you fail to conform to the material requirements of the WIN Home Inspection System or the material standards of uniformity and quality as described in the Operations Manual or as we have established under the WIN Home Inspection System or misuse the Marks;

10. you fail to pay us Royalty Fees, System Brand Fees, or other amounts due and owing to us or our affiliates within 10 days from the date such payment was due. If you fail to correct the default of non-payment within that time, this Agreement will terminate without further notice to you, effective immediately when the 10 day period expires, or such longer period as applicable law may require;

11. if applicable, you default under the promissory note between you and us;

12. you voluntarily or otherwise “abandon” the WIN Business. The term “abandon” means your failure to operate the WIN Business during regular business hours for a period of 30 consecutive days or 60 or more days in any 12 month period without our prior written consent, unless such failure is due to an event of *force majeure* as further described in Section 19(N) below;

13. you are involved in any act or conduct, conduct, including in public or on the internet, which materially impairs or otherwise is prejudicial to the goodwill associated with the name “WIN,” “World Inspection Network,” “WIN Home Inspection,” or any of the Marks or the WIN Home Inspection System;

14. you or a Principal Owner makes an unauthorized assignment or transfer of this Agreement, the WIN Business, or an ownership interest in you, or fails to complete an approved transfer in a timely manner;

15. the operation of the WIN Business results that in a violation of any federal, state or local government health code, inspection codes, or is a threat or danger to the public health or safety, or in any manner that we determine likely jeopardizes the public health or safety;

16. any examination or audit discloses an understatement of Gross Revenue of more than 5%;

17. any examination or audit discloses an understatement of Gross Revenue of 2% or more on three separate occasions in any 36 month period;

18. you do not give us access, or if you revoke our access, to your Computer System, accounting software, financial records, or business premises for more than five days after we provide notice to you that we do not have access to your accounting records and requesting such access;

19. any unauthorized disclosure, use, or replication of any portion of the Confidential Information, trade secrets, or other proprietary or confidential information relating to the WIN Home Inspection System or WIN Business;

20. you receive cure notices from us on three separate occasions within any 12 month period;

21. your misrepresentation under Section 9(E) or any violation by you of the Anti-Terrorism Laws;

22. you fail to participate in required conferences, training programs, and meetings that we organize either over the web or in person;

23. you fail to comply in a timely manner with our requirements for implementing software or hardware changes;

24. you violate our policies regarding the Intranet three or more times;

25. you fail to respond to three or more times to any requests from us, our affiliates, or our agents within 10 calendar days of each such request, such as failures to complete surveys or provide requested feedback, in any 12 month period;

26. The Designated Owner fails to oversee the WIN Business operations on an exclusive and full-time basis;

27. you fail to have a fully signed and executed services agreement with any customer before performing services as part of your WIN Business;

28. you fail to obtain our approval for using any subcontractor, including providing us with proof of required insurance; or

29. the nature of your breach makes it not curable.

C. Termination upon Notice and 30 Days' Notice to Cure. Except for those defaults set forth in Sections 16(A)-(B) of this Agreement, we may terminate this Agreement upon notice to you in the event you: (i) breach or violate any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including your failure to comply with any other term or condition of this Agreement, Operations Manual, or any ancillary agreement between you and us (or our affiliate); and (ii) fails to cure such default(s) within 30 days after being provided with notice thereof. We reserve the right to limit your access to the WINnovation Platform, Confidential Information, and any other aspects of the WIN Home Inspection System that we determine upon providing you notice of default under Section 16(B) and 16(C) of this Agreement.

D. Applicable Law. If the provisions of this Section 16 are inconsistent with applicable law, the applicable law will apply.

## 17. YOUR OBLIGATIONS UPON TERMINATION

A. Post-Term Duties. If this Agreement expires or is terminated for any reason, you will:

1. immediately cease operation of the WIN Business and using the Marks, as well as any confusingly similar trademarks or service marks, including immediately ceasing to participate in any website and removing any wrap or decal on your vehicles;
2. immediately cease representing yourself as a WIN franchisee;
3. immediately cease using Confidential Information, trade secrets, Operations Manual, advertising materials, and all other materials relating to the operation of the WIN Business, and within five days after termination or expiration, delete all locally stored and/or personal electronic copies and destroy all hard copies of the aforesaid information, and provide us a written confirmation thereof;
4. immediately cease using and assign to us or, at our discretion, disconnect all telephone numbers associated with the WIN Business. You acknowledge that we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks or used in connection with operating the WIN Business, and you authorize us, and appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to us;
5. immediately cease using, and within five days after termination or expiration assign to us, all email addresses, websites and platforms, and social media pages and accounts used in connection with the WIN Business;
6. within five days after termination or expiration, pay all amounts due and owed to us or our affiliates, including Royalty Fees, System Brand Fees, Infrastructure Fees, plus any accrued interest, due under this Agreement;
7. comply with all post-termination obligations under this Agreement and any software license agreement, including the destruction or return of all materials relating to the WINnovation Platform and cease to use and access the WINnovation Platform, and provide us a written confirmation thereof;
8. take all necessary action within five days to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks;
9. retain all Records for five years after expiration or termination and make them available to us in electronic format promptly after reasonable notice;
10. immediately procure, at your expense, an extended coverage insurance policy protecting you, us, and our respective officers, directors, partners, and employees against any demand or claim with respect to any loss or expense arising from operation of the WIN Business. Such policy shall be written by a carrier acceptable to us, shall name us as an additional insured, and shall provide at least the types and minimum amounts of coverage specified in the Operations

Manual as of the date of termination or expiration. The term of the extended coverage period shall not be less than 2 years;

11. within five days after termination or expiration, pay all amounts due and owed to us or our affiliates, including Royalty Fees, System Brand Fees, Infrastructure Fees, plus any accrued interest, due under this Agreement;

12. if this Agreement is terminated due to your breach of this Agreement and if during any of the first 12 months after the Effective Date, you owed us less than the minimum royalty fee of \$280 per month in any month, you must pay us the different between the minimum royalty of \$280 per month and what you actually owed us for each of those months; and

13. continue to comply with all other applicable provisions of this Agreement and reasonable written requests by us in connection with your post-termination obligations, including, but not limited to, the non-compete provisions in Section 14(B).

B. Right to Use Marks. Upon termination of this Agreement for any reason, your right to use the name “WIN,” “World Inspection Network,” “WIN Home Inspection” and the other Marks and the WIN Home Inspection System will immediately terminate and you (or if you are an entity, the Principal Owners) will not in any way associate yourself with us. If you fail to remove any signs and other materials bearing the Marks, including on social media or other digital mediums, you agree that we may do so at your expense, and our actions will not be considered trespassing. You acknowledge and agree that following termination or expiration of this Agreement, you will comply with any continuing obligation to cooperate with us on or relating to any litigation, acquisition or intellectual property rights.

C. Our Option To Purchase WIN Business. If this Agreement expires or is terminated for any reason, we have the option, but not the obligation, upon 60 days’ written notice from the date of expiration or termination, to purchase from you all the tangible and intangible assets relating to the WIN Business (excluding any unsalable inventory, cash, short term investments and accounts receivable) (collectively, the “Purchased Assets”). We may assign this option to purchase and assignment separate and apart from the remainder of this Agreement. The purchase price for the WIN Business will be the book value of the Purchased Assets; provided that: (a) we may exclude from the Purchased Assets any products or other items that are not in compliance with this Agreement; and (b) we may exclude from fair market value any provision for goodwill or similar value attributable to intangible property (such as the Marks and Confidential Information). If the parties cannot agree on fair market value within a reasonable time, we may designate an independent appraiser to determine the fair market value of the Purchased Assets. The determination of such appraiser will be binding on the parties hereto, and the costs of such appraisal will be divided equally between you and us. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur within a reasonable time, not to exceed 60 days, after the fair market value is determined. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the WIN Business without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates. If we exercise our option to purchase the WIN Business, we may, pending the closing, appoint a manager to maintain WIN Business operations.

D. Continuing Obligations. All obligations and rights of us and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

## 18. ARBITRATION

A. Scope. Except as otherwise provided in Sections 14 and 19(A), any disputes, claims and controversies between the parties, whether arising under or in connection with the parties' relationship or this Agreement (including claims of fraud in the inducement, other claims of fraud, and the arbitrability of any matter) will be resolved by arbitration under the authority of the Federal Arbitration Act in Chicago, Illinois. The proceedings will be conducted under the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), to the extent such rules are not inconsistent with the provisions of this Section 18. The arbitrator must have at least five years' experience in franchise law. The arbitrator's fees shall be divided equally between the parties. The single arbitrator shall be selected from a panel of neutral arbitrators provided by the AAA and shall be chosen by the striking and ranking method whereby the AAA provides both parties with a list of ten (10) qualified individuals, and both parties rank those arbitrators they prefer to preside over the dispute, claim or controversy, and strike those arbitrators they do not want to preside over the dispute, claim or controversy. Both parties return their lists to the AAA, which then compares the two lists and selects the single arbitrator which was not struck by either party and is ranked by both parties.

B. Procedure. All arbitration proceedings will be individual proceedings between you and us, and will not be conducted on a "class" basis, or include any other of our franchisees as named parties unless you and we each agree in writing. The arbitrator will have the right to award specific performance of this Agreement; 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; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance set by us. The non-prevailing party, as determined by the arbitrator, will pay all costs and expenses, including reasonable attorneys' fees and arbitrator's costs and fees to the prevailing party. The binding or preclusive effect of any award or decision will be limited to the (i) actual dispute or claim arbitrated, and (ii) parties. The award or decision will have no collateral effect on any other dispute or claim of any kind. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts and to the propriety of venue of such courts for the purpose of carrying out this provision, and they waive any objections that they would otherwise have concerning venue and personal jurisdiction. This Section 18 will survive termination or nonrenewal of this Agreement under any circumstances. During any arbitration proceeding, we and you will fully perform our respective obligations under this Agreement.

## 19. ENFORCEMENT

A. Injunctive Relief. Notwithstanding Section 18 above, you recognize that your failure to comply with the terms of this Agreement could cause irreparable damage to us and/or to some or all other WIN franchisees. Therefore, if you breach or threaten to breach any of the terms of this Agreement, we will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage or posting bond, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief.

B. Attorneys' Fees. In the event of any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement, the prevailing party in such action shall be entitled to receive from the non-prevailing party the reasonable expenses and costs, including attorneys' fees and costs, such prevailing party has incurred in connection with such action, including any appeal therefrom.

C. Limitation of Claims. Except for those claims brought under the indemnification or insurance coverage provisions under Sections 9(C) and 10(G) of this Agreement, upon expiration or

termination of this Agreement, neither party will commence any claim related to or arising out of this Agreement, unless commenced within one year following the effective date of expiration or termination.

D. Venue. Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above, will be brought exclusively in the federal or state court located in Cook County, Illinois. We and you irrevocably consent to the jurisdiction of such courts and each party hereby waives any defenses it may have before such courts based on a lack of personal jurisdiction or inconvenient forum. The provisions of this Section 19(D) will survive the termination of this Agreement.

E. Governing Law. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act respecting Section 18 above, this Agreement will be governed by and construed under the laws of the state of Delaware, without regard to any conflict of laws principles under Delaware law. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. You waive, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

F. WAIVER OF PUNITIVE DAMAGES. YOU AND WE AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN US, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, EXCEPT THAT WE SHALL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW.

G. WAIVER OF JURY TRIAL. YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

H. WAIVER AGAINST CLASS ACTIONS. NO PARTY SHALL INITIATE OR PARTICIPATE IN ANY CLASS ACTION LITIGATION CLAIM AGAINST ANY OTHER PARTY BOUND HEREBY.

I. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action not required under this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure we prescribe is invalid or unenforceable, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

J. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach.

K. Rights of Parties are Cumulative. The rights that we and you have are cumulative and no exercise or enforcement by either party of any right or remedy precludes such party from exercising or enforcing any other right or remedy to which such party is entitled by law or equity to enforce.

L. Binding Effect; Modification. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both you and us. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

M. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

1. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the WIN Home Inspection System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the WIN Home Inspection System generally even if the decision or action also promotes a financial or other of our individual interests. Examples of items that will promote or benefit the WIN Home Inspection System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the WIN Home Inspection System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

N. Force Majeure. If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include strikes, wars, riots, civil commotion, and acts of government, except as may be specifically provided for elsewhere in this Agreement.

O. Notice of Our Potential Profit. We advise you that we and/or our affiliates periodically may make available to you goods, products and/or services for use in the WIN Business on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to you or in consideration for services provided or rights license to such persons. You agree that we and our affiliates will be entitled to such profits and consideration.

P. Entire Agreement. The "Introduction" section, the exhibit(s) to this Agreement, and that certain statement of prospective franchisee (Exhibit H to our franchise disclosure document) are a part of this Agreement, which represents the entire agreement of the parties, and supersedes and terminates all prior agreements and understandings, either oral or in writing. Any representations, warranties, inducements, promises, understandings or agreements between the parties, that are not in the franchise

disclosure document which you acknowledge receiving at least 14 days before signing this Agreement or paying any money, or in writing and signed by us and you, are void and not enforceable. Nothing in this Agreement is intended to disclaim the representations we made in the franchise disclosure document we provided to you.

Q. Construction. Pronouns used in this Agreement, whether in the masculine, feminine or gender neutral, includes the other genders as the context requires. Examples are not construed to limit, expressly or by implication, the matter they illustrate. The word “or” is not intended to be exclusive. The word “includes” and its derivatives means “includes, but is not limited to” and the corresponding derivative expressions. Any references to sections refers to sections in this Agreement unless others specified. Any reference to any statute, rule, ordinance, or regulation is deemed to include such statute, rule, ordinance, regulation as it may be amended, modified or supplemented from time to time. Any reference herein to “days” means calendar days unless otherwise stated. The headings and captions contained herein are for the purpose of convenience and reference only and are not to be construed as a part of this Agreement.

## 20. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement are deemed so delivered at the time delivered by (i) electronic mail (email) with evidence of delivery or of rejected delivery, (ii) by hand, or (iii) one business day after sent by a recognized overnight delivery service which requires a written receipt, or three business days after placed in the U.S. Mail by registered or certified mail, return receipt requested, postage prepaid and addressed to the party to be notified at the following addresses, unless or until such other address as may have been designated in writing to the other party:

### To Us:

Mr. Will Rosler  
World Inspection Network International LLC  
444 W Lake Street, Suite 1700  
Chicago, IL 60606  
Email: wrosler@winhomeoffice.com

### To You:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any notice by a means which provides the sender with evidence of delivery, or rejected delivery, will be deemed to have been given at the date and time of receipt or rejected delivery.

## 21. ACKNOWLEDGEMENTS

A. Success of WIN Business. You acknowledge and agree that the success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Principal Owner’s) ability as an independent businessperson, and your active participation in the daily affairs of the WIN Business as well as other factors that may not be controllable. We do not make any representation or warranty, express or implied, as to the potential success of the WIN Business.



B. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation by us as to gross revenue, volume, potential earnings or profits which you might be expected to realize, nor have we made any other representation, which is not expressly stated herein, to induce you to accept this franchise and sign this Agreement.

C. Receipt of Documents. You represent and acknowledge that you have received our franchise disclosure document at least 14 calendar days before the date of the execution of this Agreement. In addition, you represent and acknowledge that you received from us a copy of this Agreement with all material blanks filled in at least 7 calendar days before the date of execution of this Agreement. You represent that you have read this Agreement in its entirety, including exhibits and related agreements, and that you have been given the opportunity to consult with any attorney or other professional advisor and to clarify any provisions of the Agreement that you did not understand. You further represent that you understand the provisions of this Agreement and agree to be bound.

D. Other Franchises. You acknowledge that our other franchisees have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

E. Time is of the Essence. Time is of the essence in this Agreement and each of its terms. It will be a material breach of this Agreement if you fail to perform any obligation within the time required or allowed by this Agreement.

F. Counterparts. This Agreement may be signed in multiple counterparts, and the signature pages may be exchanged between the parties via facsimile or email, and all of which, when taken together, will constitute one original Agreement. A fully signed copy of this Agreement will have the same force and effect as the original.

The parties have signed this Agreement on the Effective Date.

**FRANCHISOR/US:**

**FRANCHISEE/YOU:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT A  
TO FRANCHISE AGREEMENT  
OWNERSHIP AND MANAGEMENT OF FRANCHISEE**

**EXHIBIT A  
TO FRANCHISE AGREEMENT  
OWNERSHIP AND MANAGEMENT OF FRANCHISEE**

1. Principal Owner(s). You represent and warrant to us that the following person(s) or entity, and only the following person(s) or entity, will be your Principal Owner(s):

<u>NAME</u>	<u>ADDRESS</u>	<u>PERCENTAGE OF INTEREST</u>

2. Designated Owner. You and we agree the Designated Owner for the WIN Business is: \_\_\_\_\_.

3. Change. You must immediately seek our written consent for any change in the information contained in this Addendum and, if we approve, then at our request, prepare and sign a new Addendum containing the correct information.

4. Defined Terms. All capitalized terms contained in this Exhibit and not defined herein will have the same meaning as provided in the Franchise Agreement.

5. Effective Date. This Exhibit A is effective as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISOR/US:**

**FRANCHISEE/YOU:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

**EXHIBIT B  
TO FRANCHISE AGREEMENT  
APPROVED LOCATION AND TERRITORY**

**EXHIBIT B  
TO FRANCHISE AGREEMENT  
APPROVED LOCATION AND TERRITORY**

1. WIN Business Location. The Approved Location for your WIN Business is: \_\_\_\_\_ . If the premises for the WIN Business has not been designated as of the Effective Date, we will update this Exhibit B to include the address for the Approved Location once determined and approved by us.

2. Territory. The Territory includes only the following specific zip codes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

3. Defined Terms. All capitalized terms contained in this Exhibit and not defined herein will have the same meaning as provided in the Franchise Agreement.

4. Effective Date. This Exhibit B is effective as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISOR/US:**

**FRANCHISEE/YOU:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

**EXHIBIT C  
TO FRANCHISE AGREEMENT  
ELECTRONIC TRANSFER OF FUNDS FORM**

**EXHIBIT C  
TO FRANCHISE AGREEMENT  
ACH AUTHORIZATION**

Date: \_\_\_\_\_, 20\_\_

I, the undersigned officer of \_\_\_\_\_ (“Franchisee”), hereby authorize World Inspection Network International LLC to withdraw or deposit funds, utilizing the following account, by ACH draft or electronic debit for payment or receipt of funds relating to the WIN Business, including, but not limited to, initial franchise fee, startup launch fee, royalty fees, infrastructure fees, any other fees, contributions or payment of goods or services.

Name on the Account: \_\_\_\_\_

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

City, State, Zip: \_\_\_\_\_

Bank Routing Number: \_\_\_\_\_

Bank Account Number: \_\_\_\_\_

Email Confirmation: \_\_\_\_\_

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

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

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

**EXHIBIT D  
TO FRANCHISE AGREEMENT  
GUARANTY AND ASSUMPTION AGREEMENT**



**EXHIBIT D**  
**TO FRANCHISE AGREEMENT**  
**GUARANTY AND ASSUMPTION AGREEMENT**

In consideration of the execution of the WIN® franchise agreement dated \_\_\_\_\_ (the “Agreement”) by World Inspection Network International LLC, a Delaware limited liability company (the “Franchisor,” “we” or “us”), each of the undersigned (a “Guarantor”) personally and unconditionally guarantees to us, and our successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement that \_\_\_\_\_ (the “Franchisee” or “you”) will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (the “Guaranty”).

Each of the undersigned waives: (a) acceptance and notice of acceptance by us of the foregoing undertaking; (b) notice of demand for payment of any indebtedness; (c) protest and notice of default to any party respecting the indebtedness; (d) any right he/she may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Such Guarantor’s liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and other Guarantors;

(2) Such Guarantor will make any payment or perform any obligation required under the Agreement upon demand if you fail to make any payment or perform any obligation required under the Agreement;

(3) Such Guarantor’s liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any of your assignee or successor;

(4) Such Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against such Guarantor and you jointly and severally, or we may, at our option, proceed against such Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Such Guarantor will be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-disclosure obligations in Section 8, indemnification provisions in Section 9(C), the non-compete provisions in Section 14, the dispute resolution provisions contained in Section 18, and the enforcement provisions in Section 19.

(7) Such Guarantor will pay all reasonable attorneys’ fees and all costs and other expenses we incur in enforcing this Guaranty against such Guarantor or any negotiations relative to the obligations hereby guaranteed.

The terms of the following sections of the Agreement (including the definitions of capitalized terms used therein) are incorporated by reference in their entirety into this Guaranty as if fully set forth herein, *mutatis mutandis*: Sections 19(J) (Waiver); 19(E) (Governing Law); 18 (Arbitration); 19(A) (Injunctive Relief); 19(D) (Venue); 19(G) (Jury Waiver); 19(P) (Entire Agreement); 19(L) (Modifications); 19(B) (Attorneys’ Fees); 17(D) (Survival); and 19(M) (Interpretation).

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed.

**GUARANTOR(S)**

**PERCENTAGE OWNERSHIP IN YOU**

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**EXHIBIT E**  
**TO FRANCHISE AGREEMENT**  
**PROMISSORY NOTE**

**WORLD INSPECTION NETWORK INTERNATIONAL LLC**  
**PROMISSORY NOTE**

\$ \_\_\_\_\_

Date: \_\_\_\_\_, 20 \_\_\_\_\_

The undersigned (“Franchisee”), for value received, jointly and severally promise to pay to World Inspection Network International LLC, a Delaware limited liability company (“Franchisor”) as the holder of this Promissory Note (“Note”) the principal sum of \$ \_\_\_\_\_, together with interest computed at a rate of 5% *per annum*, per the terms stated in this Note.

Principal and interest must be paid in lawful money of the United States of America. The principal and interest will be due and payable in \_\_\_\_\_ equal monthly payments of \$ \_\_\_\_\_, beginning on \_\_\_\_\_, 20 \_\_\_\_\_. Said payments will be made through Electronic Funds Transfers (EFT) as we initiate. You must give us at least 10 days’ written notice of any change respecting your bank account and/or bank.

Franchisee acknowledges that the principal amount of this Note arose under and remains due under the WIN® franchise agreement between Franchisor and Franchisee, dated \_\_\_\_\_, 20 \_\_\_\_ (the “Franchise Agreement”), and that Franchisor’s acceptance of this Note does not represent a cure, satisfaction, or discharge of any of Franchisee’s obligations under the Franchise Agreement, and does not represent a waiver or relinquishment of any rights or remedies that Franchisor may have under the Franchise Agreement.

Franchisee may prepay this Note in whole at any time or in part from time to time without penalty. Each such prepayment will be applied first against accrued interest and the balance, if any, to the reduction of principal. Franchisor’s failure or delay to exercise any right or remedies hereunder or afforded by applicable law will not operate as a waiver thereof. Such failure or delay will not be construed as a bar to or waiver of such right or remedy on a future occasion.

Franchisee agrees to pay all costs of collecting or enforcing payment or performance under this Note, together with reasonable attorneys’ fees and legal expenses at any time paid or incurred by the holder hereof, whether suit be brought or not.

Franchisee waives presentment, protest and demand, delinquency, notice of protest, demand and dishonor, and any other notice otherwise required to be given by law in connection with the delivery, acceptance, performance, default, enforcement or collection of this Note, and expressly agrees that this Note, or any payment hereunder, may periodically be extended or subordinated, without affecting the liability of Franchisee.

Any default by Franchisee under the Franchise Agreement after the date of this Note will constitute a default under this Note. Any default under this Note will constitute a default under the Franchise Agreement. At Franchisor’s option, the entire unpaid principal balance and all accrued but unpaid interest under this Note will be immediately due and payable as a balloon payment upon the earlier of: (a) Franchisee’s failure to cure any default under this Note or the Franchise Agreement under the terms thereof; or (b) the occurrence of a “Transfer” (as defined in the Franchise Agreement). Upon default under the Note or the Franchise Agreement, Franchisor may, at its option, (i) increase the interest rate to accrue on all unpaid amounts from the date of acceleration at a rate of 18% per annum or the maximum rate permitted by law, whichever is less, until the entire principal balance and all accrued but unpaid interest is paid, (ii) require you to immediately pay us the entire amount of the unpaid balance plus any accrued interest, and/or (iii) terminate the Franchise Agreement.

This Note may not be amended or modified, and no waiver of any provision hereof will be effective, except by an instrument in writing signed by the party against whom enforcement of any amendment, modification, or waiver is sought. If Franchisee consists of two or more individuals, the liability of each individual will be joint and several.

This Note is governed by the laws of the State of Delaware. Any claims, controversies or disputes arising from the payment or non-payment of this Note will be brought in the Chicago, Illinois, Cook County District Court or the United States District Court for the Northern District of Illinois. Franchisee irrevocably consents to the jurisdiction of such courts.

Franchisee has caused this Note to be made and executed as of the date first above written.

**FRANCHISEE:**

\_\_\_\_\_  
\_\_\_\_\_, Individually

\_\_\_\_\_  
\_\_\_\_\_, Individually

or

\_\_\_\_\_  
[Name of Franchisee Entity]

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

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

Each of the undersigned jointly and severally, personally and unconditionally guarantee to Franchisor, and its successors and assigns, that Franchisee will timely pay and perform each and every undertaking, agreement and covenant stated in this Note; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in this Note. The undersigned waive any requirement that Franchisor proceed or exhaust its recourses against Franchisee or any other party, pursue any other remedy whatsoever or enforce any security before any demand under this personal guaranty.

**GUARANTORS:**

\_\_\_\_\_  
\_\_\_\_\_, Individually

\_\_\_\_\_  
\_\_\_\_\_, Individually

**EXHIBIT F  
TO FRANCHISE AGREEMENT  
STATE SPECIFIC ADDENDA**

## CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010) voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Chicago, Illinois with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

*[Signature page to follow]*

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

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

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

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

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



ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your rights upon termination and non-renewal of a franchise agreement are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

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

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

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

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

## MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of the Marks infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least 24 hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

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

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

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

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

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

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

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

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

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

## NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

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

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

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

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

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

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

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

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

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

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

According 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.

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

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

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

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

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

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



WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, STATEMENT OF  
PROSPECTIVE FRANCHISEE AND RELATED AGREEMENTS

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

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

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

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

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

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**World Inspection Network International LLC**

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT B**

**TABLE OF CONTENTS OF OPERATIONS MANUAL**

## WIN Operations Manual – Table of Contents

1. **Welcome and Introduction to WIN** – 5 pages
2. **Introduction to your WINnovation platform** – 20 pages
3. **Marketing** – 50 pages. Topics include:
  - a. Understanding Marketing
  - b. WIN Marketing Strategy
    - i. Print and Promo Marketing
    - ii. Digital Marketing
    - iii. Paid Marketing
    - iv. In-person Marketing
    - v. Advertisements
  - c. Brand Awareness
    - i. Tagline and Brand Sound
    - ii. Professional Dress Code
    - iii. WIN Office
    - iv. Vehicle
  - d. Target Audience
  - e. Scheduling Your Inspection
  - f. Short-term/ Long-term Goals
    - i. GO 90 Plan
    - ii. Hiring
  - g. Marketing Budget
4. **WIN Learning System** – 25 pages
5. **Day to Day Operations** – 105 pages. Topics include:
  - a. WIN Mission Statement, Network Goals & Core Values
  - b. Risk Management and Business Insurance and Compliance
  - c. Inspection Communication Scripts
  - d. WIN Approved Inspection Types and Special Licensing
    - i. Ancillary Inspections
  - e. Office Set-up and Equipment Requirements
  - f. Readyng Your Vehicle
  - g. Clothing and Personal Appearance
  - h. Home Inspection Process
    - i. Inspection Agreements
    - ii. Checklists
6. **Business Administration** – 25 pages. Topics include:
  - a. Franchisee’s Legal Obligations
  - b. Company Policies
    - i. Refund Policy
    - ii. Vehicle Policy
    - iii. Inspection Referral Policy
    - iv. SP and AI Training
    - v. Conference
    - vi. Advertising Policy
  - c. Reports and Record Keeping
    - i. QuickBooks
    - ii. Royalty Reporting
  - d. WINnet
  - e. New Franchise Referral Policy

**EXHIBIT C**  
**FINANCIAL STATEMENTS**

# **World Inspection Network International LLC**

Financial Statements

December 31, 2022 and 2021

# World Inspection Network International LLC

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December 31, 2022 and 2021

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## **Independent Auditors' Report**

To the Member and Board of Directors of  
World Inspection Network International LLC

### **Opinion**

We have audited the financial statements of World Inspection Network International LLC (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 GAAP, 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Baker Tilly US, LLP*

Chicago, Illinois  
March 6, 2023

# World Inspection Network International LLC

## Balance Sheets

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,543,205	\$ 3,715,919
Accounts receivable, net	204,563	240,772
Inventories	11,655	19,719
Notes receivable, current	53,097	69,878
Prepaid expenses and other current assets	<u>1,306,616</u>	<u>568,674</u>
Total current assets	<u>5,119,136</u>	<u>4,614,962</u>
<b>Other Assets</b>		
Goodwill, net	2,403,288	2,812,334
Intangible assets, net	386,388	436,455
Notes receivable, long-term	<u>69,085</u>	<u>38,952</u>
Total other assets	<u>2,858,761</u>	<u>3,287,741</u>
Total assets	<u>\$ 7,977,897</u>	<u>\$ 7,902,703</u>
<b>Liabilities and Member's Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 183,683	\$ 169,512
Accrued expenses and other current liabilities	89,706	117,384
Current maturities of notes payable, bank	321,803	319,229
Deferred revenues, current	<u>651,406</u>	<u>585,145</u>
Total current liabilities	<u>1,246,598</u>	<u>1,191,270</u>
<b>Long-Term Liabilities</b>		
Notes payable, bank	172,654	494,455
Deferred revenues, long-term	<u>1,057,737</u>	<u>1,049,347</u>
Total liabilities	<u>2,476,989</u>	<u>2,735,072</u>
<b>Member's Equity</b>	<u>5,500,908</u>	<u>5,167,631</u>
Total liabilities and member's equity	<u>\$ 7,977,897</u>	<u>\$ 7,902,703</u>

See notes to financial statements

# World Inspection Network International LLC

## Statements of Income

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Franchise revenues	\$ 4,683,401	\$ 4,580,561
Other revenues	<u>277,493</u>	<u>235,869</u>
Total revenues	<u>4,960,894</u>	<u>4,816,430</u>
<b>Operating Expenses</b>	<u>3,893,041</u>	<u>3,685,867</u>
Operating income	<u>1,067,853</u>	<u>1,130,563</u>
<b>Other Income (Expense)</b>		
Interest income	432	1,286
Interest expense	(28,961)	(33,174)
Other income	<u>1,942</u>	<u>145,729</u>
Net other income (expense)	<u>(26,587)</u>	<u>113,841</u>
Net income	<u>\$ 1,041,266</u>	<u>\$ 1,244,404</u>

See notes to financial statements

# World Inspection Network International LLC

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## Statements of Member's Equity

Years Ended December 31, 2022 and 2021

	<b>Total Member's Equity</b>
<b>Balances, December 31, 2020</b>	\$ 4,263,063
Net income	1,244,404
Distributions	<u>(339,836)</u>
<b>Balances, December 31, 2021</b>	5,167,631
Net income	1,041,266
Distributions	<u>(707,989)</u>
<b>Balances, December 31, 2022</b>	<u>\$ 5,500,908</u>

*See notes to financial statements*

# World Inspection Network International LLC

## Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 1,041,266	\$ 1,244,404
Adjustments to reconcile net income to net cash flows from operating activities:		
Amortization	459,113	459,113
Provision for losses on accounts receivable	64,233	22,706
Paycheck Protection Program loan forgiveness	-	(143,400)
Changes in assets and liabilities:		
Accounts receivable	(28,024)	(51,292)
Inventories	8,064	(19,483)
Prepaid expenses and other current assets	(737,942)	(332,039)
Accounts payable	14,171	62,016
Accrued expenses and other current liabilities	(27,678)	7,671
Deferred revenues	74,651	673,622
Net cash flows from operating activities	<u>867,854</u>	<u>1,923,318</u>
<b>Cash Flows From Investing Activities</b>		
Repayments of notes receivable	88,234	94,810
Issuance of notes receivable	<u>(101,586)</u>	<u>(100,940)</u>
Net cash flows from investing activities	<u>(13,352)</u>	<u>(6,130)</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments on notes payable, bank	(319,227)	(318,576)
Distributions to member	<u>(707,989)</u>	<u>(339,836)</u>
Net cash flows from financing activities	<u>(1,027,216)</u>	<u>(658,412)</u>
Net change in cash and cash equivalents	(172,714)	1,258,776
<b>Cash and Cash Equivalents, Beginning</b>	<u>3,715,919</u>	<u>2,457,143</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 3,543,205</u>	<u>\$ 3,715,919</u>
<b>Supplemental Cash Flow Disclosures</b>		
Cash paid for interest	<u>\$ 31,457</u>	<u>\$ 32,666</u>

See notes to financial statements

# World Inspection Network International LLC

Notes to Financial Statements  
December 31, 2022 and 2021

## 1. Summary of Significant Accounting Policies

### Nature of Operations

World Inspection Network International LLC (the Company) is engaged in the business of offering franchises, which operate WIN Home Inspection offices. Agamyra Franchise Holdings LLC (the Parent) is the sole member of the Company.

The following table summarizes the franchise activity for the Company as of December 31, 2022:

	<u>2022</u>	<u>2021</u>
Franchises at the beginning of the period	248	206
Franchises sold and opened	22	42
Franchises sold but not yet opened	7	11
Franchises retired	(1)	(1)
Franchises terminated	<u>(17)</u>	<u>(10)</u>
Franchises at the end of the period	<u>259</u>	<u>248</u>

### Use of Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

The Company defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits maintained at banks, which at times, may exceed federally insured limits. Depository accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company has not experienced any losses in such accounts and does not believe it is exposed to significant credit risk.

### Accounts Receivable

The Company grants credit in the normal course of business to franchisees in the United States. The Company performs a credit analysis and monitors the financial condition of its potential franchisees to reduce credit risk. Based on historical experience and management's analysis of individual accounts, an allowance for doubtful accounts of \$80,000 and \$20,000 was recorded as of December 31, 2022 and 2021, respectively. The Company charges interest on past due accounts receivable.

### Contract Costs

The Company incurs certain direct incremental costs in order to obtain some franchise agreements. Such costs are capitalized and subsequently amortized over the first non-cancelable period of the franchise agreement, which are included in prepaid expenses and other current assets on the balance sheets. In the event a franchise agreement is terminated prior to the end of the first non-cancelable period, any unamortized cost is immediately expensed.

# World Inspection Network International LLC

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Notes to Financial Statements  
December 31, 2022 and 2021

## Inventories

Inventories consist of inspection report binders, marketing materials and training materials for sale to the franchisees at cost and are valued at lower of cost and market using the first-in, first-out (FIFO) method or net realizable value.

## Franchise Agreements

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services may include training, marketing support, technology support and organizing an annual convention.

The Company was assigned franchise agreements which were included in the acquisition of World Inspection Network International, Inc. The franchise agreements are considered customer-related intangibles and have therefore not been separated from goodwill acquired.

## Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of identifiable tangible and intangible net assets relating to the business acquisition of World Inspection Network International, Inc. The Company amortizes goodwill using the straight-line method over 10 years. The Company has elected to test goodwill for impairment at the entity level when a triggering event has occurred. A triggering event may indicate the fair value of the entity's goodwill is below the carrying value. The Company has determined that no triggering events occurred during the years ended December 31, 2022 and 2021.

Intangible assets include tradenames and business materials. Identifiable intangible asset costs are capitalized and amortized on a straight-line basis over their estimated useful lives. The Company amortizes tradenames and business materials, using the straight-line method, over 15 and 10 years, respectively. Intangible assets are reviewed for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable. There have been no such impairment losses to date.

## Leases

Effective January 1, 2022, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all related amendments using the modified retrospective approach. The Company's 2021 financial statements continue to be accounted for under the FASB's Topic 840 and have not been adjusted.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the non-cancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, the Company elected:

- The package of practical expedients permitted under the transition guidance, which does not require the Company to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs.



The new standard also provides for several accounting policy elections, as follows:

- The Company has elected the policy not to separate lease and nonlease components for the initial and subsequent measurement of lease liabilities for all asset classes.
- When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes.
- The Company elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

As of the date of adoption, the Company recorded no right-of-use asset and lease liability. The one lease held by the Company is classified as a short-term lease under Topic ASC 842 and the applicable practical expedient was applied. Lease expense of \$1,304 was included in operating expenses on the statement of income for the year ended December 31, 2022.

## Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

## Revenue Recognition

The Company generates all of its revenue from contracts with customers. Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company determines revenue recognition through the following steps:

- Identification of the contract or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when or as, the Company satisfies a performance obligation

A performance obligation is defined as a promise in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment.

The Company allocates the transaction price to each performance obligation on a relative standalone selling price (SSP) basis. The SSP is the price at which the Company would sell a promised product or service separately to a customer. Judgment is required to determine the SSP for each distinct performance obligation.

## World Inspection Network International LLC

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Notes to Financial Statements  
December 31, 2022 and 2021

The Company's franchise agreements promise the following products or services to the customer:

- Intellectual Property license grants a non-exclusive, limited revocable license to the common use and promotion of trademarks and tradenames
- Operations Manual and training services provide operational assistance unique to the Company's brand, business model and standards
- One inspection tablet with certain computer software
- Startup Marketing Program provides franchisees with digital marketing services to help reach out to referral sources within the applicable territory upon the launch of the franchisees' businesses
- Annual convention provided for franchisees to gather and attend educational seminars and brand informational presentations, for which the initial year is included in the upfront franchise fee

The Company considers the inspection tablet to be a distinct performance obligation as it has stand-alone value to the customer and is not highly interdependent or highly interrelated with the franchise license and is recorded as other revenues in the statements of income.

The Company concluded that the remaining benefits are highly related and all combined into a single performance obligation, a license of symbolic intellectual property, which is delivered over time. While the underlying services may vary from day to day, the nature of the promises are the same each day, other than the annual convention, which is recognized in the month the service is provided, and the franchisee can independently benefit from each day's services. Initial and renewal franchise fees are due upon the granting of the franchise and are deferred and recognized as revenue over the original franchise term, which is generally between 5 and 10 years.

In addition to initial and renewal franchise fees, the Company also receives monthly fees for usage of certain Company provided software, a percentage of sales each month from the franchisees as royalty and Brand Fund contributions, and fixed fee per inspection order for WIN Home Inspection Report Product (WHIRP). Revenues from these sources are recorded each month as the services are provided and based on reported franchisee sales.

The Company has other performance obligations associated with contracts with customers for additional training, product sales, assignment fees and event-based revenue from the annual convention, for which revenue is recognized as other revenues in the statements of income in the month the service is provided.

# World Inspection Network International LLC

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Notes to Financial Statements  
December 31, 2022 and 2021

## Internal-Use Software Development Costs

The Company accounts for costs to develop or obtain internal-use software, including significant upgrades and enhancements resulting in additional functionality, in accordance with GAAP. These costs relate to software purchased for internal-use, implementation costs and development costs. Costs incurred for maintenance, training and minor modifications or enhancements are expensed as incurred. Development costs related to internal-use software were insignificant during the years ended December 31, 2022 and 2021, and therefore, the Company has expensed all internal-use software development costs as incurred.

## Advertising

In accordance with all signed franchise agreements, franchisees are required to contribute to the WIN System Brand Fund. The fund is to be used with the objective of protecting and enhancing the Company's brand and system, including by conducting brand advertising, marketing, promotional and public relations campaigns. Net advertising expense was \$977,509 and \$969,983 for the years ended December 31, 2022 and 2021, respectively. Actual advertising expenditure was \$1,713,054 and \$1,249,384 for the years ended December 31, 2022 and 2021, respectively.

Generally, the Company is contractually obligated to expend the System Brand Fund fees collected from franchisees in accordance with the franchise agreements; as such, revenues earned in excess of costs incurred are accrued as a liability for future advertising costs. Any such amounts are included in accrued expenses and other current liabilities on the balance sheets. In the event the Company's expenditures for the System Brand Fund in any one fiscal year exceeds the total amount contributed to the System Brand Fund during such fiscal year, the Company has the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the System Brand Fund or to use such excess as a credit against its future contributions. Any such amounts are included in prepaid expenses and other current assets on the balance sheets. As of December 31, 2022 and 2021, the Company has incurred costs in excess of revenues earned of \$1,154,426 and \$418,101, respectively.

## Income Taxes

The Company is treated as a limited liability company (LLC) for federal and state income tax purposes. As such, the Company's income, losses and credits are included in the income tax returns of its member. The Company is subject to certain state income taxes. The Company and its member elected pass-through entity tax in certain states for the years ended December 31, 2022 and 2021, which is reflected within distributions on the accompanying statements of member's equity. For the years ended December 31, 2022 and 2021, distributions for pass-through entity tax totaled \$84,618 and \$0, respectively.

The Company is subject to the accounting standard for uncertainty in income taxes. The standard only applies to taxes based on income that are imposed on the Company. It does not apply to tax or income that is passed through to the member. Thus, the standard has limited applicability to the Company due to its status as an LLC and will generally only apply to state income taxes imposed on the Company. Under the standard, the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. When applicable, interest and penalties on uncertain tax positions are calculated based on the guidance from the relevant tax authority. The Company is subject to tax examinations for its tax returns but is not currently under examination by any taxing jurisdiction. The Company did not have any uncertain tax positions as of December 31, 2022 and 2021.

# World Inspection Network International LLC

Notes to Financial Statements  
December 31, 2022 and 2021

## Fair Value of Financial Instruments

The Company is subject to the accounting standard for fair value measurements, which provides a framework for measuring, reporting and disclosing fair value under GAAP. This applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis.

Cash and cash equivalents are stated at cost, which approximates fair market value. The Company's short-term financial instruments consist of the following: accounts receivable and accounts payable. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instruments short-term nature. The fair value of the Company's notes receivable, notes payable, bank and subordinated debt is estimated based on current rates for similar instruments with the same remaining maturities. The Company believes that the carrying value of the notes receivable, notes payable, bank and subordinated debt estimates fair value.

## Recent Accounting Pronouncements

During June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. During November 2018, April 2019, May 2019, November 2019 and March 2020, respectively, the FASB also issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*; ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*; ASU No. 2019-05 *Targeted Transition Relief*; ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*; and ASU No. 2020-03 *Codification Improvements to Financial Instruments*. ASU No. 2018-19 clarifies the effective date for nonpublic entities and that receivables arising from operating leases are not within the scope of Subtopic 326-20, ASU Nos. 2019-04 and 2019-05 amend the transition guidance provided in ASU No. 2016-13, and ASU Nos. 2019-11 and 2020-03 amend ASU No. 2016-13 to clarify, correct errors in, or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Company is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its results of operations, financial position and cash flows.

## 2. Notes Receivable

The Company carries its notes receivable with franchisees at the principal amount due.

Interest is accrued monthly and ranges up to 8%. Loans that become past due receive increased scrutiny and attention from management. If necessary, they are placed on nonaccrual status. No loans have been placed on nonaccrual status as of December 31, 2022 and 2021.

The estimated aggregate maturities of the notes as of December 31, 2022 are as follows:

Years ending December 31:	
2023	\$ 53,097
2024	32,278
2025	19,330
2026	12,037
2027	<u>5,440</u>
Total	<u>\$ 122,182</u>

## World Inspection Network International LLC

Notes to Financial Statements  
December 31, 2022 and 2021

### 3. Goodwill and Intangible Assets

Goodwill and intangible assets of the Company as of December 31, 2022 are summarized as follows:

	<u>Gross Carrying Value</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Goodwill, net	\$ 4,090,455	\$ (1,687,167)	\$ 2,403,288
Intangible assets:			
Business materials	\$ 312,000	\$ (130,000)	\$ 182,000
Tradenames	283,000	(78,612)	204,388
Intangible assets, net	<u>\$ 595,000</u>	<u>\$ (208,612)</u>	<u>\$ 386,388</u>

Goodwill and intangible assets of the Company as of December 31, 2021 are summarized as follows:

	<u>Gross Carrying Value</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Goodwill, net	\$ 4,090,455	\$ (1,278,121)	\$ 2,812,334
Intangible assets:			
Business materials	\$ 312,000	\$ (98,800)	\$ 213,200
Tradenames	283,000	(59,745)	223,255
Intangible assets, net	<u>\$ 595,000</u>	<u>\$ (158,545)</u>	<u>\$ 436,455</u>

Amortization expense was \$459,113 for the years ended December 31, 2022 and 2021.

Future estimated amortization over the next five years as of December 31, 2022 is as follows:

	<u>Goodwill</u>	<u>Business Materials</u>	<u>Tradenames</u>
Years ending December 31:			
2023	\$ 409,046	\$ 31,200	\$ 18,867
2024	409,046	31,200	18,867
2025	409,046	31,200	18,867
2026	409,046	31,200	18,867
2027	409,046	31,200	18,867
Thereafter	358,058	26,000	110,053
Total	<u>\$ 2,403,288</u>	<u>\$ 182,000</u>	<u>\$ 204,388</u>

# World Inspection Network International LLC

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Notes to Financial Statements  
December 31, 2022 and 2021

## 4. Line of Credit

In July 2020, the Company obtained a line of credit from a bank with a borrowing capacity of up to \$250,000 that matured on July 16, 2021. In August 2021, the line of credit was amended and the maturity date was extended to July 23, 2023. The line of credit has an interest rate equal to the prime rate, with a minimum rate of 3.25%. The interest rate was 7.50% and 3.25% as of December 31, 2022 and 2021, respectively. There was \$0 outstanding on the line of credit as of December 31, 2022 and 2021. The line of credit is collateralized by substantially all of the assets of the Company.

## 5. Notes Payable, Bank

In July 2020, the Company obtained a promissory note payable from a bank in the amount of \$1,115,000. The note matures on January 16, 2024 and carries interest at the greater of the prime rate and 3.25%. The interest rate was 7.50% and 3.25% as of December 31, 2022 and 2021, respectively. The note is collateralized by substantially all of the assets of the Company under a general business security agreement and member's guarantee. The promissory note is subject to certain financial statement covenants. The Company was in compliance with all financial statement covenants as of December 31, 2022 and 2021. The promissory note requires monthly payments of \$26,548 beginning in August 2020 through maturity. There was \$345,108 and \$663,684 outstanding on the note as of December 31, 2022 and 2021, respectively.

On March 22, 2020, the Company received loan proceeds in the amount of \$143,400 under the Payroll Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 2 years at an interest rate of 1% with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. Principal and interest payments are due in equal installments of \$8,070 beginning 10 months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties. The Company met the PPP loan forgiveness requirements and applied for forgiveness in 2021. The Company received full forgiveness in June 2021. The Company recorded forgiveness income of \$143,400 within other income on the statement of income for the year ended December 31, 2021.

In August 2020, the Company obtained a loan for \$150,000 through the Economic Injury Disaster Loan (EIDL) program in response to the coronavirus crisis. Interest accrues at an annual rate of 3.75%. Equal monthly payments, including principal and interest, of \$731 commenced June 2021 and continue until the maturity date of March 17, 2050. The loan is collateralized by substantially all of the assets of the Company. The loan requires that all proceeds be used solely as working capital to alleviate economic injury from the coronavirus crisis. There was \$149,349 and \$150,000 outstanding on the note as of December 31, 2022 and 2021, respectively.

# World Inspection Network International LLC

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Notes to Financial Statements  
December 31, 2022 and 2021

The future maturities of the notes payable, bank as of December 31, 2022 are as follows:

Years ending December 31:	
2023	\$ 321,803
2024	29,866
2025	3,477
2026	3,611
2027 and thereafter	<u>135,700</u>
Total	<u>\$ 494,457</u>

## 6. Related-Party Transactions

The Company maintains a management agreement with the Parent and its affiliates, to provide the Company with various operational related management services. Under the terms of the agreement, the Company is charged annual management fees equal to the greater of \$100,000 or 5% of the Company's annual earnings before interest, taxes, depreciation and amortization. The management fee is payable in quarterly installments. The Company incurred and paid \$100,000 of management fees for the years ended December 31, 2022 and 2021.

The Company also made payments of \$685,000 and \$554,750 to related parties for internal-use software development and marketing, operation, franchise and administrative support for the years ended December 31, 2022 and 2021, respectively. The Company had no payables outstanding to related parties as of December 31, 2022 and 2021.

## 7. Employee Benefit Plan

In 2021, the Company started a defined contribution plan which is qualified under Section 401(k) of the Internal Revenue Code (IRC). All active employees are eligible to participate. Under the plan, subject to IRC limits, the Company contributes a safe harbor matching contribution of 100% of the first 4% of eligible compensation that employees defer upon. Company contributions to the plan were \$37,602 and \$35,579 for the years ended December 31, 2022 and 2021, respectively.

## 8. Subsequent Events

The Company has evaluated subsequent events occurring through March 6, 2023, the date that the financial statements were available to be issued for events requiring recording or disclosure in the Company's financial statements.

# **World Inspection Network International LLC**

Financial Statements

December 31, 2021 and 2020



# World Inspection Network International LLC

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December 31, 2021 and 2020

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## **Independent Auditors' Report**

To the Member and Board of Directors of  
World Inspection Network International LLC

### **Opinion**

We have audited the financial statements of World Inspection Network International LLC (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 GAAP, 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Baker Tilly US, LLP*

Chicago, Illinois  
February 16, 2022

# World Inspection Network International LLC

## Balance Sheets

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,715,919	\$ 2,457,143
Accounts receivable, net	240,772	212,186
Inventories	19,719	236
Notes receivable, current	69,878	53,624
Prepaid expenses and other current assets	568,674	236,635
	<u>4,614,962</u>	<u>2,959,824</u>
<b>Total current assets</b>		
<b>Other Assets</b>		
Goodwill, net	2,812,334	3,221,380
Intangible assets, net	436,455	486,522
Notes receivable, long-term	38,952	49,076
	<u>3,287,741</u>	<u>3,756,978</u>
<b>Total other assets</b>		
<b>Total assets</b>		
	<u>\$ 7,902,703</u>	<u>\$ 6,716,802</u>
<b>Liabilities and Member's Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 169,512	\$ 107,496
Accrued expenses and other current liabilities	117,384	109,713
Current maturities of notes payable, bank	319,229	430,109
Deferred revenues, current	585,145	323,715
	<u>1,191,270</u>	<u>971,033</u>
<b>Total current liabilities</b>		
<b>Long-Term Liabilities</b>		
Notes payable, bank	494,455	845,551
Deferred revenues, long-term	1,049,347	637,155
	<u>2,735,072</u>	<u>2,453,739</u>
<b>Total liabilities</b>		
<b>Member's Equity</b>		
	<u>5,167,631</u>	<u>4,263,063</u>
<b>Total liabilities and member's equity</b>		
	<u>\$ 7,902,703</u>	<u>\$ 6,716,802</u>

See notes to financial statements

# World Inspection Network International LLC

## Statements of Income

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Franchise revenues	\$ 4,580,561	\$ 3,495,487
Other revenues	235,869	182,717
Total revenues	<u>4,816,430</u>	<u>3,678,204</u>
<b>Operating Expenses</b>	<u>3,685,867</u>	<u>2,930,049</u>
Operating income	<u>1,130,563</u>	<u>748,155</u>
<b>Other Income (Expense)</b>		
Interest income	1,286	2,964
Interest expense	(33,174)	(106,755)
Other income	145,729	172,553
Net other income	<u>113,841</u>	<u>68,762</u>
Net income	<u>\$ 1,244,404</u>	<u>\$ 816,917</u>

See notes to financial statements

# World Inspection Network International LLC

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## Statements of Member's Equity

Years Ended December 31, 2021 and 2020

	<b>Total Member's Equity</b>
<b>Balances, December 31, 2019</b>	\$ 3,728,329
2020 net income	816,917
Distributions	<u>(282,183)</u>
<b>Balances, December 31, 2020</b>	4,263,063
2021 net income	1,244,404
Distributions	<u>(339,836)</u>
<b>Balances, December 31, 2021</b>	<u>\$ 5,167,631</u>

See notes to financial statements

# World Inspection Network International LLC

## Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 1,244,404	\$ 816,917
Adjustments to reconcile net income to net cash flows from operating activities:		
Amortization	459,113	441,922
Provision for losses on accounts receivable	22,706	26,668
Paycheck Protection Program loan forgiveness	(143,400)	-
Changes in assets and liabilities:		
Accounts receivable	(51,292)	(56,231)
Inventories	(19,483)	3,619
Prepaid expenses and other current assets	(332,039)	(212,085)
Accounts payable	62,016	(8,860)
Accrued expenses and other current liabilities	7,671	(44,988)
Deferred revenues	673,622	743,536
Net cash flows from operating activities	<u>1,923,318</u>	<u>1,710,498</u>
<b>Cash Flows From Investing Activities</b>		
Repayments of notes receivable	94,810	34,623
Issuance of notes receivable	<u>(100,940)</u>	<u>(83,723)</u>
Net cash flows from investing activities	<u>(6,130)</u>	<u>(49,100)</u>
<b>Cash Flows From Financing Activities</b>		
Net repayments on line of credit	-	(112)
Proceeds from notes payable, bank	-	1,115,000
Proceeds from Payroll Protection Program loan	-	143,400
Proceeds from Economic Injury Disaster Loan	-	150,000
Principal payments on notes payable, bank	(318,576)	(524,471)
Principal payments on subordinated debt	-	(1,125,000)
Distributions to member	<u>(339,836)</u>	<u>(282,183)</u>
Net cash flows from financing activities	<u>(658,412)</u>	<u>(523,366)</u>
Net change in cash and cash equivalents	1,258,776	1,138,032
<b>Cash and Cash Equivalents, Beginning</b>	<u>2,457,143</u>	<u>1,319,111</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 3,715,919</u>	<u>\$ 2,457,143</u>
<b>Supplemental Cash Flow Disclosures</b>		
Cash paid for interest	<u>\$ 32,666</u>	<u>\$ 103,802</u>

See notes to financial statements

# World Inspection Network International LLC

Notes to Financial Statements  
December 31, 2021 and 2020

## 1. Summary of Significant Accounting Policies

### Nature of Operations

World Inspection Network International LLC (the Company) is engaged in the business of offering franchises, which operate WIN Home Inspection offices. Agamyra Franchise Holdings LLC (the Parent) is the sole member of the Company.

The following table summarizes the franchise activity for the Company as of December 31, 2021:

	<u>2021</u>	<u>2020</u>
Franchises at the beginning of the period	206	175
Franchises sold and opened	42	38
Franchises sold but not yet opened	11	4
Franchises retired	(1)	(4)
Franchises terminated	<u>(10)</u>	<u>(7)</u>
Franchises at the end of the period	<u>248</u>	<u>206</u>

### Use of Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

The Company defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits maintained at banks, which at times, may exceed federally insured limits. Depository accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company has not experienced any losses in such accounts and does not believe it is exposed to significant credit risk.

### Accounts Receivable

The Company grants credit in the normal course of business to franchisees in the United States. The Company performs a credit analysis and monitors the financial condition of its potential franchisees to reduce credit risk. Based on historical experience and management's analysis of individual accounts, an allowance for doubtful accounts of \$20,000 and \$19,924 was recorded as of December 31, 2021 and 2020, respectively. The Company charges interest on past due accounts receivable.

### Contract Costs

The Company incurs certain direct incremental costs in order to obtain some franchise agreements. Such costs are capitalized and subsequently amortized over the first non-cancelable period of the franchise agreement, which are included in prepaid expenses and other current assets on the balance sheets. In the event a franchise agreement is terminated prior to the end of the first non-cancelable period, any unamortized cost is immediately expensed.



# World Inspection Network International LLC

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Notes to Financial Statements  
December 31, 2021 and 2020

## Inventories

Inventories consist of inspection report binders, marketing materials and training materials for sale to the franchisees at cost and are valued at lower of cost and market using the first-in, first-out (FIFO) method or net realizable value.

## Franchise Agreements

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services may include training, marketing support, technology support and organizing an annual convention.

The Company was assigned franchise agreements which were included in the acquisition of World Inspection Network International, Inc. The franchise agreements are considered customer related intangibles and have therefore not been separated from goodwill acquired.

## Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of identifiable tangible and intangible net assets relating to the business acquisition of World Inspection Network International, Inc. The Company amortizes goodwill using the straight-line method over 10 years. The Company has elected to test goodwill for impairment at the entity level when a triggering event has occurred. A triggering event may indicate the fair value of the entity's goodwill is below the carrying value. The Company has determined that no triggering events occurred during the years ended December 31, 2021 and 2020.

Intangible assets include tradenames and business materials. Identifiable intangible asset costs are capitalized and amortized on a straight-line basis over their estimated useful lives. The Company amortizes tradenames and business materials, using the straight-line method, over 15 and 10 years, respectively. Intangible assets are reviewed for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable. There have been no such impairment losses to date.

## Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

## Revenue Recognition

The Company generates all of its revenue from contracts with customers. Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company determines revenue recognition through the following steps:

- Identification of the contract or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when or as, the Company satisfies a performance obligation

## World Inspection Network International LLC

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Notes to Financial Statements  
December 31, 2021 and 2020

A performance obligation is defined as a promise in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment.

The Company allocates the transaction price to each performance obligation on a relative standalone selling price (SSP) basis. The SSP is the price at which the Company would sell a promised product or service separately to a customer. Judgment is required to determine the SSP for each distinct performance obligation.

The Company's franchise agreements promise the following products or services to the customer:

- Intellectual Property license grants a non-exclusive, limited revocable license to the common use and promotion of trademarks and tradenames
- Operations Manual and training services provide operational assistance unique to the Company's brand, business model and standards
- One inspection tablet with certain computer software
- Startup Marketing Program provides franchisees with digital marketing services to help reach out to referral sources within the applicable territory upon the launch of the franchisees' businesses
- Annual convention provided for franchisees to gather and attend educational seminars and brand informational presentations, for which the initial year is included in the upfront franchise fee

The Company considers the inspection tablet to be a distinct performance obligation as it has stand-alone value to the customer and is not highly interdependent or highly interrelated with the franchise license and is recorded as other revenues in the statements of income.

The Company concluded that the remaining benefits are highly related and all combined into a single performance obligation, a license of symbolic intellectual property, which is delivered over time. While the underlying services may vary from day to day, the nature of the promises are the same each day, other than the annual convention, which is recognized in the month the service is provided, and the franchisee can independently benefit from each day's services. Initial and renewal franchise fees are due upon the granting of the franchise and are deferred and recognized as revenue over the original franchise term, which is generally between 5 and 10 years.

In addition to initial and renewal franchise fees, the Company also receives monthly fees for usage of certain Company provided software, a percentage of sales each month from the franchisees as royalty and Brand Fund contributions, and fixed fee per inspection order for WIN Home Inspection Report Product (WHIRP). Revenues from these sources are recorded each month as the services are provided and based on reported franchisee sales.

The Company has other performance obligations associated with contracts with customers for additional training, product sales, assignment fees and event-based revenue from the annual convention, for which revenue is recognized as other revenues in the statements of income in the month the service is provided.

# World Inspection Network International LLC

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Notes to Financial Statements  
December 31, 2021 and 2020

## Advertising

In accordance with all signed franchise agreements, franchisees are required to contribute to the WIN System Brand Fund. The fund is to be used with the objective of protecting and enhancing the Company's brand and system, including by conducting brand advertising, marketing, promotional and public relations campaigns. Net advertising expense was \$969,983 and \$790,743 for the years ended December 31, 2021 and 2020, respectively. Actual advertising expenditure was \$1,249,384 and \$1,000,060 for the years ended December 31, 2021 and 2020, respectively.

Generally, the Company is contractually obligated to expend the System Brand Fund fees collected from franchisees in accordance with the franchise agreements; as such, revenues earned in excess of costs incurred are accrued as a liability for future advertising costs. Any such amounts are included in accrued expenses and other current liabilities on the balance sheets. In the event the Company's expenditures for the System Brand Fund in any one fiscal year exceeds the total amount contributed to the System Brand Fund during such fiscal year, the Company has the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the System Brand Fund or to use such excess as a credit against its future contributions. Any such amounts are included in prepaid expenses and other current assets on the balance sheets. As of December 31, 2021 and 2020, the Company has incurred costs in excess of revenues earned of \$418,101 and \$202,382, respectively.

## Income Taxes

The Company is treated as a limited liability company (LLC) for federal and state income tax purposes. As such, the Company's income, losses, and credits are included in the income tax returns of its member. The Company is subject to certain state income taxes.

The Company is subject to the accounting standard for uncertainty in income taxes. The standard only applies to taxes based on income that are imposed on the Company. It does not apply to tax or income that is passed through to the member. Thus, the standard has limited applicability to the Company due to its status as an LLC and will generally only apply to state income taxes imposed on the Company. Under the standard, the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. When applicable, interest and penalties on uncertain tax positions are calculated based on the guidance from the relevant tax authority. The Company is subject to tax examinations for its tax returns but is not currently under examination by any taxing jurisdiction. The Company did not have any uncertain tax positions as of December 31, 2021 and 2020.

## Fair Value of Financial Instruments

The Company is subject to the accounting standard for fair value measurements, which provides a framework for measuring, reporting and disclosing fair value under US GAAP. This applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis.

Cash and cash equivalents are stated at cost, which approximates fair market value. The Company's short-term financial instruments consist of the following: accounts receivable and accounts payable. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instruments short-term nature. The fair value of the Company's notes receivable, notes payable, bank and subordinated debt is estimated based on current rates for similar instruments with the same remaining maturities. The Company believes that the carrying value of the notes receivable, notes payable, bank and subordinated debt estimates fair value.

# World Inspection Network International LLC

Notes to Financial Statements  
December 31, 2021 and 2020

## Recent Accounting Pronouncements

During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. During 2020, the FASB issued ASU No. 2020-05, *Effective Dates for Certain Entities*, which deferred the effective date of ASU No. 2016-02 for those entities that had not yet issued their financial statements at the time of ASU No. 2020-05's issuance. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position and cash flows.

## 2. Notes Receivable

The Company carries its notes receivable with franchisees at the principal amount due.

Interest is accrued monthly and ranges up to 8 percent. Loans that become past due receive increased scrutiny and attention from management. If necessary, they are placed on nonaccrual status. No loans have been placed on nonaccrual status as of December 31, 2021 and 2020.

The estimated aggregate maturities of the notes as of December 31, 2021 are as follows:

Years ending December 31:	
2022	\$ 69,878
2023	25,819
2024	6,423
2025	3,835
2026	<u>2,875</u>
Total	<u>\$ 108,830</u>

## 3. Goodwill and Intangible Assets

Goodwill and intangible assets of the Company as of December 31, 2021 are summarized as follows:

	<u>Gross Carrying Value</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Goodwill, net	<u>\$ 4,090,455</u>	<u>\$ (1,278,121)</u>	<u>\$ 2,812,334</u>
Intangible assets:			
Business materials	\$ 312,000	\$ (98,800)	\$ 213,200
Tradenames	<u>283,000</u>	<u>(59,745)</u>	<u>223,255</u>
Intangible assets, net	<u>\$ 595,000</u>	<u>\$ (158,545)</u>	<u>\$ 436,455</u>

# World Inspection Network International LLC

Notes to Financial Statements  
December 31, 2021 and 2020

Goodwill and intangible assets of the Company as of December 31, 2020 are summarized as follows:

	<u>Gross Carrying Value</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Goodwill, net	\$ 4,090,455	\$ (869,075)	\$ 3,221,380
Intangible assets:			
Business materials	\$ 312,000	\$ (67,600)	\$ 244,400
Tradenames	283,000	(40,878)	242,122
Intangible assets, net	<u>\$ 595,000</u>	<u>\$ (108,478)</u>	<u>\$ 486,522</u>

Amortization expense was \$459,113 and \$441,922 for the years ended December 31, 2021 and 2020, respectively.

Future estimated amortization over the next five years as of December 31, 2021 is as follows:

	<u>Goodwill</u>	<u>Business Materials</u>	<u>Tradenames</u>
Years ending December 31:			
2022	\$ 409,046	\$ 31,200	\$ 18,867
2023	409,046	31,200	18,867
2024	409,046	31,200	18,867
2025	409,046	31,200	18,867
2026	409,046	31,200	18,867
Thereafter	767,104	57,200	128,920
Total	<u>\$ 2,812,334</u>	<u>\$ 213,200</u>	<u>\$ 223,255</u>

## 4. Line of Credit

During 2019, the Company maintained a line of credit with a bank with borrowing capacity up to \$250,000. The line of credit was renewed and matured February 6, 2020. During 2020, the line of credit was renewed and scheduled to mature on February 6, 2021. The line of credit had an interest rate of 0.50 percent plus the prime rate. The line of credit was collateralized by accounts receivable and contained personal guarantees from several related parties. In July 2020, the Company paid the outstanding balance in full and closed the line of credit with the bank.

In July 2020, the Company obtained a line of credit from a new bank with a borrowing capacity of up to \$250,000 that matured on July 16, 2021. In August 2021, the line of credit was amended and the maturity date was extended to July 23, 2023. The line of credit has an interest rate equal to the prime rate, with a minimum rate of 3.25 percent. There was \$0 outstanding on the line of credit as of December 31, 2021 and 2020. The line of credit is collateralized by substantially all of the assets of the Company.

# World Inspection Network International LLC

Notes to Financial Statements  
December 31, 2021 and 2020

## 5. Notes Payable, Bank

In October 2018, the Company obtained a note payable from a bank. The note carried interest at 7.50 percent and called for monthly interest only payments through June 2019 when payments of principal and interest increased to \$18,360 with the final payment due on November 6, 2021. This note was secured by substantially all of the assets of the Company and had guarantees from several related parties. In July 2020, the Company fully repaid the note payable balance.

In July 2020, the Company obtained a promissory note payable from a bank in the amount of \$1,115,000. The note matures on January 16, 2024 and carries interest at the greater of the prime rate and 3.25 percent. The note is collateralized by substantially all of the assets of the Company under a general business security agreement and member's guarantee. The promissory note is subject to certain financial statement covenants. The Company was in compliance with all financial statement covenants as of December 31, 2021 and 2020. The promissory note requires monthly payments of \$26,548 beginning in August 2020 through maturity. There was \$663,684 and \$982,260 outstanding on the note as of December 31, 2021 and 2020, respectively.

On March 22, 2020 the Company received loan proceeds in the amount of \$143,400 under the Payroll Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25 percent during the covered period. Any unforgiven portion is payable over 2 years at an interest rate of 1 percent with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. Principal and interest payments are due in equal installments of \$8,070 beginning 10 months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties. As of December 31, 2020, \$143,400 was included in current maturities of notes payable on the balance sheet. The Company met the PPP loan forgiveness requirements and applied for forgiveness in 2021. The Company received full forgiveness in June 2021. The Company recorded forgiveness income of \$143,400 within other income on the statement of income for the year ended December 31, 2021.

In August 2020, the Company obtained a loan for \$150,000 through the Economic Injury Disaster Loan (EIDL) program in response to the coronavirus crisis. Interest accrues at an annual rate of 3.75 percent. Equal monthly payments, including principal and interest, of \$731 commenced June 2021 and continue until the maturity date of March 17, 2050. The loan is collateralized by substantially all of the assets of the Company. The loan requires that all proceeds be used solely as working capital to alleviate economic injury from the coronavirus crisis.

The future maturities of the notes payable, bank as of December 31, 2021 are as follows:

Years ending December 31:	
2022	\$ 319,229
2023	321,803
2024	29,866
2025	3,477
2026 and thereafter	<u>139,309</u>
Total	<u>\$ 813,684</u>

# World Inspection Network International LLC

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Notes to Financial Statements  
December 31, 2021 and 2020

## 6. Subordinated Debt

In October and November 2018, the Company obtained subordinated term notes payable from various individuals. These subordinated notes payable bore interest at 12 percent and had quarterly interest only payments starting December 31, 2018. In July 2020, the Company used the proceeds from the term note outlined in Note 5 to fully repay the subordinated debt balance.

## 7. Related Party Transactions

The Company maintains a management agreement with the Parent and its affiliates, to provide the Company with various operational related management services. Under the terms of the agreement, the Company is charged annual management fees equal to the greater of \$100,000 or 5 percent of the Company's annual earnings before interest, taxes, depreciation and amortization. The management fee is payable in quarterly installments. The Company incurred and paid \$100,000 of management fees for the years ended December 31, 2021 and 2020.

The Company also made payments of \$554,750 and \$334,250 to related parties for marketing, operation, franchise and administrative support for the years ended December 31, 2021 and 2020, respectively. The Company had no payables outstanding to related parties as of December 31, 2021 and 2020.

## 8. Employee Benefit Plan

In 2021, the Company started a defined contribution plan which is qualified under Section 401(k) of the Internal Revenue Code (IRC). All active employees are eligible to participate. Under the plan, subject to IRC limits, the Company contributes a safe harbor matching contribution of 100 percent of the first 4 percent of eligible compensation that employees defer upon. Company contributions to the plan were \$35,579 for the year ended December 31, 2021.

## 9. Subsequent Events

The Company has evaluated subsequent events occurring through February 16, 2022, the date that the financial statements were available to be issued for events requiring recording or disclosure in the Company's financial statements.

**EXHIBIT D**

**LIST OF CURRENT AND FORMER FRANCHISEES AS OF DECEMBER 31, 2022**

**CURRENT FRANCHISEES:**

**ALABAMA**

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**ARIZONA**

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Justin Washburn WIN Goodyear jwashburn@wini.com Goodyear, AZ 85338 (623) 399-6222	Joseph Binfet (x2) WIN Fountain Hills WIN Red Mountain jbinfet@wini.com Mesa, AZ 85277 (480) 659-0895 (480) 688-6815	Robert Bremner WIN Peoria rbremner@wini.com Mesa, AZ 85233 (480) 844-2882
Matt Anderson WIN Paradise Valley manderson@wini.com Paradise Valley, AZ 85253 (602) 952-6024	Chris Rettkowski WIN Phoenix crettkowski@wini.com Peoria, AZ 85383 (253) 508-6217	Justin Washburn (x2) WIN Glendale WIN Tempe jwashburn@wini.com Phoenix, AZ 85048 (623) 535-9336
Leonard Curto WIN Thunderbird lcurto@wini.com Phoenix, AZ 85083 (602) 550-0665	Doug Thomas WIN Mesa dthomas@wini.com Tempe, AZ 85283 (480) 652-1166	Rick Johnson WIN Catalina Foothills rjohnson@wini.com Tucson, AZ 85728 (520) 749-1679



Ron Mohr WIN East Tucson rmohr@wini.com Tucson, AZ 85715 (520) 549-2255	Shawn Degan WIN Sahuarita sdegan@wini.com Tucson, Arizona 85747 (520) 278-5615	Dave Fisch WIN Marana dfisch@wini.com Omaha, NE 68136 (520) 467-6135
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**CALIFORNIA**

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<p>Erica Miller (x2) WIN Yucaipa WIN Riverside Emiller@wini.com Yucaipa, CA 92399 (909) 797-7800</p>		

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<p>Patrick Ritchie WIN Greeley pritchie@wini.com Greeley, CO 80633 (970) 833-5139</p>	<p>Bret King WIN Johnstown bking@wini.com Greeley, CO 80634 (970) 238-8333</p>	<p>Tom Dilulio WIN Highlands Ranch tdilulio@wini.com Highlands Ranch, CO 80129 (303) 346-1051</p>

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**NEW HAMPSHIRE**

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**NEW JERSEY**

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**NEW MEXICO**

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<p>Mark &amp; Joelene Slocum (x2) WIN Aledo WIN Westover Hills mslocum@wini.com Aledo, TX 76008 (817) 443-3606 (682) 561-5166</p>	<p>Mark McKnight (x2) WIN Amarillo WIN Lubbock mmcknight@wini.com Amarillo, TX 79424 (806) 500-2236</p>	<p>Kenneth Earp (x2) WIN Flower Mound WIN Frisco kearp@wini.com Carrollton, TX 75011 (720) 216-7513 (972) 746-5335</p>
<p>Joshua Brewer WIN Eagle Mountain jbrewer@wini.com Fort Worth, TX 76179 (817) 415-9914</p>	<p>Joel Engle** WIN Keller jengle@wini.com Keller, Texas 76244 907-830-4480</p>	<p>Mike Vanbecelaere WIN Leander mvanbecelaere@wini.com Leander, TX 78641 (737) 843-0188</p>
<p>Scott Johnston** WIN South Plains sjohnston@wini.com Lubbock, Texas 79416 (806) 370-8544</p>	<p>James Jaeger WIN Kerrville jjaeger@wini.com Medina, TX 78055 (803) 612-0350</p>	<p>Caleb Ruthstrom WIN Beaumont cruthstrom@wini.com Orange, TX 77632 (409) 247-5707</p>
<p>Jeremy Perkins** WIN Prosper jperkins@wini.com Prosper, Texas 75078 (469) 530-3999</p>		

**UTAH**

Mark Ward WIN Layton mward@wini.com Kaysville, UT 84037 801-444-9464	Jason Chambers WIN Ogden Jchambers@wini.com Princeton, TX (801) 917-6566	Neil Morris WIN Sandy nmorris@wini.com Sandy, UT 84092 801-619-4887
John Young** WIN Springville jyoung@wini.com Springville, UT 84663 (801) 477-5862		

**VIRGINIA**

Robert Ormerod WIN Gainesville rormerod@wini.com Broad Run, VA 20137 540-935-2121	Ken Lowry WIN Chesapeake klowry@wini.com Chesapeake, Virginia 23322 (757) 447-7714	Jeremy Talbott WIN Colonial Heights jtalbott@wini.com Colonial Heights, VA 23834 (804) 255-9681
Steven McCullough WIN Lorton smcullough@wini.com Lorton, VA 22079 (703) 952-9855	Tim Robinson WIN Charlottesville trobinson@wini.com North Garden, Virginia (434) 484-1717	

**WASHINGTON**

Chris Rettkowski WIN Tacoma crettkowski@wini.com Auburn, WA 98071 (253) 720-0390	David Cardenas WIN East Vancouver dcardenas@wini.com Auburn, WA 98001 (360) 883-0299	Erik Christenson WIN Bellevue echristenson@wini.com Bellevue, WA 98004 (422) 868-1408
Mike and Pat Knight WIN Bellevue South mknight@wini.com Bellevue, WA 98004 (206) 484-5004	Lucas Farmer WIN South Kitsap lfarmer@wini.com Bremerton, Washington (360) 813-7227	John Blough WIN Issaquah jblough@wini.com Issaquah, WA 98027 (425) 895-9526
Brian Fish (x3) WIN Mt. Vernon WIN Whatcom WIN Whidbey and Fidalgo Islands bfish@wini.com Mount Vernon, WA (360) 320-8133 (360) 398-8710 (360) 321-4303	Allen Lutes WIN South Sound alutes@wini.com Olympia, WA 98501 (360) 280-0344	Darryl Beliel WIN Redmond/Kirkland dbieliel@wini.com Redmond, WA 98053 (425) 836-9498

<p>Dominic Van Der Jagt WIN Auburn dvanderjagt@wini.com Renton, WA 98058 (253) 939-1144</p>	<p>Mike Olson WIN Montlake molson@wini.com Seattle, WA 98102 (425) 890-1348</p>	<p>Jeff Williams (x2) WIN Northeast Seattle WIN Greenlake jwilliams@wini.com Seattle, WA 98125 (206) 542-7735 (206) 526-1940</p>
<p>John Benz WIN West Seattle jbenz@wini.com Seattle, WA 98136 (206) 949-5105</p>	<p>Brandon Bons WIN Spanaway bbons@wini.com Tacoma, WA 98444 (808) 333-7200</p>	<p>Pete and Beth Sutch (x2) WIN Lakewood/U.P. WIN Olympia psutch@wini.com Tumwater, WA 98501 (360) 709-0221</p>
<p>Jeffrey Coughlin WIN West Vancouver jcoughlin@wini.com Vancouver, WA 98665 (360) 326-8070</p>	<p>Robert Twaddle WIN Woodinville rtwaddle@wini.com Woodinville, WA 98072 (425) 497-9629</p>	<p>Steve Wentzel WIN Edmonds swentzel@wini.com Woodway, WA 98020 (425) 787-3060</p>

**WEST VIRGINIA**

<p>Jose Ayala WIN Charles Town jayala@wini.com Charles Town, West Virginia (304) 935-5858</p>	<p>Walter Lesnett** WIN Wheeling tlesnett@wini.com Wheeling, WV 26003 (304) 566-6112</p>	
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**WISCONSIN**

<p>Greg Haugen WIN River Falls ghaugen@wini.com Baldwin, Wisconsin (715) 941-0700</p>	<p>Jerod Blomberg** WIN Wausau jblomberg@wini.com Rib Lake, WI 54470 (714) 457-6478</p>	
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**WYOMING**

<p>Patrick Ritchie WIN Cheyenne pritchie@wini.com Greeley, CO 80633 (970) 833-5139</p>		
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**Notes:**

- \*\* indicates franchisees that have signed a franchise agreement, but have not yet opened their Franchised Business.
- “(x Number)” indicates the number of territories the franchisee operates, if the franchisee operates in more than one territory.

## LIST OF FORMER FRANCHISEES AS OF DECEMBER 31, 2022

List of franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the 12-month period ending December 31, 2022, or who has not communicated with WIN within 10 weeks of the date of this Franchise Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the WIN Home Inspection System.

### TRANSFER / SALE OF BUSINESS:

<p><b><u>CALIFORNIA</u></b>          Tony Giordano          Riverside, CA 92504          (951) 784-1010</p>	<p><b><u>COLORADO</u></b>          Lindley Boyd          Berthoud, CO 80513          (970) 682-5004</p>
<p><b><u>INDIANA</u></b>          Jason Vernier          Fishers, IN 46038          (317) 900-7712</p>	

### TERMINATED / NOT RENEWED:

<p><b><u>ALABAMA</u></b>          Marshall Davidson          Russellville, AL          (888) 494-0609</p>	<p><b><u>ARIZONA</u></b>          Corey Davis          San Tan Valley, AZ          (480) 769-6200</p>
<p><b><u>CALIFORNIA</u></b>          Drew Breedon          Winchester, CA          (951) 724-0011</p>	<p><b><u>CALIFORNIA</u></b>          David Ahmadi          Encino, CA          (818) 788-4111</p>
<p><b><u>GEORGIA</u></b>          Frank Thomas          Senoia, GA          (770) 954-7770</p>	<p><b><u>IDAHO</u></b>          Harrison McLean          Coeur D'Alene, ID          (208) 818-4289</p>
<p><b><u>MINNESOTA</u></b>          Richard Wilson          Woodbury, MN          (651) 501-7670</p>	<p><b><u>NEW YORK</u></b>          Robert Santangelo          Staten Island, NY          (718) 701-3771</p>
<p><b><u>NORTH CAROLINA</u></b>          Michael Whittaker          Mills River, NC          (828) 630-7286</p>	<p><b><u>OHIO</u></b>          Chris Jackson          Cincinnati, OH          (513) 760-5100</p>
<p><b><u>OKLAHOMA</u></b>          Napoleon Roybal          Edmond, OK          (405) 657-5900</p>	<p><b><u>SOUTH CAROLINA</u></b>          Steve Hirsch          Westminster, SC          (864) 784-6058</p>

<p><b><u>SOUTH DAKOTA</u></b>  Mike Bielmaier  Estes Park, SD  (605) 519-5900</p>	<p><b><u>TEXAS</u></b>  Jeff Beck  Austin, TX  (512) 994-4228</p>
<p><b><u>TEXAS</u></b>  James Price  Lubbock, TX  (806) 500-2236</p>	<p><b><u>WASHINGTON</u></b>  Barry Mortensen (x2)  Kent, WA  (253) 841-9333</p>
<p><b><u>WASHINGTON</u></b>  Chad Knowles  Marysville, WA  (425) 327-6188</p>	<p><b><u>WASHINGTON</u></b>  Stu Anderson  Newcastle, WA  (425) 277-5666</p>

Notes:

- “(x Number)” indicates the number of territories the franchisee operated, if the franchisee operated more than one territory.



**EXHIBIT E**  
**STATE ADMINISTRATORS AND**  
**AGENTS FOR SERVICE OF PROCESS**

<b>STATE</b>	<b>STATE ADMINISTRATOR/AGENT</b>	<b>ADDRESS</b>
California	Commissioner of Financial Protection and Innovation California Department of Protection and Innovation	320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

**EXHIBIT F**

**FORM GENERAL RELEASE**

**GENERAL RELEASE**

This GENERAL RELEASE (the "Agreement") is entered into as of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date") by and between World Inspection Network International LLC, a Delaware limited liability company ("Franchisor") and \_\_\_\_\_ ("Franchisee").

A. On or about \_\_\_\_\_, Franchisor and Franchisee entered into that WIN franchise agreement ("Franchise Agreement") for the right to operate a WIN Business within the following territory:

\_\_\_\_\_.

B. [Describe the reason the parties are entering into this Agreement].

**NOW, THEREFORE**, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisor and Franchisee agree as follows:

1. General Release. Franchisee, for itself and for its heirs, executors, administrators and assigns, does hereby release and forever discharge Franchisor and all of its current and former shareholders, directors, officers, employees, and agents, and their successors, heirs, executors, administrators and assigns, along with any affiliates or subsidiaries (collectively, the "WIN Released Parties") of and from any and all known or unknown claims that have been made, could have been made or might hereafter be made, against the WIN Released Parties, or that arise out of, are related to, or are in any manner connected to the Franchise Agreement, as well as from any and all known or unknown claims, demands, causes of action, suits and/or liabilities whatsoever, both at law and in equity, that Franchisee ever had, now have or that it or its heirs, executors, administrators or assigns hereafter can, shall or may have against the WIN Released Parties, or any one of them, jointly or severally, for or by reason of any matter, cause or thing whatsoever, from any time prior to the Effective Date of this Agreement, the intention of this provision being to release completely, absolutely, and finally the WIN Released Parties from all liabilities arising from any matter or thing arising out of, relating to or pertaining to the Franchise Agreement.<sup>1</sup>

2. Survival of Rights. All rights and obligations created under this Agreement, including, without limitation, the releases contained in it, will survive the execution of this Agreement, as well as the execution of any other agreements that may be entered into between or among Franchisor or Franchisee.

3. Authority to Execute. Each person executing this Agreement on behalf of any of the parties to it represents and warrants that he or she has the authority to execute this Agreement, and that all necessary action for the execution of this Agreement has been taken. By signing below, each person and entity included as a part of "Franchisee" is signing not only on behalf of himself or herself but also as an authorized representative of any and all entities included within the definition of "Franchisee."

4. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of and be binding upon the heirs, successors and assigns in interest of the parties to this Agreement. The release herein of claims against the WIN Released Parties is binding upon the principals, agents, representatives, successors

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<sup>1</sup> This General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

and assigns of Franchisee, and will also inure to the benefit of all other persons, firms, corporations, agents, or principals against whom the claims released in this Agreement might be asserted.

5. Applicable Law, Jurisdiction and Venue. This Agreement, the rights granted and the relationship created hereunder shall be governed, interpreted, and construed in all respects laws of the state of Delaware, without regard to any conflict of laws principles under Delaware law. Franchisee agrees that any legal action arising out of, relating to, or in any way connected with this Agreement shall be brought in the United States District Court for the Northern District of Illinois or in the courts of the state of Illinois located in Cook County. Franchisee hereby irrevocably submits to the jurisdiction of those courts to the exclusion of any others and waives any objections to the jurisdiction or to the venue of those courts.

6. Counterparts and Electronic Signatures. This Agreement may be executed in counterparts, each of which, when signed, shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument. This Agreement and all other documents related to this Agreement may be executed with full legal force and effect by manual or electronic signatures. Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received.

**FRANCHISEE:**

**FRANCHISEE:**

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)

(IF YOU ARE AN INDIVIDUAL)

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

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

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

\_\_\_\_\_  
Signature

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

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

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

ACCEPTED as of the Effective Date first above written.

**FRANCHISOR:**

**WORLD INSPECTION NETWORK INTERNATIONAL LLC**

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

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

**EXHIBIT G**

**STATE SPECIFIC ADDENDA TO THE  
FRANCHISE DISCLOSURE DOCUMENT**

## CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [WWW.DBO.CA.GOV](http://WWW.DBO.CA.GOV).

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

### Additional Risk Factors

THE TERRITORY IS NOT EXCLUSIVE. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS FRANCHISOR CONTROLS.

### Item 1, Additional Disclosure:

California does not require you to obtain a license or permit prior to performing home inspection services in the State of California, and there is no regulatory agency that is applicable in California.

### Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

### Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

### Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010) voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement requires binding arbitration. The arbitration will occur in Chicago, Illinois with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

Exhibit H, Additional Disclosure:

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

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

Exhibit H, Additional Disclosure:

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

## ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Exhibit H, Additional Disclosure:

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



## MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

### State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

### Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

### Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

### Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

Exhibit H, Additional Disclosure:

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

## NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

### Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the ten year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

## NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

## VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

### Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

According 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 grounds 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.

### Exhibit H, Additional Disclosure:

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

## WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

### Item 1, Additional Disclosure:

Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

### Item 17, Additional Disclosure:

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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 an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.



RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Exhibit H, Additional Disclosure:

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

## WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

### Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

**EXHIBIT H**  
**STATEMENT OF PROSPECTIVE FRANCHISEE**



**Statement of Prospective Franchisee**

Please review each of the following questions very carefully and provide accurate responses:

1. Have you received and reviewed the World Inspection Network International LLC (“WIN”) Franchise Disclosure Document (“FDD”)?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. Did you receive the FDD at least 14 days prior to today and give us a signed receipt from your copy of the FDD indicating the actual date you received the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Which WIN representative(s) acted as a franchise seller by communicating with you prior to the execution of the franchise agreement?

Praful Mittal: \_\_\_\_\_

William Rosler: \_\_\_\_\_

Other (please list): \_\_\_\_\_

4. Have the WIN representative(s) answered all of your questions regarding the FDD, Franchise Agreement and other exhibits in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

If “No”, what parts of the FDD, Franchise Agreement and/or other exhibits in the FDD do you not understand? (Attach additional pages if necessary.)

---

5. Have you discussed the FDD, Franchise Agreement and/or other exhibits in the FDD with an attorney, accountant, or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_ If “No”, do you wish to have more time to do so? Yes \_\_\_\_\_ No \_\_\_\_\_

6. Have any WIN representative(s) made any statement or promise concerning the amount of revenues, profits, or money you may earn other than the financial performance representation made in Item 19 of the FDD you received?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Have any WIN representative(s) made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD you received?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Have you entered into any binding agreement with us concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Have you paid any money to us related to this Franchise Agreement and franchise sale before today?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. If you have answered "Yes" to any one of questions 6-9, please provide a full explanation of each "Yes" answer in the following blank. (Attach additional pages if necessary.)

\_\_\_\_\_

11. Did you receive your Franchise Agreement with all the blanks filled in and exhibits completed at least 7 days prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. In what state do you reside? \_\_\_\_\_

13. In what state do you intend to operate the franchise? \_\_\_\_\_

The representations under this Statement of Prospective Franchisee are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

For California prospective Franchisees: You are not required to sign this Statement of Prospective Franchisee.

**Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Statement of Prospective Franchisee, you are representing that you have responded truthfully to the above questions.**

**PROSPECTIVE FRANCHISEES:**

DATED: \_\_\_\_\_

DATED: \_\_\_\_\_

SIGNED: \_\_\_\_\_

SIGNED: \_\_\_\_\_

\_\_\_\_\_  
NAME (Please Print)

\_\_\_\_\_  
NAME (Please Print)

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

**EXHIBIT I**  
**STATE EFFECTIVE DATES AND**  
**RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT**

## STATE EFFECTIVE DATES

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

This disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	See Separate FDD
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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.

## Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If World Inspection Network International LLC (“WIN”) offers you a franchise, WIN 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 or sooner if required by applicable state law.

New York requires that we give you this 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. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If WIN 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 the state agency listed in Exhibit E. WIN authorizes the respective state agencies identified on Exhibit E to receive service of process in the particular state.

The Issuance Date of this Disclosure Document is April 25, 2023.

The franchisor is World Inspection Network International LLC, located at 444 W Lake Street, Suite 1700, Chicago, IL 60606. Its telephone number is 800-967-8127.

WIN’s franchise seller involved in offering and selling the franchise is William Rosler or Praful Mittal, at 444 W Lake Street, Suite 1700, Chicago, IL 60606, 1-800-967-8127, or is listed below, or will be provided to you separately before you sign a franchise agreement: \_\_\_\_\_

I received a disclosure document dated April 25, 2023, that included the following Exhibits:

- |  |   |
|--|---|
| A. Franchise Agreement   | F. Form General Release                                 |
| B. Table of Contents of Operations Manual and Marketing Manual | G. Franchise Disclosure Document State Specific Addenda |
| C. WIN Financial Statements                                    | H. Statement of Prospective Franchisee                  |
| D. List of Current and Former Franchisees                      | I. State Effective Dates and Receipts                   |
| E. State Administrators and Agents for Service of Process      |   |

Dated: \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
(Printed name of recipient)

**KEEP THIS COPY OF THE RECEIPT FOR YOUR OWN RECORDS**



## Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If World Inspection Network International LLC (“WIN”) offers you a franchise, WIN 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 or sooner if required by applicable state law.

New York requires that we give you this 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. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If WIN 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 the state agency listed in Exhibit E. WIN authorizes the respective state agencies identified on Exhibit E to receive service of process in the particular state.

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| D. List of Current and Former Franchisees                      | I. State Effective Dates and Receipts                   |
| E. State Administrators and Agents for Service of Process      |   |

Dated: \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
(Printed name of recipient)

**Please sign and date both copies of this receipt. Keep one copy (the previous page) for your records and return one copy (this page) by email at [fam@wini.com](mailto:fam@wini.com) or by U.S. Mail addressed to World Inspection Network International LLC, ATTN: Praful Mittal, 444 W Lake Street, Suite 1700, Chicago, IL 60606.**