

FRANCHISE DISCLOSURE DOCUMENT



TWO MAIDS FRANCHISING, LLC
An Alabama Limited Liability Company
505 20th Street North, Suite 975
Birmingham, Alabama 35203
Telephone: (205) 870 8643
Email: paule@ineedamaid.com
Website: www.twomaidscleaning.com

As a TWO MAIDS[®] franchisee, you will offer residential home cleaning in a designated territory.

The total investment necessary to begin operation of a TWO MAIDS[®] franchise is \$93,440 to \$149,890. This includes \$59,950 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a conversion franchise is \$83,440 to \$139,890. This includes \$49,950 to \$59,950 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact Two Maids Franchising, LLC, 505 20th Street North, Suite 975, Birmingham, AL 35203, 205-870-8643.

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

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

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

Issuance Date: April 3, 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:

| QUESTIONS | WHERE TO FIND INFORMATION |
|--|--|
| How much can I earn? | 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 Exhibits B and C. |
| How much will I need to invest? | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| Does the franchisor have the financial ability to provide support to my business? | Item 21 or Exhibit A includes financial statements. Review these statements carefully. |
| Is the franchise system stable, growing, or shrinking? | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| Will my business be the only TWO MAIDS® business in my area? | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| Does the franchisor have a troubled legal history? | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| What's it like to be a TWO MAIDS® franchisee? | Item 20 or Exhibits B and C lists current and former franchisees. You can contact them to ask about their experiences. |
| What else should I know? | 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 F.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of 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 mediation, arbitration and/or litigation only in Alabama. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Alabama than in your own state.
2. **Spousal Liability.** The franchisee's spouse, and the spouses of the franchisee's shareholders, partners, and members, as the case may be, are required to sign a spousal consent whereby each spouse unconditionally guarantees each and every obligation of the franchise agreement and agrees to be jointly and severally liable for all debts of the franchise. This requirement places the personal and marital assets of the franchise owners and spouses at risk.
3. **Mandatory Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISES WHO ARE
RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

NOTICE REQUIRED BY STATE OF MICHIGAN

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

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

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release assignment, notation, waiver, or estoppels 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 setting any and all claims.
3. 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.
4. 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 of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under the trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchise does not receive at least six (6) months advance notice of the franchisor's intent to renew the franchise.
5. 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.
6. 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 the state.
7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for a good cause. This subdivision does not prevent a franchisor from exercising a right to first refusal to purchase the franchise. Good cause shall include, but not limited to:
 - 7.1 The failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.
 - 7.2 The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - 7.3 The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

7.4 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.

8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identifies with the franchisor. This subdivision does not permit a provision that grants to a franchisor a right of 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).

9. 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 ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Consumer Protection Division
670 G. Mennen Williams Building
525 West Ottawa Street
Lansing, Michigan 48913
(517) 373-7117

TWO MAIDS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

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STATE SPECIFIC ADDENDA

Exhibits

- A. Franchise Agreement, State Addendum and Exhibits
- B. Financial Statements
- C. List of Franchisees
- D. List of Terminated or Transferred Franchisees

- E. State Franchise Administrators and Agents for Service of Process
- F. Operations Manual Table of Contents
- G. Consent to Transfer and Assumption of Franchise Agreement
- H. Veterans Addendum to Franchise Agreement
- I. Secured Promissory Note
- J. General Security Agreement
- K. Conditional Assignment and Assumption of Lease
- L. Local Advertising Services Program Agreement
- M. National Sales Center Agreement
- N. Master Services Agreement
- O. State Effective Dates
- P. Receipts

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, ITS PREDECESSORS AND AFFILIATES

In this disclosure document, “we”, “us”, and/or “our” all refer to Two Maids Franchising, LLC, the franchisor. “You” and “your” refer to the person who buys the TWO MAIDS® franchise. If you are a company, “you” or “your” includes your owners.

Franchisor, Parents, and Affiliates

Franchisor

We conduct business under the name TWO MAIDS®. Our principal business address is 505 20th Street North, Suite 975, Birmingham, Alabama 35203. We are an Alabama limited liability company which was formed August 14, 2013 to initiate the TWO MAIDS & A MOP® franchising program. We began franchising in 2013 and had not conducted a business of the type described in this disclosure document or conducted business in any other line of business until 2016 when the Birmingham, Alabama TWO MAIDS & A MOP® business became a company operation after having been previously operated by Two Maids of the Southeast, Inc., owned by our founder, Ron Holt. In December 2019, the Austin, Texas TWO MAIDS & A MOP® business became a company operation after having been previously operated by a franchisee. Our affiliate, Two Maids & A Mop of Birmingham LLC, operated the company owned TWO MAIDS & A MOP® business in Birmingham, Alabama, which was similar to our franchised businesses. We franchised our Birmingham company owned TWO MAIDS & A MOP® business in 2022. We closed the Austin company-owned business in May 2021. In 2023 we changed our principal trademark to TWO MAIDS®. We have no other business activities. We have not offered franchises in any other line of business.

Parents

We have five parents. On September 10, 2021 we were acquired by Home Franchise Concepts, LLC (“HFC”), our immediate parent. HFC is a Delaware limited liability company. Our ultimate parent is JM Family Enterprises, Inc. (“JMF”). JMF controls HFC through JM Franchise Holdings, Inc., TCP HFC, Inc., and Home Franchise Concepts Parent, LLC. JMF is majority-owned by the James M. Moran Intervivos Trust Number Two. HFC’s principal business address is 19000 MacArthur Boulevard, Suite 100, Irvine, California 92612. JMF’s principal business address and the principal business address of our other parents (other than HFC), is 100 Jim Moran Boulevard, Deerfield Beach, Florida 33442.

Affiliates

We have eleven affiliates.

Our affiliate, Budget Blinds, LLC (“BB”), a franchisor of window covering businesses, was incorporated as a California corporation on October 5, 1992 and converted to a California limited liability company on November 24, 2015. It began offering BUDGET BLINDS® franchises in March 1994. It has never offered franchises in other lines of business.

Our affiliate, Organized Spaces, LLC (“OS”) was incorporated in California on January

24, 2006 under the name Closet Tailors, Inc. On May 18, 2006, Closet Tailors, Inc. converted to a California limited liability company named “Closet Tailors, LLC”. On May 5, 2010, Closet Tailors, LLC changed its name to “Tailored Living, LLC” and on January 24, 2022, Tailored Living, LLC changed its name to “Organized Spaces, LLC”. From 2006 until 2010, Closet Tailors, Inc. and Closet Tailors, LLC conducted business as CLOSET TAILORS® and offered franchises for a mobile business for the design, sale and installation of organizing units and organizing accessories for closets, pantries, storerooms, utility rooms, basements and attics. From 2011 until 2022, OS conducted business as TAILORED LIVING® and its franchisees offered the same services as were offered under the CLOSET TAILORS® franchise but with the addition of garage organizing units and storage and organizing accessories and garage flooring. In November 2022, OS replaced the TAILORED LIVING® franchise offering with two separate offerings, THE TAILORED CLOSET™ and PREMIERGARAGE®. OS has never offered franchises in other lines of business.

Our affiliate, American Decorative Coatings, LLC dba “Concrete Craft” (“ADC”), a franchisor of decorative concrete businesses, is a Delaware limited liability company that was organized on October 17, 2014. It began offering CONCRETE CRAFT® franchises in March 2015. ADC has never offered franchises in other lines of business.

Our affiliate, AdvantaClean Systems, LLC (“ACS”) began offering ADVANTACLEAN® franchises in 2006 for restoration and remediation services that make residential and commercial buildings clean, safe, healthy and energy efficient. Prior to January 1, 2019, ACS operated as a corporation, AdvantaClean Systems, Inc. (formerly named “LCR Advantage Systems, Inc.”). ACS offered franchises that offered and sold HVAC installation and maintenance services under the trademark “AdvantaClean Air” from April 2009 to March 2010 at which time it ceased offering and selling these franchises. Other than the foregoing, ACS has never offered franchises in other lines of business.

Our affiliate, HFC KTU LLC (“KTU”) began offering KITCHEN TUNE-UP® franchises for upgrading and remodeling kitchens in December, 2020 and BATH TUNE-UP® franchises for bathroom updates and remodels in January 2021. KTU’s predecessor, DCHFamily, Inc. f/k/a KTU Worldwide, Inc. (“KTUW”) began offering KITCHEN TUNE-UP® franchises in 1988. KTU acquired substantially all of the assets of KTUW in December 2020. KTU has never offered franchises in other lines of business.

Our affiliate, Aussie Pet Mobile, Inc. (“APM”), a franchisor of mobile pet grooming businesses, was organized as a California corporation on February 22, 1999 and began offering AUSSIE PET MOBILE® franchises in October 1999. APM has never offered franchises in other lines of business.

Our affiliate, Lightspeed Restoration, LLC (“LSR”), a franchisor of 24/7 restoration and remediation services, was organized as a Delaware limited liability company on December 15, 2022. It will begin offering LIGHTSPEED RESTORATION™ franchises in mid 2023. LSR has never offered franchises in other lines of business.

Our affiliate, Order Processing Services, LLC (“OPS”), a California limited liability company, sells certain products to some of our affiliates’ franchisees but has never offered

franchises in any line of business.

Our affiliate, Loss Control and Recovery, LLC (“LCR”), a Florida limited liability company, facilitates and administers jobs with national accounts for ACS and LSR franchisees but has never offered franchises in any line of business.

Our affiliate, AdvantaClean Equipment Rental, LLC (“ACER”), a Delaware limited liability company, rents disaster remediation equipment to ACS and LSR franchisees and third parties. ACER has never offered franchises in any line of business.

Our affiliate, BB Commercial Solutions, LLC (“BBCS”), a California limited liability company, promotes light commercial business for the benefit of our affiliates’ franchisees but has never offered franchises in any line of business.

Other than TMMB, none of our affiliates have ever operated a business of the type we franchise, nor have any of our affiliates offered franchises of the type we franchise. None of our affiliates provide products or services to our franchisees.

The principal business address of BB, OS, ADC, BBCS and OPS is 19000 MacArthur Boulevard, Suite 100, California 92612. ACS’s, LCR’s and ACER’s principal business address is 110 N. Freeport Parkway, Coppell, Texas 75019. KTU’s principal business address is 14S Main Street, Suite C, Aberdeen, South Dakota 57401. APM’s principal business address is 95 Argonaut, Suite 115, Aliso Viejo, California 92656. . LSR’s principal business address is 777 International Parkway, Suite 300, Flower Mound, Texas 75022.

Predecessors

We have no predecessors.

Agents for Service of Process

Our Agents for Service of Process are set forth in Exhibit E of the disclosure document.

The Franchise Offered

TWO MAIDS® franchises (“Franchised Businesses”) specialize in residential house cleaning with the goal of providing consistent, timely, and professional services while emphasizing quality, security, and appreciation for customers.

We also extend this offering to those persons wishing to convert their existing residential cleaning business to a TWO MAIDS® Franchised Business (“Conversion Franchise”). Our offering for the Conversion Franchise differs slightly because of the initial discounted territory fee disclosed in Item 5 of this disclosure document.

The Franchise System and Proprietary Marks

Our franchise system is characterized by, among other things, distinct standards and specifications for serving the public using products, supplies, uniform standards, specifications

and procedures for operations, training and assistance (the “System”). The System is identified by means of certain trade names, trademarks, services marks, logos emblems and other indicia of origin, including the Mark “TWO MAIDS®” which we require you to use in connection with the System (collectively, the “Proprietary Marks”).

Market Competition

The market for residential house cleaning services is fairly well developed. Additional growth may be expected from new home construction and a trend toward outsourcing residential house cleaning work. Competition includes nationally franchised and local residential house cleaning businesses.

Industry Specific Regulations

We know of no regulations specific to the franchise. You will be responsible for contacting your local and state governmental agencies regarding restrictions on the operation of the Franchised Business and for complying with any federal, state or local laws and regulations.

ITEM 2. BUSINESS EXPERIENCE

Two Maids Franchising, LLC

Paul Ebert: President

Paul Ebert joined us in June 2020 as President in Birmingham, Alabama. He is also owner of Thicket Consulting, LLC (March 2016 to present) in Birmingham, Alabama. Mr. Ebert is also a member of Tri Clean LLC (TWO MAIDS® franchisee in Tuscaloosa, AL).

Kyle Davis: Director of Franchise Operations

Kyle Davis joined us in March 2020 as Franchise Development Manager in Birmingham, Alabama. He became our Director of Corporate Strategy in September 2020, and Director of Franchise Operations in December 2021. Mr. Davis founded K&B Wellness Group, LLC, the predecessor of Hydralive Holdings, LLC, which started Hydralive Therapy in Birmingham, Alabama with locations in Tuscaloosa, Alabama, Birmingham, Alabama, Athens, Georgia and Milton, Georgia (2017 to present). Mr. Davis is also a member of Tri Clean LLC (TWO MAIDS® franchisee in Tuscaloosa, Alabama).

Jeff Fabian: Director of Financial Performance

Jeff Fabian joined us in October 2016 as Director of Franchise Experience in Birmingham, Alabama. In December 2017, he became our Director of Financial Performance.

HFC and/or Two Maids Franchising, LLC:

Andrew G. Skehan – Chief Executive Officer and Director

Andrew Skehan has been HFC’s Chief Executive Officer and a director of HFC since

August 1, 2022 in Flower Mound, Texas and Irvine, California. Prior to joining HFC, Mr. Skehan was President – North America of Krispy Kreme, Incorporated in Charlotte, North Carolina since November 2017.

Jonathan Thiessen – Chief Development Officer

Jonathan Thiessen has been Chief Development Officer of HFC since January 2019 in Irvine, California. From 2011 to December 2018, he was HFC’s Vice President of Franchise Licensing.

Jennie Amante – Executive Vice President, General Counsel and Secretary

Jennie Amante has been HFC’s Executive Vice President and Secretary since December 2015 in Irvine, California. She has been General Counsel for HFC since October 2004. Ms. Amante has also been our Secretary since September 2021.

Faisal Khan – Chief Information Officer

Faisal Khan has been HFC’s Chief Information Officer in Irvine, California since April 2018.

Heather Cates – Chief Marketing Officer

Heather Cates has been HFC’s Chief Marketing Officer in Irvine, California since April 1, 2021. Prior to assuming this role, Ms. Cates was BB’s Senior Marketing Director in Irvine, California since January 2021. From October 2018 until December 2020, Ms. Cates was Executive Director of Consumer Marketing, Facial Aesthetics for Allergan (now Abbvie) in Irvine, California and Director of Brand Marketing, Innovation for Taco Bell in Irvine, California from March 2016 until October 2018.

Amir Yeganehjoo – Chief Financial Officer

Amir Yeganehjoo has been HFC’s Chief Financial Officer in Flower Mound, Texas since January 3, 2023. Prior to assuming this role, Mr. Yeganehjoo was Senior Vice President, Finance, Treasury and Investor Relations for European Wax Center in Dallas, Texas from October 2020 until December 2022, Head of Corporate Finance for Chewy.com in Fort Lauderdale, Florida from January 2020 until September 2020 and held various positions with Gamestop Corp. in Grapevine, Texas from 2014 until September 2020, most recently Senior Director, Corporate Finance since 2019.

ITEM 3. LITIGATION

In the Matter of: Aussie Pet Mobile, Inc. and Ian Moses (Administrative Proceeding before the Securities Commissioner of Maryland; Case No. 2004-0162 - 2005)

On January 25, 2006, Aussie Pet Mobile, Inc., while under previous ownership, entered into a Consent Order with the Securities Division of the Office of the Attorney General of Maryland (the “Division”) that required the franchisor to cease and desist from taking certain

actions and to make certain representations. While the Consent Order contained no monetary sanctions, it required the franchisor to cease and desist from the offer and sale of franchises in violation of the Maryland Franchise Law. The Consent Order also required the franchisor to rescind the franchise agreements that had been entered into with a former franchisee whom the Division found had not received proper disclosure, and to represent that (a) other Maryland franchisees had received proper disclosure, and (b) the franchisor had developed and implemented new franchise law compliance procedures.

Other than this one action, no litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Initial Franchise Fee

You will pay us an Initial Franchise Fee of \$19,950 when you sign the franchise agreement for your first territory.

We discount the Initial Franchise Fee by 15% for new franchisees who are currently-serving or honorably discharged veterans of the United States armed forces and their spouses. If you are a veteran, active service member or spouse of a veteran or active service member of the United States armed forces, you will therefore pay a discounted Initial Franchise Fee of \$16,958. There is no Initial Franchise Fee payable under a subsequent franchise agreement.

Initial Territory Fee

If you are purchasing your franchise from us (rather than from an existing franchisee) and you are not a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, when you sign the franchise agreement you will also pay us an Initial Territory Fee of \$40,000 for the first territory you obtain under your first franchise agreement. We discount the Initial Territory Fee by 15% for new franchisees who are currently-serving or honorably discharged veterans of the United States armed forces and their spouses. If you are a veteran, active service member or spouse of a veteran or active service member, you will therefore pay a discounted Initial Territory Fee of \$34,000.

If you enter into a second franchise agreement for a second territory at the same time as the first franchise agreement, the Additional Territory Fee will be \$30,000. Otherwise, for any subsequent franchise agreement and territory, the Additional Territory Fee will be the same as the then-current Initial Territory Fee.

Conversion Discount

In our sole discretion, we may offer a franchise to persons desiring to convert their existing residential cleaning business to a TWO MAIDS® franchise. The Initial Territory Fee for a conversion franchise is equal to our then-current Initial Territory Fee, reduced by an amount equal to 10% of the total Gross Revenue for the previous year for your existing business, but in no event will the discount exceed \$10,000.

There are no other initial fees you pay to us or any affiliate before you begin operating your business.

All of the fees described in this Item are non-refundable, uniform and payable in a lump sum.

ITEM 6. OTHER FEES

| Type of Fee¹ | Amount | Due Date | Remarks |
|--|--|---|--|
| Royalty ² | You must pay the greater of: (a) 7.0% - 4.0% of your Gross Revenue for the immediately preceding month or (b) \$500 per month for the first year and \$1,500 per month thereafter. | Gross Revenue to be reported by the 5 th of the month for the preceding month. Funds drawn on the 15 th of the month, in arrears. | See note 2. |
| National Advertising Fund Payment | You must pay the greater of 2% of your Gross Revenue for the immediately preceding month or \$250 per month for the first year and \$500 per month thereafter. | Same as Royalty. | See Item 11. |
| Local Advertising Start-Up Program Fee | During the first 6 months of operation, you must spend at least \$3,000 each month on advertising media that are directed and executed by us or our designee. | Same as Royalty. | Primarily digital advertising media. We are entitled to retain up to 15% as an administrative fee. |
| Local Advertising Services Program Fee | A local advertising services program directed and executed by us or our designee intended to be offered beyond the Local Advertising Start-Up | Same as Royalty. | Primarily digital advertising media. |

| Type of Fee ¹ | Amount | Due Date | Remarks |
|---|--|---|--|
| | Program. Current monthly management fee is the greater of \$300 or 10% of monthly ad spend. | | |
| Technology Fee | Currently \$650 per month per territory. | Same as Royalty | Intended to partially reimburse us for costs of technology platforms |
| Software Fee ³ | Currently \$399 per month | Same as Royalty | Intended to partially reimburse us for costs of our proprietary software. |
| Optional National Sales Center Fee ⁴ | Currently \$200 per month for every \$1,250 of work scheduled for the month. | Same as Royalty | Payable only if you utilize the National Sales Center. |
| Additional Territory Fee | An amount equal to the then-current initial Territory Fee if you buy an additional territory in the future. | When you purchase additional territories. | Availability of additional territories is at our discretion. |
| National Account Fees | We negotiate each program individually with the National Account. | No more often than monthly. | We may charge you fees or a percentage of the job in exchange for National Account leads. You may opt out of servicing any National Account. |
| Encroachment Payment | 100% of your Gross Sales in another franchisee's territory. | When you make sales in another franchisee's territory in violation of your franchise agreement. | As an alternative to termination of your franchise for operating in another franchisee's territory. |
| Fees on Transfer | If selling to a new franchisee, greater of \$24,950 or 6% of sale price up to a maximum of \$50,000. If selling to an existing franchisee, \$5,000 transfer fee per territory. | Before transfer. | Payable when you sell your franchise. No charge if your franchise is assigned to a corporate entity that you control. |

| Type of Fee¹ | Amount | Due Date | Remarks |
|--|---|--|---|
| Transfer Lead Referral Fee | Our then-applicable lead referral fee, currently \$15,000, or the amount of any broker fees that we must pay a third party (not an employee of ours). | On a transfer of your franchise agreement to a buyer who was already in our sale database at the time you and the buyer began discussing a sale. | Intended to partially reimburse us for our costs in developing leads who then purchase from existing franchisees. |
| Renewal Fee | \$5,000 | When you sign a renewal franchise agreement. | |
| Insufficient Funds or Late Payment Fee | \$300 | On due date of Royalty, National Advertising Fee, Local Advertising Start-Up Program Fee and Technology Fee, if payment not made in full. | Payable if there are insufficient funds in your account to cover withdrawal of amounts due or payment is late. |
| Convention Fee | Currently \$720 plus travel, accommodation and some meals. Fee will vary depending on venue and location but will not exceed \$1,500 annually. | Same as Royalty. Paid in monthly installments in advance. Travel, accommodation and meals are due as required by service providers. | |
| Optional Meetings and Trainings | As determined by us, but generally \$100 - \$1,500 depending on venue and mode of delivery plus travel, accommodation and some meals. | By registration date. Travel, accommodation and meals are due as required by service providers. | |
| Additional Training Requested By You | Currently \$250 per day, plus travel and expenses. | Immediately after notice from us. | Paid to us if, at your request, we send one of our staff members to the Franchised Business to provide further assistance. We will charge you a daily rate for that assistance, plus the travel |

| Type of Fee ¹ | Amount | Due Date | Remarks |
|---------------------------|-------------------------------|--------------|---|
| | | | expenses for our employee. |
| Audit | Cost of inspection or audit. | Upon demand. | If audit is required due to your failure to report or your records and procedures are insufficient to determine Gross Revenue or audit reveals Gross Revenue or Continuing Royalty are understated by 5% or more you must pay all costs of audit. |
| Insurance | You must reimburse our costs. | Upon demand. | If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us. |
| Costs and Attorneys' Fees | Varies | Upon demand. | If you breach the franchise agreement and we prevail in any arbitration or litigation, you will owe us our reasonable attorneys' fees and costs. |
| Indemnification | Varies | Upon demand. | You must reimburse us for costs and expenses related to certain claims against us. |

1. All fees are imposed and collected by and payable to us. Upon our written request, you must sign any document we require to authorize us to withdraw Royalties, National Advertising Fees, Local Advertising Start-Up Program Fees, Technology Fees and any other ongoing fees directly from your bank account. All fees are non-refundable and uniformly imposed.
2. You must pay us a blended rate Royalty calculated separately for each of your territories each month equal to:

| Monthly Royalty | Gross Revenue for Prior Month |
|-----------------|-------------------------------|
| 7.0% | \$0 - \$30,000 |

| | |
|------|------------------------|
| 6.0% | \$30,000.01 - \$60,000 |
| 5.0% | \$60,000.01 - \$90,000 |
| 4.0% | \$90,000.01 and above |

For example, if your Gross Revenue for the prior month is \$75,000, you will pay 7% for the first \$30,000, 6% for the second \$30,000 and 5% for the last \$15,000.

Gross Revenue is defined in the franchise agreement and includes the total of your Gross Revenue for each separate franchised territory you own and includes sales in Gray Areas.

You must pay us the greater of: (a) the monthly Royalty as calculated above; or (b) \$500 for the first year and \$1,500 thereafter, for each of your territories calculated separately.

3. You will use our proprietary software that fulfills the business function of providing data, scheduling clients and employees, collecting payments, displaying charts and graphs and generating figures, forms and reports. This fee also includes your portal to our training management software.
4. The National Sales Center is a centralized call center established or outsourced by Franchisor for the purpose of receiving and generating customer inquiries and forwarding such customer information to the appropriate franchisee.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is to Be Made |
|-------------------------------------|-------------------|----------------------------------|--|-------------------------------|
| Initial Franchise Fee ¹ | \$19,950 | Lump sum or financed through us. | When you sign the franchise agreement. | Us |
| Initial Territory Fee ² | \$40,000 | Lump sum or financed through us. | When you sign the franchise agreement. | Us |
| Lease, Utility and Security Deposit | \$2,500 - \$7,500 | As Arranged | As Incurred | Landlord |

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is to Be Made |
|--|--|--------------------------|--------------------|---|
| Leasehold Improvement Decorating Cost ³ | \$4,000 - \$10,000 | Lump Sum | As Incurred | Service Providers |
| Fixtures, Furnishings and Equipment, Computer System, Software, Fax, Printer, Phones | \$2,500 - \$9,800 | As Arranged | As Arranged | Approved Suppliers |
| Uniforms ⁴ | \$750 | Lump Sum | As Incurred | Vendor |
| Telephone/Communication System | \$140 | Lump Sum | As Incurred | Vendor |
| Opening Inventory ⁵ | \$1,000 - \$2,000 | Lump Sum | Prior to Opening | Approved Suppliers |
| Business Licenses | \$100 - \$500 | As Arranged | Prior to Opening | Suppliers, Licensing Agencies |
| Insurance | \$2,500 - \$4,000 | As Arranged | As Incurred | Service Provider |
| Legal and Accounting | \$0 - \$2,500 | Lump Sum | As Incurred | Service Providers |
| Initial Training Expenses ⁶ | \$750 - \$2,250 | Lump Sum | As Incurred | Transportation/ Hotels/Restaurants |
| Signage – Interior/Exterior signs | \$250 - \$1500 | Lump Sum or Monthly | Upon Signing Lease | Vendor |
| Local Advertising Start-Up Program Fee | \$9,000 (\$3,000 per month for first three months) | Lump Sum | As Incurred | Vendor (we may retain administrative fee up to 15%) |
| Additional Funds – 3 Months ⁸ | \$10,000 - \$40,000 in total, first three months | As Arranged | As Arranged | Employees / Suppliers |

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is to Be Made |
|---|---------------------------|-------------------|----------|-------------------------------|
| Total Estimated Initial Investment⁹ | \$93,440-\$149,890 | | | |

None of the fees or payments you make to us are refundable. Whether payments to others are refundable depends upon the arrangements you make with them. Except as disclosed in Item 10, we do not offer direct or indirect financing for any of the above items. The above table assumes that you operate your Franchised Business from a leased commercial office/warehouse, which is approximately 1,500 to 2,000 square feet. Actual costs will vary by location depending on a number of factors, including market conditions and the geographic location of your Franchised Business.

1. Payable only with your first franchise agreement. The Initial Franchise Fee is discounted by 15% if you are a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, as more particularly described in Item 5.
2. If you are buying your Territory from us rather than from an existing franchisee, when you sign a franchise agreement you must pay us either: (a) an Initial Territory Fee of \$40,000; or (b) an Additional Territory Fee of \$40,000; or (c) if you are buying your first two territories simultaneously, an Initial Territory Fee of \$40,000 and a discounted Additional Territory Fee of \$30,000, for a total of \$70,000. If you buy a second territory at a later time, the Additional Territory Fee will be the same as the then-current Additional Territory Fee. The Initial Territory Fee is discounted by 15% if you are a veteran, active service member or spouse of a veteran or active service member of the United States Armed Forces, as more particularly described in Item 5.

If we in our sole discretion agree to accept your existing residential house cleaning business for conversion to a TWO MAIDS® franchise, we will discount the Initial Territory Fee by an amount equal to 10% of your Gross Revenue for the previous year, but in no event will the discount exceed \$10,000.

3. Typical locations are light industrial and commercial areas. The typical space leased is from 1,200 to 1,800 square feet. Improvements typically include minor projects such as painting, carpets and electrical repair.
4. Your cost includes 10 sets of uniforms. Each set consists of an apron (\$15) and 2 trademarked polo shirts (\$60).
5. A complete list of inventory, equipment, cleaning supplies and similar items, is set out in the Confidential Operations Manual (“Manual”).
6. There is no charge for the initial training program for the franchisee and up to one employee of the Franchised Business. The training program is described in Item 11. Our estimate is for

transportation, meals and lodging in excess of \$1,000 while attending the training. We provide you with a travel voucher of \$1,000 to attend initial training. Our low estimate assumes one person attends training, drives to training, and stays in budget accommodations. Our high estimate assumes two people attend training and they each purchase discounted, advance purchase airline tickets and stay in mid-level accommodations. Additional employees of the Franchised Business may be subject to a training fee of \$500 per day.

7. We recommend you have additional funds as working capital to cover expenses during your start-up phase (approximately three months). However, the actual amount you will need will depend on a number of factors, including whether you have employees, how well you control your initial expenses and your level of sales and marketing during the initial period.

The estimate of additional funds for the initial phase of your business is based on recurring expenses and operating expenses for the first three (3) months of operation. The estimate of Additional Funds does not include an owner's salary or draw. The estimate is based in part on the experience of our company operation. You may incur other or higher costs or fees. You may also need operating capital when running the Franchised Business that is in addition to what is estimated here.

8. You may experience additional initial pre-opening and start-up expenses not otherwise mentioned in the above table, including but not limited to taxes, payroll, marketing, labor, merchant processing, bank services, entertainment and/or employee recruiting. The amounts in the table are our estimates based on average costs and market conditions prevailing as of the date of this disclosure document, our experience in the industry since 2013 and the experience of our existing franchisees.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Franchised Business in accordance with our methods, standards, and specifications, which we prescribe in our Confidential Operations Manual (“Manual”), our proprietary and confidential operations portal (also known as “the Source”), and various other confidential manuals, writings, and other information prepared by us for your use in operating the Franchised Business which are provided on the Source or other means. We may periodically change our standards and specifications at our sole discretion, and you must comply with all changes.

Approved Products and Services

All supplies, equipment, and computer software used by you in the Franchised Business must meet our then-current System standards and specifications, including but not limited to branding requirements (including color and label requirements), which we will establish and modify at our discretion. You may incur an increased cost to comply with such changes. These specifications include standards for customer satisfaction and performance and are subject to change from time to time. Our specifications require that you render services which meet or exceed any given customer’s reasonable expectations for residential house cleaning services. Although our specifications are general in nature, we require you to strive to meet our goal of total customer satisfaction and that you abide by all laws and regulations applicable to residential house cleaning

and also use of cleaning supplies.

Approved Sources

You must purchase your equipment, products, and supplies only from us or our approved suppliers as described in the Manual. From time to time we, an affiliate, or a third-party vendor or supplier may be the only approved supplier for certain products or services. You must purchase all items using or bearing our trademarks directly from us or an approved vendor. These items include, but are not limited to, employee clothing, uniform shirts or other items used in the Franchised Business. Additionally, you must purchase all employee uniforms and aprons directly from us. You will pay the then-current price in effect for all purchases you make from us, our affiliates or any third-party vendor we designate. There are no approved suppliers in which any of our officers owns an interest.

You must participate in our corporate phone tracking system (currently Invoca) which utilizes dynamic telephone numbers to track the source of your leads. The Invoca service is paid for from the National Advertising Fund.

You must utilize our telephone system (currently Ring Central).

Approved Suppliers and Approved Supplies Lists

We will provide you with a list of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and a list of approved inventory, products, fixtures, equipment, signs, supplies and other items or services necessary to operate the Franchised Business (“Approved Supplies List”). We reserve the right to designate a required source of supply for certain products and supplies that we determine to be essential and/or proprietary to our System and we or an affiliate may be an exclusive required source. We are the only supplier of items using or bearing our trademark and for your employee uniforms.

Approved Suppliers and Approved Supplies Lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. For example, as noted below, you must obtain insurance that meets our standards and requirements. We may revise the Approved Suppliers List and Approved Supplies List from time to time as we deem advisable. We will determine and give you the Approved Suppliers List and contact information for the distributors and/or manufacturers of all products and suppliers. We do not provide you with material benefits based upon your purchases of particular products or services or use of particular suppliers.

If you propose to use in the operation of your Franchised Business any service, product, supply, material, furnishing or equipment which has not yet been approved by us as conforming to our specifications and quality standards and/or from a supplier not yet approved in writing by us, you must first notify us in writing and must submit to us sufficient information, specifications, and samples so that we can determine whether the item or service complies with System standards or the supplier meets our supplier criteria. We will provide you with written approval or disapproval within a reasonable time period (typically 30 days) after you have supplied all the information we request from you. You may not use any supplier, service, product, supply, material, furnishing or equipment that we have not approved.

Supplier approval will depend on service or product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with our System. We may revoke our approval if, in our sole judgment, the supplier fails to continue to meet our criteria and specifications. We do not charge any fees to review or approve proposed alternative suppliers.

Nothing contained in this disclosure document or in the franchise agreement requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

Insurance

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverages that we periodically require. Our required insurance coverages will be included in the Manual and may change during the term of your franchise agreement. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under the policies as an additional named insured; required or permissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims.

You currently must maintain the following minimum insurance coverages:

1. Minimum Commercial General Liability coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate. Product liability insurance must be included. Two Maids Franchising, LLC to be named as additional insured.
2. Auto Liability Insurance with owned, hired and non-owned auto liability coverage of \$1,000,000 per vehicle, Two Maids Franchising, LLC to be named as additional insured.
3. Umbrella Liability Insurance with minimum umbrella liability limit of \$1,000,000 per occurrence/\$1,000,000 aggregate for 1-4 locations; \$3,000,000 aggregate for 5-9 locations; and \$5,000,000 aggregate for 10+ locations. Two Maids Franchising, LLC to be named as additional insured.
4. Property Insurance with business income coverage on a 12 month actual loss sustained basis; business personal property and tenant improvements and betterments; special form, replacement cost coverage.
5. Workers' Compensation Insurance with minimum limits per state statute. Two Maids Franchising, LLC to be named as additional insured.
6. Employment Practices Liability Insurance with minimum limit of \$1,000,000. Must include first and third party coverage and wage and hour defense sublimit of at least \$100,000.

7. Surety bond covering at least \$25,000 in theft damages.

You must maintain all required policies in force during the entire term of the franchise agreement and any renewal terms. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us (and, if we request, our directors, officers or employees) as additional insureds and must provide us with 30 days' advance written notice of any material modification, cancellation or expiration of the policy. We reserve the right to obtain from your insurance carrier(s) periodic reports of losses (such as monthly, quarterly and/or annually), and you must authorize your insurance carrier(s) to provide us with these reports.

If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence thereof, we at our option and in addition to our other rights and remedies, may, but shall not be required to, obtain such insurance coverage on your behalf, and you shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us, on demand, any costs and premiums incurred by us. (See Items 7 and 11).

Advertising by Franchisee

We (or, at our option, our designee) are the exclusive supplier of the Local Advertising Start-Up Program. You must pay to us a Local Advertising Start-Up Program Fee of \$3,000 each month during the first six (6) months of the operation of the Franchised Business. We are entitled to retain an administrative fee of up to 15%. Our costs for the Local Advertising Start-Up Program include the cost of design, production, advertising purchasing costs, administrative services, salaries, other related costs and expenses and profit.

After the Local Advertising Start-Up Program, you are required to participate in our Local Advertising Services Program for a management fee of the greater of \$300 per month or 10% of your monthly ad spend. You will enter into the Local Advertising Services Program Agreement attached to this disclosure document as Exhibit L. You are required to invest in local area marketing at least the amount set forth in the Manuals. You may not engage in any advertising program or use any other advertising, including local advertising placed on television, print or any other media, or prepare or use any marketing materials, unless you obtain written approval from us. All references to advertising shall include, but shall not be limited to, digital advertising, whether via Internet, social media platforms or otherwise.

National Sales Center

We operate a National Sales Center (call center) which you may optionally use for a monthly fee of that depends on the volume of work scheduled. (See Item 6.) If you wish to utilize the National Sales Center, you will enter into the National Sales Center Agreement attached to this disclosure document as Exhibit M.

Computer Equipment

You may not use any hardware and/or software in the operation of the Franchised Business that differs from our specifications without our prior approval, which approval will not be unreasonably withheld. (See Item 11).

Allowances

We and our affiliates reserve the right to receive rebates or other consideration from required or approved suppliers in connection with your purchase of products and services as described in this Item 8 as well as in connection with any future purchase of any products or services. Usually, these payments are calculated based on the volume of products and service sold. We will retain and use such payments as we deem appropriate or as required by the supplier.

We derive immediate revenue from items we sell directly to you by charging you more than our cost.

Proportion of Required Purchases

During our last fiscal year, we derived approximately \$30,468 or 0.3% in revenue from uniform purchases and \$366,666, or 3.9% from software fees. We also received \$2,736,398 from franchisees in Local Advertising Services Fees. During our last fiscal year, we charged franchisees approximately 12.5% for this service. We may in the future charge up to 15% for this service. Our total revenue for the last fiscal year was \$9,342,742. You can expect items purchased or leased in accordance with our specifications will represent approximately 75% to 90% of total purchases you will make to begin operations of the business and 45% to 65% of the ongoing costs to operate the business.

Negotiated Prices

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative, but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System which we will pass through to our franchisees. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers.

ITEM 9. FRANCHISEE'S OBLIGATIONS

FRANCHISEE'S OBLIGATIONS

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

| OBLIGATION | | SECTION IN AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|-------------------|--|---|---------------------------------|
| a | Site selection and acquisition/lease | § 3 | Items 7, 10, and 12, Exhibit K |
| b | Pre-Opening purchases/leases | § 3, 7 and 8 | Items 5, 7, 8 and 11 |
| c | Site development and other pre-opening requirements | § 3 and 8 | Items 7 and 11 |
| d | Initial and ongoing training | § 7 | Items 7 and 11 |
| e | Opening | § 3 | Item 11 |
| f | Fees | §4 | Items 5, 6, 7, 8 and 11 |
| g | Compliance with standards and policies/Operation Manual(s) | § 2, 3, 4, 5, 6, 7, 8, 9, 12, 13, 14 and 16 | Items 8, 11 and 16 |
| h | Trademarks and proprietary information | § 2, 6, 7, 8 and 12 | Items 8, 13 and 14 |
| i | Restrictions on products/services offered | § 8 | Item 16 |
| j | Warranty and customer service requirements | § 2, 4, 8 and 13 | Items 6 and 8 |
| k | Territorial development and sales quotas | Not Applicable | Item 12 |
| l | Ongoing product/service purchases | § 8 | Item 8 |
| m | Maintenance, appearance and remodeling requirements | § 3, 5, 8 | Item 11 and 17 |
| n | Insurance | § 8 | Items 6 and 8 |
| o | Advertising | § 2, 4, 6, 8 and 12 | Items 6 and 11 |

| OBLIGATION | | SECTION IN AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|------------|---|----------------------|--------------------------|
| p | Indemnification | § 13.3 | Item 6 |
| q | Owner's participation / management / staffing | § 8 | Item 11 and 15 |
| r | Records/reports | § 3 and 8 | Items 6, 11 and 17 |
| s | Inspections/Audits | § 8 | Item 6, 11 and 17 |
| t | Transfer | § 9 | Item 17 |
| u | Renewal | § 5 | Item 17 |
| v | Post termination obligations | § 12 | Item 17 |
| w | Non-competition covenants | § 8 | Item 17 |
| x | Dispute Resolution | § 11 | Item 17 |
| y | Personal Covenant and Guarantee | Schedule 1 | Item 10 and 15 |

ITEM 10. FINANCING

If you meet our credit standards, we will, at your request, provide financing as shown below.

To obtain financing, you must sign a Secured Promissory Note and General Security Agreement substantially in the form of Exhibits I and J to this disclosure document. No separate personal guaranty is required to obtain financing. Payments begin with the first royalty due date. The note can be prepaid without penalty at any time during its term. The General Security Agreement grants us a security interest in substantially all of your assets to secure your payments under the Secured Promissory Note. You waive your right to notice of a collection action and to assert any defenses to collection against us.

Key terms are as follows:

| Item Financed | Amount Financed | Min. Down Payment | Term (months) | Rate of Interest Plus Finance Charge | Monthly Payment | Prepay Penalty | Liability On Default | Loss of Legal Right |
|---|-----------------|-------------------|---------------|--------------------------------------|-----------------|----------------|--|---------------------|
| Initial Franchise Fee and Part of Initial Territory Fee | \$32,000 | \$0 | 60 | 10% | \$679.91 | None | Lose franchise, pay unpaid balance, attorney fees, and costs | Waive notice |

We do not receive any direct or indirect payments or other consideration from any person for the placement of financing.

Although we have never done so, we have a right to sell your promissory note at a discount rate to a third party which may be immune under the law to any defenses to payment you may have against us. We do not guarantee any notes, leases, or obligations.

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 begin operating your business, we or our Area Representative (if applicable) will provide you with the following assistance:

1. Designate your Protected Territory. (Franchise Agreement §§ 1.16, 2.2, Schedule 2.)
2. Approve the site for your office location. You must submit the location for our approval within 90 days of signing your franchise agreement and be conducting business at the approved location within 180 days or your franchise agreement may be terminated without any refund of fees or expenses. (Franchise Agreement § 3.2.) We do not own any real estate locations that we lease to you, and we are not responsible for locating your office site.

In determining whether or not to approve any site you may propose for the Franchised Business, we will consider such factors as the number of comparable contiguous businesses, competition, zoning, general location, traffic patterns, safety, size, layout and other physical characteristics, and available square footage.

3. Allow you to use our Marks. (Franchise Agreement § 6.1)
4. Provide an initial training program. (Franchise Agreement § 7)

5. If you pay an Initial Franchise Fee (i.e., this is your first franchise agreement), provide a start-up package. (Franchise Agreement Schedule 3)
6. Provide you with proprietary information for use in connection with training your staff. (Franchise Agreement § 7.2)
7. Provide to you lists of approved and suggested manufacturers, suppliers and distributors of goods, inventory, fixtures, equipment, and materials you will need to operate the Franchised Business (Franchise Agreement § 7.4). Your signage must incorporate the specific letter style/color and curvature associated with our logo. (Franchise Agreement § 8.1) Other than providing the above information, we do not provide any other assistance with respect to these items.
8. Provide you with electronic access to the Manual and other documents which include confidential and proprietary information, including our standards and specifications. You must operate the Franchised Business in accordance with the Manual and all applicable laws and regulations. The Manual may be amended or modified to reflect changes in the System. You must keep the Manual confidential and may not copy any part of the Manual without our consent. (Franchise Agreement §§ 7.2, 8.6.)
9. Provide advice and guidance, as we deem necessary in our sole discretion, in preparing to open your Franchised Business, including standards and procedures for obtaining inventory and supplies, providing approved services, advertising and promoting the business and otherwise operating the Franchised Business during the start-up phase. (Franchise Agreement § 7.5).
10. Provide you with a dedicated phone number which you must use in connection with your Franchised Business and in all marketing items. (Franchise Agreement § 8.10).

Site Selection and Time to Opening

You must submit your office site location for our approval within ninety (90) days of signing your franchise agreement and, except for agreed upon extensions, be conducting business at the approved location within one hundred eighty (180) days of signing your franchise agreement. Factors that may affect your time to open include location acceptance and lease approval by us, obtaining the landlord's approval of our Conditional Assignment and Assumption of Lease Agreement and obtaining any financing. If you are not open within one hundred eighty (180) days of our franchise signing date (or such later date as may have been agreed upon), your franchise agreement may be terminated. (Franchise Agreement § 3.2.)

Post-Opening Obligations

During the operation of your Franchised Business, we will provide the following services and assistance to you:

1. Police the Marks and distinguishing characteristics as necessary (in our sole discretion) to protect the System. (Franchise Agreement § 6.6)
2. Provide you with the Local Advertising Start-Up Program during the first six months of the

term of your franchise agreement. (Franchise Agreement § 8.7(b).)

3. Provide an optional Local Advertising Services Program on an ongoing basis after the first six months of the term of the franchise agreement. (Franchise Agreement § 8.7(c).)
4. Provide a National Sales Center (call center) to receive incoming calls from customers and direct them to the appropriate franchisee. (Franchise Agreement § 8.8.)
5. At our option, hold a Convention of franchisees and other meetings to discuss topics which we determine to be appropriate and in the best interests of the System, such as trends in services, sales techniques, performance standards and marketing programs. (Franchise Agreement § 7.11)
6. Provide you with ongoing advice and assistance as we reasonably determine necessary and appropriate regarding the management and operation of the Franchised Business. Our advice and assistance may be provided through telephone, email, intranet communication, on-site visits, or other means. At your request, we will make additional or refresher on-site training available at your business as we deem appropriate, at the rate of \$500 per day plus travel and living expenses. (Franchise Agreement § 7.8)
7. With the payment of an additional training fee, we will train a replacement Manager. (Franchise Agreement § 7.3.) We will also provide refresher training courses at a cost and time as we designate, for previously trained Managers or the Franchisee. (Franchise Agreement § 7.10)
8. Establish and maintain a web site that provides information about the TWO MAIDS® System and identifies you and our other franchisees. (Franchise Agreement § 8.17)
9. Operate a toll-free telephone number to be used by all our franchisees. (Franchise Agreement § 8.10)
10. Establish and maintain, at our option, an electronic portal through which we disseminate the Manual as well as marketing collateral, training and other digital assets. (Franchise Agreement § 8.19). The table of contents to the Manual is at Exhibit F. The Manual has 228 pages.

Advertising

You must pay the greater of 2% of your Gross Revenue for the immediately preceding month or \$250 each month for the first year and \$500 each month thereafter to the National Advertising Fund.

We will administer the National Advertising Fund. We will spend National Advertising Fees for local, regional and national advertising and public relations programs and initiatives as we deem necessary or appropriate for the promotion or protection of the System including website development and maintenance, public relations, media costs, commissions, digital marketing, market research, creative and production costs (Franchise Agreement § 4.4(f), (g)).

The money in the National Advertising Fund is used primarily to drive brand recognition

at the national level, enhance the TWO MAIDS® image, as well as the development of a turn-key local area marketing toolkit to be leveraged in each new franchisee's local area (Franchise Agreement § 4.4). A secondary benefit of some national programs is lead generation. During the year ending December 31, 2022, we spent the National Advertising Fund as follows:

28% Production (website maintenance, content creation, new technology platforms)

34% Media Placement and SEO (digital advertising, email marketing, social media, local pay-per-click support)

21% Administrative

17% Other

We use several advertising agencies to provide us with advertising materials and assist with media planning and buying in various types of media. We also provide in-house advertising support.

Businesses owned by us or our shareholders and affiliates or franchisees who purchased under prior offerings may contribute to the National Advertising Fund at a different rate or not at all. We alone will determine all matters involving advertising, public relations, and promotional campaigns. On a national or regional basis, we may impose an additional assessment on affected franchisees for special advertising or promotional activities if two thirds of all affected TWO MAIDS® Franchised Businesses agree in writing (Franchise Agreement § 4.4(d)).

Some local advertising is funded by the National Advertising Fund. You will also place your own local advertising. You may purchase advertising materials from us or develop advertising materials for your own use, at your own cost, but we must approve the advertising materials in advance and in writing. During the first six months of your franchise agreement you must spend \$3,000 per month on the Local Advertising Start-Up Program. (Franchise Agreement § 8.2(c)(b)). Thereafter, you must participate in the Local Advertising Services Program (Franchise Agreement § 8.2(c)(c)).

We have a Franchise Advisory Council consisting of 9 franchisee representatives across the United States. The purpose of the FAC is to advise us in connection with issues facing franchisees, including but not limited to advertising policies. Members are elected by the franchise body. The FAC serves in an advisory capacity only and does not have operational or decision-making power.

We do not and are not, in any way, required to spend any National Advertising Fees in your Territory. However, all National Advertising Funds are spent to benefit all TWO MAIDS® franchisees generally, including you.

If we do not spend all National Advertising Fees collected during the year, the remaining money is retained for future years. National Advertising Fees are not refundable or rebated to you. None of the National Advertising Fees are used primarily to solicit franchise sales. Our advertising

may include a telephone number to call about franchising opportunities.

We will deposit National Advertising Fees into a separate national advertising operating account. No interest is credited for your benefit or paid to you (Franchise Agreement § 4.4). The National Advertising Fund is not in a trust, fiduciary relationship, or any other similar special arrangement.

Upon your request, we will provide you with a summary statement of annual receipts and expenditures from the National Advertising Fund during the prior calendar year on or before March 31 (Franchise Agreement § 4.4). The National Advertising Fund is not separately audited from our general funds audit.

In the future, we may establish a national support services network providing qualified representatives to handle customer problems. The cost of that service may be paid partially or wholly from the National Advertising Fund.

We can require advertising cooperatives to be formed, changed, or merged; and, we can dissolve a cooperative if it is not conducting its affairs in the best interests of the System, or contrary to System requirements. All votes of franchisees in a cooperative area will be based on one vote per territory. At the present time, no advertising cooperatives exist.

If we determine that an advertising cooperative is appropriate, we will designate the area, which, in our judgment, includes franchisees with common needs and interests. Franchisees within an advertising cooperative area will contribute the same amount or percentage to the common cooperative fund. Any franchisor outlets within the cooperative area will contribute to the advertising cooperative fund in the same manner as the other franchisees. The franchisees within an advertising cooperative area will administer the cooperative and determine whether governing documents will be developed and utilized. Similarly, the members of the cooperative will determine whether annual or periodic financial statements will be prepared and made available for review by the franchisees. You are required to participate.

You may not develop, create, generate, own, lease, or use in any manner any computer medium or electronic medium (including any Internet home page, e-mail address, Web site, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols, or terms confusingly similar to any of them without our express prior written consent (Franchise Agreement § 6.7). You may not use the Marks to promote the Franchised Business via social media without our prior written consent (Franchise Agreement § 0).

Computer and Software

You must obtain a computer, computer software, and printer to use in your Franchised Business with the following minimum specifications: 8th generation Intel Core i7 processor; Windows 10 operating system (or MAC equivalent); 16 GB RAM, 500 GB SSD hard drive and a 17-inch monitor; and, a combination printer/scanner/fax machine. The equipment will cost approximately \$1,200 - \$1500 (this amount is included in Item 7 initial investment estimate),

unless you elect certain upgrades. We do not have any obligation to provide ongoing maintenance, repairs, upgrades or updates of your equipment. There is no contractual limitation on our right to mandate upgrades and updates.

We may introduce proprietary software solutions or products that replace software previously provided by a vendor. You may incur additional software fees from third party vendors including but not limited to QuickBooks® and CareerPlug™. The monthly software fees do not cover the cost of any upgrades to the software from us or our vendors.

QuickBooks® Accounting Application

We require you to use QuickBooks® as the accounting application for your Franchised Business. The software is owned and developed by Intuit and can be set up as an online service. You must comply with our requirements and standard processes to maintain accurate and up to date accounting records. You will provide monthly and other reports as determined by us, including updating master file records to comply with changes in accounting practices. As with all computer and internet information we always have complete access to all of this information.

The accounting support we provide includes responses to questions related to the accounting standards and general use of the software. The technical support for the software is provided by the QuickBooks® hosting vendor.

CareerPlug™ Recruiting Application

We recommend you use the CareerPlug™ employee recruiting application for your Franchised Business. The software can be set up as an online service. Currently, we have negotiated a preferred rate of \$40 per month per owner. However, the monthly rate may increase over time and is solely determined by CareerPlug™. As with all computer and internet information we always have complete access to all of this information.

Training

Training consists of 10 days of on-the-job and classroom sessions. We do not have a formal training schedule but will provide training at a mutually agreeable time prior to the date you are required to be open for business. You must complete all training within 180 days of the franchise agreement signing date. Training will consist of five (5) days in Jefferson County, Alabama or such other location as we may designate, and five (5) days in your office or at another location within your territory. It is mandatory that your majority owner and/or operating partner complete all 10 days of initial training. In general, instructors will conduct the training using lectures, presentations, the Manual, and other supplemental materials. We may add or modify instructional materials at various times of the year. Our current curriculum is shown in the table below but is subject to change at any time without notice.

TRAINING

| Course | Hours Classroom Training | Hours On-the-Job Training | Location |
|--|--------------------------------|---------------------------------|--|
| <u>Welcome</u> Introductions Vision Statement Mission Statement Culture & Core Values | 2 Hours | | Two Maids University Birmingham, AL |
| <u>Business Overview</u> Service Package Descriptions Competitive Advantages General Standards Elevator Pitch | 1.5 Hours | | Two Maids University Birmingham, AL |
| <u>Business Practices</u> Brand Guide Franchisee & Franchisor Responsibilities Office Organizational Chart Job Descriptions Management Benchmarks | 1.5 Hours | | Two Maids University Birmingham, AL |
| <u>Pre-Opening</u> Review Legal Requirements Licenses (federal, state & local) Office Location Setup & Design Insurance Requirements Pre-marketing Discussion Accounting and Unit Level Economics | 3 Hours | | Two Maids University Birmingham, AL |

| Course | Hours Classroom Training | Hours On-the-Job Training | Location |
|---|--------------------------|---------------------------|--|
| <u>Personnel Management</u> Introduction to Personnel Employment Law Basics Image Guide Introduction to Employee Leasing Hiring A Team Member Career Plug Professional House Cleaner Compensation Management Level Compensation 1-2-3 Bonus System Additional Team Member Benefits Discipline & Separation Policies Team Member Motivational Strategies New Hire Training | 10 Hours | | Two Maids University Birmingham, AL |
| <u>Operations</u> Introduction to Operations Weekly/Biweekly Operations | 4 Hours | | Two Maids University Birmingham, AL |
| Customer Service Recommended Service Formula Discuss Typical Service Issues | | | |

| Course | Hours Classroom Training | Hours On-the-Job Training | Location |
|---|--------------------------|---------------------------|--|
| <u>Sales & Marketing</u> Introduction to Sales & Marketing The Marketing Process The Sales Process Pricing Introduction Telephone Pricing Face to Face Pricing | 6 Hours | | Two Maids University Birmingham, AL |
| <u>Hands-On Day</u> Morning Meeting House Cleaning Office Observation TWO MAIDS® Cleaning System Daily Operations Sales Script | | 8 Hours | Local Two Maids Office |
| <u>Closing</u> Safety Week in Review Q&A Feedback Graduation Ceremony | 2 Hours | | Two Maids University Birmingham, AL |
| <u>Office Orientation</u> Tour Prep & discussion of orientation kit New Team Member orientation | 6 Hours | | Your Office |

| Course | Hours Classroom Training | Hours On-the-Job Training | Location |
|--|---|--|----------------------|
| Closing/opening procedures Software orientation | | | |
| <u>Client Services</u> In-home estimates (2) In-home training/cleaning of homes (4) | | 19.75 Hours | Client Home |
| <u>Team Member Communication</u> Morning meetings End of day arrival procedure training | 2.5 hours | | Your Office |
| <u>Travel Time</u> In-home estimate drive time In-home training/cleaning drive time | | 4.5 Hours | Corporate Automobile |
| <u>General</u> Question & answer time | 7 Hours | | Your Office |
| Total | 45.5 | 20.25 | |

Notes:

1. We will provide this initial training at no additional charge to you and one other person. You must pay all travel and living expenses for you and your trainee. We may increase, decrease and/or adjust the above training program to the extent that we deem appropriate.

2. Kyle Davis is our Director of Franchise Operations and primary director of

training. He joined us in March 2020 as Franchise Development Manager. He became our Director of Corporate Strategy in September 2020 and Director of Franchise Operations in December 2021. Jeff Fabian also provides training. He has over 12 years of experience as a multi-unit franchisee with The UPS Store. He is also a Certified Public Accountant. The business experience of Kyle and Jeff is further set out in Item 2 of this disclosure document. The same individuals also provide training on behalf of our Area Representative. The Manual will be used as our primary instructional material. We may also add additional manuals for use in training.

For your first franchise agreement with us, training for up to two people is provided without charge. As part of the start-up package, we will provide you with a \$1,000 travel voucher towards the cost of one hotel room and transportation to attend the initial training program. We will not pay incidental expenses, such as telephone charges and Internet access, that may be charged to your room.

There is no training requirement for franchise agreements other than your first one with us.

If we have room at a training session, you may send additional people to in-person training. Additional people may attend either the same or later in-person training sessions, subject to class availability. We reserve the right to charge up to \$150 per person per day for additional attendees.

You must pay all other costs associated with in-person training, including lodging and airfare in excess of the amounts described above, meals, and wages for your employees during training.

You or your manager must complete the initial training program to our satisfaction before you begin operating the Franchised Business. At the initial training program, we give you access to proprietary information for use in training your staff. The materials we provide remain our sole property.

Upon reasonable notice and at no charge to you, we may require you or your designated personnel to attend additional training courses, seminars, conferences or other programs that we consider relevant or appropriate to the successful operation of the System. You must pay all costs you and your employees incur while attending any additional training programs, including costs of travel, hotel and meals. We currently hold regional meetings, but do not require attendance. We have the right to make attendance mandatory.

At our option, we may hold a Convention of franchisees and other meetings to discuss topics which we determine to be appropriate and in the best interests of the System.

With the payment of an additional training fee, we will train a replacement Manager. We will also provide refresher training courses at a cost and time as we designate, for previously trained Managers or you.

During the operation of your business, we will, upon your request and at your expense, and to the extent we have personnel available, send one or more members of our staff to the Franchised Business to provide additional follow-up assistance and training (Franchise Agreement § 7.10.)

ITEM 12. TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

During the term of the franchise agreement, we will grant you a protected territory.

During the period to select your office location, you must obtain our, or if applicable, our Area Representative's, acceptance of the office location, which must be in your Territory. If we or, if applicable, our Area Representative, have not accepted the office location before execution of the franchise agreement, you must, within 90 days from signing your franchise agreement, submit to us for acceptance, and obtain our acceptance of, the office location.

You may not relocate your office site without either our, or if applicable, our Area Representative's, prior written approval. Your Territory will be designated in Schedule 2 of your franchise agreement. Once an office site has been selected and lease negotiations entered, a copy of the lease must be provided to us for our review and approval prior to execution. Our approval of the lease indicates only that we believe that its terms fall within the acceptable criteria we have established as of the time of our approval.

We will not establish another franchised business in your Territory that sells residential cleaning services using our System and Marks. We will not compete with you in your Territory from outlets that we own using our System and Marks. Franchisees are prohibited from doing business in the contracted territory of other franchisees, however, we cannot guarantee that another franchisee will not breach the franchise agreement and do business in your Territory. Your Territory will be described by United States Postal Service ZIP Codes in your franchise agreement. Each Territory will consist of a minimum of 50,000 households. The ZIP codes making up your territory will not change even if their boundaries are expanded or contracted by the Postal Service or if the population within them decreases or increases.

We may negotiate agreements with National Accounts, such as customers that have locations across two or more territories. We may charge you a reasonable percentage of the job or a fee in return for National Account referrals. If you wish to service National Accounts in your Territory as our subcontractor, you must sign our then-current Master Services Agreement which will govern all work performed by you for National Accounts. Our current Master Services Agreement is set forth at Exhibit N. You may choose whether to service any particular National Account on a case by case basis. If you choose to opt out with respect to any National Account in your Territory we may subcontract with other franchisees or third parties to service the National Account.

We may also, in the future, arrange other referral programs, such as web site referral programs, under which you pay fees to referral sources in return for business in your Territory. We will give you information about these programs as they are developed and you may decide whether to opt out of them. If you do not expressly opt out of a referral program, you will be considered to have opted in.

You must promote, market, and engage in the Franchised Business diligently and

effectively, develop to the best of your ability the potential of the Franchised Business within your Territory, and devote and focus your full time attention and efforts to its promotion and development.

You may not use the Internet to solicit business except as described in Sections 0 (Use of Marks in Social Media) and 8.17 (Franchisor's Web Site) of the franchise agreement. You may not intentionally direct your advertising or marketing at customers in other franchisees' territories. You must obtain our prior written approval before selling residential cleaning services in unassigned Gray Area outside your assigned Territory. Generally, we will grant permission for you to operate in Gray Area.

If we give you permission to operate in Gray Area, we have the right to sell or assign them or any part of them at any time, without notice to you. You will not have a right of first refusal or option to buy a territory that was formerly designated as a Gray Area.

Although we will not grant anyone else the right to operate in your Territory, except as described above and in section 2.2(b) or the joint marketing provisions contained in section 2.2(c) of the franchise agreement, we do not promise that another franchisee will not violate the franchise agreement and conduct business in your Territory.

You may increase your territory only by entering into a franchise agreement for an available additional territory for the fees described in Item 5 of this disclosure document. An additional territory must generally be contiguous or close to your first territory. We will grant an additional territory to you only if you are not in default of your first franchise agreement.

We have the right to operate or establish businesses similar to your Franchised Business, using the same Marks you will use and providing service to customers anywhere outside your Territory, regardless of how close they are to your Territory.

We have the right to establish businesses similar to the Franchised Business that operate under a different trade name and marks within your Territory without compensating you. However, we do not have any current plans to do so. In addition, we and our affiliates may:

- (a) sell commercial cleaning services using the System and the Marks anywhere, including in your Territory;
- (b) sell residential or commercial cleaning services under different trademarks;
- (c) acquire or be acquired by a company that operates and/or franchises cleaning businesses within your territory without using the System and the Marks;
- (d) acquire or be acquired by a manufacturer of products associated with cleaning services;
- (e) sell cleaning services through any other means that do not involve both the System and the Marks;

- (f) use the Marks and System, and license others to use the Marks and System to engage in any other activities not expressly prohibited by the franchise agreement including commercial cleaning services; and
- (g) advertise and promote the System and the Marks at any location within or outside your Territory.


We may respond to customer complaints in your Territory, which we may resolve in our discretion.

You will not have any options or rights of first refusal or similar rights within your Territory or adjacent territories. You will not have the right to acquire additional TWO MAIDS® franchises anywhere.

Under the franchise agreement, your territorial protection or limited exclusivity will not depend upon the volume of sales generated nor on your penetration of the potential market. Except as described in this Item, there are no circumstances under which we may modify your territorial rights during the term of the franchise agreement.

ITEM 13. TRADEMARKS

You will have the right to operate your business under the Marks described below and to use other Marks we designate, under the TWO MAIDS® System.

| Mark | Registration/Serial No. | Registration/Filing Date |
|---|-------------------------|--------------------------|
| TWO MAIDS | 5511543 | Registered July 10, 2018 |
|  | 97580228 | Filed September 6, 2022 |

All trademark registrations and applications have been filed on the Principal Register of the United States Patent and Trademark Office. All required affidavits have been filed.

You must follow our rules when you use our Marks. You cannot use all or any part of our name or Marks as all or part of your company's legal name. You may not use any modifying words, designs or symbols with our Marks. You may use the phrase "TWO MAIDS _____" as a fictitious business name. You must obtain our approval for your fictitious business name. You may not use our Marks or name in connection with the sale of unauthorized product or service or in a manner we have not authorized in writing.

No agreements limit our rights to use or license the use of our Marks.

You must notify us immediately if you learn about an infringement of or challenge to your use of our Marks. We will take the action we think appropriate. We will defend you against any claim against you because of your authorized use of our Marks or any judgment resulting from a claim, suit or demand arising from your use of the Marks according to the terms of the franchise agreement except a claim by a prior user of the name "TWO MAIDS". We control any administrative proceedings or litigation involving a trademark we license to you.

You must modify or discontinue the use of our Marks at your own expense if we modify or discontinue them. You may not directly or indirectly contest our right to our Marks. We are not required to compensate you if we require you to modify or discontinue using the Marks.

We do not know of any prior rights or infringing uses in your Territory or of any material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, trademark administrator of this state, or any court, or any pending infringement, opposition, or cancellation proceeding, that could materially affect your use of our Marks. There is no pending litigation involving the Marks.

We cannot prevent anyone who began using the name "TWO MAIDS" before our use of it from continuing their use of that name in the area of prior use. The name "TWO MAIDS" may be in use by other businesses in the United States who are not our franchisees or in any way affiliated with us. You acknowledge that you are responsible for finding out whether the name "TWO MAIDS" is already being used in the Territory. As a material part of the consideration for our grant of a franchise to you, you agree that we are not liable to you for any prior use of the name "TWO MAIDS" by anyone else.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Although we have not filed a copyright registration application for the Manual or the Handbook, we claim a copyright in their contents. The information contained in the Manual and the Handbook is proprietary. Except for your right to use the Manual and the Handbook and our marketing materials, you do not receive the right to use any item covered by a copyright.

You must promptly tell us when you learn about unauthorized use of any of our proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses recovered by a third party because of claims of infringement or misappropriation of proprietary information, patents, or copyrights based on your authorized use of this information.

We do not own any rights in or licenses to any patents that are material to the franchise. We do not have any pending patent applications that are material to the franchise.

ITEM 15. OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We prefer franchisees who plan to participate actively in the direct operation and daily

affairs of the Franchised Business. We do not want to grant franchises to people who are merely seeking a passive investment. If you do not operate the Franchised Business yourself, you must employ at least one manager on a full time basis. If you operate your franchise as a company, the manager does not have to have an equity interest in your company. You must disclose the identity of the manager to us and, should the identity of the manager change, you must notify us in writing. The manager must complete our initial training program, devote his or her entire time during normal business hours to the management, operation, and development of the Franchised Business, maintain confidentiality of the trade secrets described in Item 14 and conform to the covenants not to compete described in Item 17.

We require the franchisee to be a company or a corporation by the time business commences. Anyone who has direct or indirect control of the company or corporation or a direct or indirect beneficial interest in the company or corporation must sign the Personal Covenant and Guarantee attached to the franchise agreement as Schedule 1. If you are married, your spouse also must sign the Personal Covenant and Guarantee.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell in the Franchised Business only goods and services that we have authorized you to sell. We may add to, delete from or modify the services, products, equipment, programs and other items which you can and must offer or we may modify the System. You must sell all goods and services authorized by us and abide by any additions, deletions and modifications. There are no limits on our rights to make these changes but the investment you must make in equipment, supplies and inventory because of these changes will not exceed \$5,000 per year per territory without your prior approval. These requirements are set forth in greater detail in Item 8 of this disclosure document.

Unless we approve otherwise in writing, you may only provide residential cleaning sales and services with respect to residences located within your Territory. Unless we instruct otherwise, you may operate in unassigned territories known as Gray Area adjoining your Territory. Any operations in Gray Area are subject to sale of a territory that includes them or part of them to another franchisee, to initiation of "company-owned" operations in the Gray Area, and to our rules and regulations. Any advertising in Gray Area (including in telephone directories) may include only our toll-free telephone number, and not your local telephone number.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

| Provision | Section in Franchise Agreement | Summary |
|--|--------------------------------|---|
| a. Length of the franchise term | 5.1 | Initial term of 10 years. |
| b. Renewal or extension of the term | 5.2 | 2 consecutive 5-year terms. |
| c. Requirements for you to renew or extend | 5.2 | Pay renewal fee and sign franchise agreement in our then- current form, not be in default, make necessary upgrades to the franchised business. The new franchise agreement may have materially different terms and conditions from our current franchise agreement. |
| d. Termination by you | None | You may terminate under any grounds permitted by law. |
| e. Termination by us without cause | None | Not applicable |
| f. Termination by us with cause | 10.1 | We can terminate (i) if you commit a material default, or (ii) if a condition occurs, the non-occurrence of which was presumed. |
| g. "Cause" defined – curable defaults | 10.3 | You have 7 days to cure service mark violations (must begin the cure within 24 hours after notice). You have 30 days to cure defaults not listed in Section 10.2. |

| Provision | Section in Franchise Agreement | Summary |
|---|---------------------------------------|---|
| h. "Cause" defined – non-curable defaults | 10.2 | Non-curable grounds for termination include: adjudication as a bankrupt, assignment for the benefit of creditors, admission of insolvency, abandonment of the franchised business, mutual agreement to terminate, material misrepresentation relating to the acquisition of the Franchised Business or engaging in conduct reflecting materially and unfavorably upon the operation and reputation of the Franchised Business or the Marks, failure to comply with any federal, state or local law applicable to the Franchised Business within 10 days of notification of noncompliance, repeated breaches whether or not corrected after notice, repeated failure to comply with the franchise agreement, whether or not corrected after notice, seizure of Franchised Business, final judgement against Franchisee not satisfied within 30 days, conviction of felony or misdemeanor involving moral turpitude, failure to pay fees to Franchisor within 5 days after receiving written notice, continued operation of Franchised Business would result in imminent danger to public health and safety, any other franchise agreement between Franchisor and Franchisee is terminated. |
| i. Your obligations on termination/nonrenewal | 12.1 | Obligations include removal of TWO MAIDS® marks and payment of amounts due us. You must assign all telephone numbers relating to the business to us. (See r. below) |
| j. Assignment of contract by us | 9.1 | We may assign the franchise agreement if we determine the transferee is financially capable of performing our obligations and if the transferee agrees to assume such obligations. |

| Provision | Section in Franchise Agreement | Summary |
|---|---------------------------------------|--|
| k. "Transfer" by you-definition | 1.18, 9.2 | Includes transfer of contract or assets or any ownership change. |
| l. Our approval of transfer by you | 9.2(b) | We have the right to approve all transfers. |
| m. Conditions for our approval of transfer | 9.2(b) | New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, all money due and owing to us paid by you, and current agreement signed by new franchisee. (Also see r. below). |
| n. Our right of first refusal to acquire your business | 9.3 | We can match any offer for your Franchised Business. |
| o. Our option to purchase your business | 12.2 | We have the option to buy the TWO MAIDS® Franchised Business, including leasehold rights to the Site, at fair market value after expiration, our termination or your termination without cause, of the agreement. |
| p. Your death or disability | 9.6 | Heir or successor must complete initial training within 30 days after the date of transfer. |
| q. Non-competition covenants during the term of the franchise | 8.16 | Subject to state law, you may have no involvement in competing business anywhere in U.S. or in any other country where we have applied to register our trademarks. |
| r. Non-competition covenants after the franchise is terminated or expires | 8.16, 12.1 | Subject to state law, you may not engage in any competing business for 2 years within the former territory or within 25 miles of any other TWO MAIDS® territory. You must totally de-identify when your franchise rights have ended. |
| s. Modification of the agreement | 14.3 | No modifications generally, but Manuals and specifications are subject to change. |

| Provision | Section in Franchise Agreement | Summary |
|---|---------------------------------------|--|
| t. Integration/merger clause | 14.2 | Only the terms of this franchise disclosure document, the franchise agreement and Manual are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | 11.1 – 11.5 | Except for certain claims, and subject to state law, all disputes must be arbitrated or mediated in Jefferson County, Alabama. |
| v. Choice of forum | 11.4, 11.6 | Subject to applicable state law, claims for equitable or injunctive relief must be conducted in Jefferson County, Alabama. |
| w. Choice of law | 14.1 | Federal law applies to arbitration and trademark issues. The law of your state applies to amendment of your franchise agreement, the maximum rate of interest that can be charged, and post-termination non-competition issues. Except as required by applicable law, Alabama law applies to all other issues. |

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

The term Gross Revenue in each of the charts below is defined as follows: "Gross Revenues" means the aggregate of all billings whether collected or not, including cash sales and sales on account, monies billed for residential house cleaning services whether performed by franchisee or subcontracted, monies billed in connection with trade or barter agreements, or monies billed for any other cleaning and/or maintenance of any structure, interior or exterior, including without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by franchisee for or on behalf of and paid to any governmental taxing authority, and any rebate received by franchisee from a manufacturer or supplier. **The Gross Revenue reported in the following charts is unaudited.**

There were 103 franchised locations as of December 31, 2022. Charts 1 through 5 and 6 through 10 are arranged in Quintiles setting out all 68 franchised locations open two or more years as of December 31, 2022, displaying the low, average, median and high Gross Revenue in each Quintile along with Direct Labor, Cleaning Materials, Total Cost of Sales and Gross Margin. Chart 11 sets out the 8 franchised locations open at least 12 months but less than 2 years. The charts exclude the 27 locations that were not open for at least one year as of December 31, 2022. The category "Direct Labor" includes wages (net of payroll taxes) paid to employees that can be directly attributed to the services we provide. The category "Cleaning Materials" includes all expenses for cleaning supplies and equipment. The Category "Total Cost of Sales" is calculated by adding "Direct Labor" and "Cleaning Materials" together. The category, "Gross Margin", is the company's Revenues ("Sales") less its Total Cost of Sales. The category (Web) Leads Per Month equals the low, average, median and high number of leads received in each quadrant. The Lead Conversion Percentage (%) is the percentage of Web Leads, which were converted into an actual sale. The category Recurring Customer Percentage (%) is the percentage of Gross Revenues generated by recurring customers. The Average Price - Recurring equals the average ticket price for those recurring customers. The "Average Price - Single" equals the average ticket price of a one-time customer and the "Average Price-All" includes the average ticket price of both recurring and single customers.

Chart 1 Quintile One contains the territories with the 14 highest Gross Revenue numbers, Chart 2 Quintile Two contains the territories with the next 14 highest Gross Revenue numbers, Chart 3 Quintile Three the territories with the next 14 highest Gross Revenue numbers, Chart 4 Quintile Four the territories with the next 14 highest Gross Revenue numbers, and Chart 5 Quintile Five the territories with the 12 lowest Gross Revenue numbers. Chart 6 Quintile One contains the territories with the 14 highest number of households, Chart 7 Quintile Two contains the territories with the next 14 highest number of households, Chart 8 Quintile Three the territories with the next 14 highest number of households, Chart 9 Quintile Four the territories with the next 14 highest

number of households, and Chart 10 Quintile Five the territories with the 12 lowest number of households.

Chart 1
2022 Locations Open 2 Years or More
Quintile One
(Top 14 Territories by Gross Revenues)

| 2022 | | | | |
|-----------------------------------|------------------|--------------------|--------------------|--------------------|
| 1st Quintile | | | | |
| Description | Low | Average | Median | High |
| Gross Revenues¹ | \$857,993 | \$1,247,708 | \$1,119,740 | \$2,268,544 |
| Direct Labor | \$407,222 | \$569,085 | \$498,442 | \$1,033,619 |
| Cleaning Materials | \$13,227 | \$21,810 | \$23,150 | \$29,906 |
| Total Cost Of Sales | \$420,449 | \$590,895 | \$521,591 | \$1,063,525 |
| Gross Margin \$ | \$437,545 | \$656,812 | \$598,149 | \$1,205,019 |
| Gross Margin % | 51% | 53% | 53% | 53% |
| Web Leads Per Month | 138 | 226 | 136 | 376 |
| Lead Conversion % | 12% | 18% | 20% | 16% |
| Recurring Customer % | 82% | 79% | 81% | 79% |
| Avg Price - Recurring | \$159 | \$160 | \$161 | \$213 |
| Avg Price - Single | \$352 | \$269 | \$235 | \$380 |
| Avg Price - All | \$176 | \$174 | \$170 | \$235 |

Note 1: Chart reflects top 14 of 68 territories (first quintile) by Gross Revenues.

Of the 14 territories represented, 6 or 43% attained or surpassed the average gross revenues and 7 or 50% attained or surpassed the median gross revenues.

Chart 2
2022 Locations Open 2 Years or More
Quintile Two
(Next 14 Territories by Gross Revenues)

| 2022 2nd Quintile | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Description | Low | Average | Median | High |
| Gross Revenues² | \$595,391 | \$685,414 | \$684,999 | \$831,165 |
| Direct Labor | \$313,417 | \$313,261 | \$316,431 | \$369,822 |
| Cleaning Materials | \$5,753 | \$13,851 | \$13,211 | \$12,428 |
| Total Cost of Sales | \$319,170 | \$327,112 | \$329,642 | \$382,251 |
| Gross Margin \$ | \$276,221 | \$358,302 | \$355,357 | \$448,914 |
| Gross Margin % | 46% | 52% | 52% | 54% |
| Web Leads Per Month | 246 | 191 | 216 | 266 |
| Lead Conversion % | 16% | 15% | 20% | 6% |
| Recurring Customer % | 78% | 76% | 72% | 92% |
| Avg Price - Recurring | \$138 | \$158 | \$151 | \$191 |
| Avg Price - Single | \$265 | \$285 | \$226 | \$338 |
| Avg Price - All | \$154 | \$178 | \$166 | \$198 |

Note 2: Chart reflects second top 14 of 68 territories (second quintile) by Gross Revenues.

Of the 14 territories represented, 7 or 50% attained or surpassed the average gross revenues and 7 or 50% attained or surpassed the median gross revenues.

Chart 3
2022 Locations Open 2 Years or More
Quintile Three
(Next 14 Territories by Gross Revenues)

| 2022 3rd Quintile | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Description | Low | Average | Median | High |
| Gross Revenues³ | \$509,251 | \$553,249 | \$554,713 | \$591,526 |
| Direct Labor | \$222,085 | \$255,232 | \$244,463 | \$282,554 |
| Cleaning Materials | \$5,556 | \$13,579 | \$11,239 | \$23,858 |
| Total Cost of Sales | \$227,641 | \$268,811 | \$255,702 | \$306,412 |
| Gross Margin \$ | \$281,610 | \$284,437 | \$299,011 | \$285,114 |
| Gross Margin % | 55% | 51% | 54% | 48% |
| Web Leads Per Month | 134 | 162 | 120 | 107 |
| Lead Conversion % | 18% | 17% | 23% | 23% |
| Recurring Customer % | 76% | 77% | 74% | 57% |
| Avg Price - Recurring | \$157 | \$153 | \$172 | \$150 |
| Avg Price - Single | \$305 | \$252 | \$244 | \$168 |
| Avg Price - All | \$177 | \$167 | \$184 | \$157 |

Note 3: Chart reflects third top 14 of 68 territories (third quintile) by Gross Revenues.

Of the 14 territories represented, 7 or 50% attained or surpassed the average gross revenues and 7 or 50% attained or surpassed the median gross revenues.

Chart 4
2022 Locations Open 2 Years or More
Quintile Four
(Next 14 Territories by Gross Revenues)

| 2022 4th Quintile | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Description | Low | Average | Median | High |
| Gross Revenues⁴ | \$328,594 | \$409,973 | \$404,871 | \$483,380 |
| Direct Labor | \$154,504 | \$185,327 | \$165,810 | \$221,150 |
| Cleaning Materials | \$22,539 | \$9,208 | \$7,581 | \$19,717 |
| Total Cost of Sales | \$177,043 | \$194,536 | \$173,391 | \$240,867 |
| Gross Margin \$ | \$151,550 | \$215,437 | \$231,480 | \$242,513 |
| Gross Margin % | 46% | 53% | 57% | 50% |
| Web Leads Per Month | 150 | 142 | 113 | 177 |
| Lead Conversion % | 21% | 18% | 19% | 15% |
| Recurring Customer % | 65% | 73% | 75% | 76% |
| Avg Price - Recurring | \$83 | \$143 | \$141 | \$94 |
| Avg Price - Single | \$242 | \$271 | \$249 | \$225 |
| Avg Price - All | \$107 | \$164 | \$159 | \$109 |

Note 4: Chart reflects second bottom 14 of 68 territories (fourth quintile) by Gross Revenues.

Of the 14 territories represented, 7 or 50% attained or surpassed the average gross revenues and 7 or 50% attained or surpassed the median gross revenues.

Chart 5
2022 Locations Open 2 Years or More
Quintile Five
(Lowest 12 Territories by Gross Revenues)

| 2022 5th Quintile | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Description | Low | Average | Median | High |
| Gross Revenues⁵ | \$249,843 | \$260,817 | \$264,845 | \$318,308 |
| Direct Labor | \$112,429 | \$113,084 | \$131,855 | \$143,970 |
| Cleaning Materials | \$6,246 | \$5,539 | \$5,476 | \$4,264 |
| Total Cost of Sales | \$118,675 | \$118,623 | \$137,332 | \$148,234 |
| Gross Margin \$ | \$131,168 | \$142,194 | \$127,513 | \$170,074 |
| Gross Margin % | 53% | 55% | 48% | 53% |
| Web Leads Per Month | 108 | 118 | 150 | 239 |
| Lead Conversion % | 19% | 16% | 17% | 9% |
| Recurring Customer % | 59% | 70% | 74% | 76% |
| Avg Price - Recurring | \$68 | \$135 | \$109 | \$200 |
| Avg Price - Single | \$255 | \$238 | \$179 | \$220 |
| Avg Price - All | \$97 | \$154 | \$119 | \$204 |

Note 5: Chart reflects bottom 12 of 68 territories (approximately the fifth quintile) by Gross Revenues.

Of the 12 territories represented, 7 or 58% attained or surpassed the average gross revenues and 6 or 50% attained or surpassed the median gross revenues.

Chart 6
2022 Locations Open 2 Years or More
Quintile One
(Top 14 Territories by Number of Households)

| 2022 | | | | |
|-----------------------------------|------------------|------------------|------------------|--------------------|
| 1st Quintile | | | | |
| Description | Low | Average | Median | High |
| Gross Revenues⁶ | \$249,843 | \$686,045 | \$609,734 | \$1,120,442 |
| Direct Labor | \$115,401 | \$330,650 | \$305,734 | \$527,735 |
| Cleaning Materials | (\$333) | \$14,487 | \$9,307 | \$38,072 |
| Total Cost Of Sales | \$115,068 | \$345,137 | \$315,041 | \$565,807 |
| Gross Margin \$ | \$134,775 | \$340,908 | \$294,693 | \$554,635 |
| Gross Margin % | 54% | 50% | 48% | 50% |
| Web Leads Per Month | 108 | 263 | 236 | 175 |
| Lead Conversion % | 19% | 15% | 16% | 21% |
| Recurring Customer % | 59% | 76% | 76% | 77% |
| Avg Price - Recurring | \$68 | \$150 | \$151 | \$168 |
| Avg Price - Single | \$255 | \$251 | \$259 | \$211 |
| Avg Price - All | \$97 | \$165 | \$168 | \$176 |

Note 6: Chart reflects top 14 of 68 territories (first quintile) by households.

Of the 14 territories represented, 6 or 43% attained or surpassed the average gross revenues and 7 or 50% attained or surpassed the median gross revenues. Households range from 1,015,058 to 387,391. The high of \$1,120,442 was from a territory with 387,391 households, the low of \$249,843 was from a territory with 439,054 households, the median of \$609,734 was from territories with an average of 513,197 households and the average of \$686,045 was from territories with an average of 580,792 households.

Chart 7
2022 Locations Open 2 Years or More
Quintile Two
(Next 14 Territories by Number of Households)

| 2022 2nd Quintile | | | | |
|-----------------------------------|------------------|------------------|------------------|--------------------|
| Description | Low | Average | Median | High |
| Gross Revenues⁷ | \$225,223 | \$610,429 | \$460,494 | \$2,268,544 |
| Direct Labor | \$122,495 | \$280,962 | \$184,678 | \$1,033,619 |
| Cleaning Materials | \$4,862 | \$10,393 | \$5,710 | \$29,906 |
| Total Cost of Sales | \$127,357 | \$291,355 | \$190,387 | \$1,063,525 |
| Gross Margin \$ | \$97,866 | \$319,073 | \$270,107 | \$1,205,019 |
| Gross Margin % | 43% | 52% | 59% | 53% |
| Web Leads Per Month | 116 | 155 | 121 | 376 |
| Lead Conversion % | 16% | 18% | 18% | 16% |
| Recurring Customer % | 72% | 76% | 77% | 79% |
| Avg Price - Recurring | \$117 | \$150 | \$150 | \$213 |
| Avg Price - Single | \$258 | \$251 | \$262 | \$380 |
| Avg Price - All | \$138 | \$164 | \$166 | \$235 |

Note 7: Chart reflects second 14 of 68 territories (second quintile) by households.

Of the 14 territories represented, 5 or 36% attained or surpassed the average gross revenues and 7 or 50% attained or surpassed the median gross revenues. Households range from 328,380 to 241,925. The high of \$2,268,544 was from a territory with 241,925 households, the low of \$225,223 was from a territory with 327,608 households, the median of \$460,494 was from territories with an average of 271,284 households and the average of \$610,429 was from territories with an average of 285,441 households.

Chart 8
2021 Locations Open 2 Years or More
Quintile Three
(Next 14 Territories by Number of Households)

| 2022 | | | | |
|-----------------------------------|------------------|------------------|------------------|--------------------|
| 3rd Quintile | | | | |
| Description | Low | Average | Median | High |
| Gross Revenues⁸ | \$157,574 | \$593,921 | \$560,531 | \$1,279,406 |
| Direct Labor | \$70,838 | \$257,576 | \$261,834 | \$584,317 |
| Cleaning Materials | \$573 | \$12,154 | \$6,734 | \$25,929 |
| Total Cost of Sales | \$71,411 | \$269,729 | \$268,568 | \$610,246 |
| Gross Margin \$ | \$86,163 | \$324,192 | \$291,963 | \$669,160 |
| Gross Margin % | 55% | 55% | 52% | 52% |
| Web Leads Per Month | 119 | 141 | 117 | 217 |
| Lead Conversion % | 9% | 16% | 16% | 21% |
| Recurring Customer % | 77% | 80% | 80% | 79% |
| Avg Price - Recurring | \$112 | \$150 | \$171 | \$177 |
| Avg Price - Single | \$272 | \$248 | \$240 | \$280 |
| Avg Price - All | \$130 | \$164 | \$178 | \$192 |

Note 8: Chart reflects third 14 of 68 territories (third quintile) by households.

Of the 14 territories represented, 5 or 36% attained or surpassed the average gross revenues and 7 or 50% attained or surpassed the median gross revenues. Households range from 241,498 to 188,667. The high of \$1,279,406 was from a territory with 201,783 households, the low of \$157,574 was from a territory with 231,646 households, the median of \$560,531 was from territories with an average of 220,732 households and the average of \$593,921 was from territories with an average of 214,903 households.

Chart 9
2022 Locations Open 2 Years or More
Quintile Four
(Next 14 Territories by Number of Households)

| 2022 4th Quintile | | | | |
|-----------------------------------|------------------|------------------|------------------|--------------------|
| Description | Low | Average | Median | High |
| Gross Revenues⁹ | \$278,061 | \$708,501 | \$517,849 | \$1,759,711 |
| Direct Labor | \$163,162 | \$328,359 | \$230,560 | \$973,177 |
| Cleaning Materials | \$8,762 | \$12,803 | \$17,113 | \$35,194 |
| Total Cost of Sales | \$171,924 | \$341,162 | \$247,673 | \$1,008,372 |
| Gross Margin \$ | \$106,137 | \$367,340 | \$270,176 | \$751,339 |
| Gross Margin % | 38% | 52% | 52% | 43% |
| Web Leads Per Month | 144 | 165 | 151 | 358 |
| Lead Conversion % | 18% | 16% | 19% | 16% |
| Recurring Customer % | 66% | 76% | 76% | 82% |
| Avg Price - Recurring | \$137 | \$153 | \$138 | \$155 |
| Avg Price - Single | \$230 | \$274 | \$266 | \$227 |
| Avg Price - All | \$159 | \$171 | \$156 | \$164 |

Note 9: Chart reflects second bottom 14 of 68 territories (fourth quintile) by households.

Of the 14 territories represented, 4 or 29% attained or surpassed the average gross revenues and 7 or 50% attained or surpassed the median gross revenues. Households range from 183,444 to 133,825. The high of \$1,759,711 was from a territory with 172,049 households, the low of \$278,061 was from a territory with 155,466 households, the median of \$517,849 was from territories with an average of 158,438 households and the average of \$708,501 was from territories with an average of 163,794 households.

Chart 10
2022 Locations Open 2 Years or More
Quintile Five
(Lowest 12 Territories by Number of Households)

| 2022 5th Quintile | | | | |
|------------------------------------|------------------|------------------|------------------|--------------------|
| Description | Low | Average | Median | High |
| Gross Revenues¹⁰ | \$328,594 | \$610,311 | \$561,132 | \$1,447,644 |
| Direct Labor | \$154,504 | \$281,506 | \$252,616 | \$654,581 |
| Cleaning Materials | \$22,539 | \$13,589 | \$14,303 | \$9,839 |
| Total Cost of Sales | \$177,043 | \$295,095 | \$266,919 | \$664,420 |
| Gross Margin \$ | \$151,550 | \$315,216 | \$294,213 | \$783,224 |
| Gross Margin % | 46% | 52% | 52% | 54% |
| Web Leads Per Month | 150 | 126 | 115 | 160 |
| Lead Conversion % | 21% | 20% | 19% | 23% |
| Recurring Customer % | 65% | 67% | 76% | 66% |
| Avg Price - Recurring | \$83 | \$147 | \$132 | \$180 |
| Avg Price - Single | \$242 | \$300 | \$276 | \$320 |
| Avg Price - All | \$107 | \$177 | \$151 | \$211 |

Note 10: Chart reflects bottom 12 of 68 territories (approximately fifth quintile) by households.

Of the 12 territories represented, 4 or 33% attained or surpassed the average gross revenues and 6 or 50% attained or surpassed the median gross revenues. Households range from 133,780 to 69,707. The high of \$1,447,644 was from a territory with 78,184 households, the low of \$328,594 was from a territory with 124,465 households, the median of \$561,132 was from territories with an average of 110,427 households and the average of \$610,311 was from territories with an average of 98,732 households.

Chart 11
2022 Locations Open at Least 12 Months but Less Than 2 Years as of 12/31/22

| 2022 | | | | |
|------------------------------------|------------------|------------------|------------------|------------------|
| Description | Low | Average | Median | High |
| Gross Revenues¹¹ | \$152,693 | \$225,833 | \$226,998 | \$264,535 |
| Direct Labor | \$65,002 | \$99,400 | \$99,312 | \$113,771 |
| Cleaning Materials | \$5,275 | \$5,179 | \$1,760 | \$6,347 |
| Total Cost of Sales | \$70,277 | \$104,580 | \$101,072 | \$120,118 |
| Gross Margin \$ | \$82,416 | \$121,253 | \$125,926 | \$144,416 |
| Gross Margin % | 54% | 54% | 55% | 55% |
| Web Leads Per Month | 67 | 78 | 74 | 68 |
| Lead Conversion % | 21% | 18% | 20% | 14% |
| Recurring Customer % | 65% | 73% | 73% | 83% |
| Avg Price – Recurring | \$163 | \$148 | \$131 | \$166 |
| Avg Price - Single | \$245 | \$247 | \$268 | \$237 |
| Avg Price - All | \$184 | \$166 | \$152 | \$175 |

Note 11: Chart reflects the 8 territories open between one and two years by Gross Revenues.

Of the 8 territories represented, 4 or 50% attained or surpassed the average gross revenues and 4 or 50% attained or surpassed the median gross revenues.

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

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

Other than the preceding financial performance representation, Two Maids Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally in or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Two Maids Franchising, LLC, 505 20th Street North, Suite 975, Birmingham, Alabama 35203, (205) 870-8643, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
System-wide Outlet Summary
For the Fiscal Years 2020, 2021 and 2022

| Outlet Type | Year | Outlets at Start of Year | Outlets at the End of the Year | Net Change |
|----------------------|-------------|---------------------------------|---------------------------------------|-------------------|
| Franchised | 2020 | 80 | 80 | 0 |
| | 2021 | 80 | 91 | +11 |
| | 2022 | 91 | 101 | +10 |
| Company-Owned | 2020 | 2 | 2 | 0 |
| | 2021 | 2 | 1 | -1 |
| | 2022 | 1 | 0 | -1 |
| Total Outlets | 2020 | 82 | 82 | 0 |
| | 2021 | 82 | 92 | +10 |
| | 2022 | 92 | 101 | +9 |

TABLE 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For 2020, 2021 and 2022

| State | Year | Number of Transfers |
|---------------|-------------|----------------------------|
| Alabama | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 1 |
| Colorado | 2020 | 1 |
| | 2021 | 1 |
| | 2022 | 0 |
| Florida | 2020 | 0 |
| | 2021 | 1 |
| | 2022 | 2 |
| Georgia | 2020 | 1 |
| | 2021 | 1 |
| | 2022 | 1 |
| Kansas | 2020 | 1 |
| | 2021 | 0 |
| | 2022 | 0 |
| Louisiana | 2020 | 0 |
| | 2021 | 1 |
| | 2022 | 0 |
| Massachusetts | 2020 | 0 |
| | 2021 | 1 |

| State | Year | Number of Transfers |
|----------------|-------------|---------------------|
| | 2022 | 0 |
| Minnesota | 2020 | 0 |
| | 2021 | 1 |
| | 2022 | 0 |
| New Hampshire | 2020 | 1 |
| | 2021 | 0 |
| | 2022 | 0 |
| North Carolina | 2020 | 0 |
| | 2021 | 1 |
| | 2022 | 0 |
| Ohio | 2020 | 1 |
| | 2021 | 0 |
| | 2022 | 1 |
| South Carolina | 2020 | 0 |
| | 2021 | 1 |
| | 2022 | 1 |
| Texas | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 2 |
| Total | 2020 | 4 |
| | 2021 | 8 |
| | 2022 | 8 |

TABLE 3
Status of Franchised Outlets For 2020, 2021 and 2022

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at End of Year |
|------------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|------------------------|
| Alabama | 2020 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2022 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| Arizona | 2020 | 2 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| 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 |
| | 2020 | 3 | 0 | 2 | 0 | 0 | 0 | 1 |
| California | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Colorado | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at End of Year |
|----------------------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|------------------------|
| | 2022 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| Connecticut | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| District of Columbia | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2020 | 14 | 1 | 2 | 0 | 0 | 0 | 13 |
| | 2021 | 13 | 0 | 0 | 0 | 0 | 0 | 13 |
| | 2022 | 13 | 2 | 0 | 0 | 0 | 0 | 15 |
| Georgia | 2020 | 9 | 1 | 2 | 0 | 0 | 0 | 8 |
| | 2021 | 8 | 1 | 0 | 0 | 0 | 0 | 9 |
| | 2022 | 9 | 2 | 0 | 0 | 0 | 0 | 11 |
| Illinois | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Kansas | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Kentucky | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Louisiana | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Maryland | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| Massachusetts | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Michigan | 2020 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Minnesota | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Mississippi | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Missouri | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Nevada | 2020 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at End of Year |
|----------------|-------------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|------------------------|
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| 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 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New York | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| North Carolina | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| Ohio | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 1 | 1 |
| Pennsylvania | 2020 | 2 | 1 | 2 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| South Carolina | 2020 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Tennessee | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| Texas | 2020 | 6 | 3 | 0 | 0 | 0 | 0 | 9 |
| | 2021 | 9 | 2 | 0 | 0 | 0 | 0 | 11 |
| | 2022 | 11 | 1 | 0 | 0 | 0 | 1 | 11 |
| Utah | 2020 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| Virginia | 2020 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2022 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| Washington | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Wisconsin | 2020 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Total | 2020 | 80 | 11 | 11 | 0 | 0 | 0 | 80 |
| | 2021 | 80 | 12 | 1 | 0 | 0 | 0 | 91 |
| | 2022 | 91 | 14 | 0 | 0 | 0 | 4 | 101 |

TABLE 4
Status of Company – Owned Outlets For 2020, 2021 and 2022

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets At End Of The Year |
|---------------|-------------|--------------------------|----------------|------------------------------------|----------------|----------------------------|----------------------------|
| Alabama | 2020 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 1 | 0 |
| Texas | 2020 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 1 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals | 2020 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 1 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 1 | 0 |

TABLE 5
Projected Openings as of December 31, 2023

| State | Franchise Agreements Signed But Outlets Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|-------------|--|--|---|
| Alabama | 0 | 0 | 0 |
| Alaska | 0 | 0 | 0 |
| Arizona | 2 | 1 | 0 |
| Arkansas | 0 | 1 | 0 |
| California | 2 | 1 | 0 |
| Colorado | 0 | 1 | 0 |
| Connecticut | 0 | 1 | 0 |
| Delaware | 0 | 0 | 0 |
| Florida | 0 | 2 | 0 |
| Georgia | 0 | 1 | 0 |
| Hawaii | 0 | 0 | 0 |
| Idaho | 0 | 0 | 0 |
| Illinois | 1 | 0 | 0 |
| Indiana | 0 | 1 | 0 |
| Iowa | 0 | 0 | 0 |

| State | Franchise Agreements Signed But Outlets Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|----------------|---|---|--|
| Kansas | 0 | 0 | 0 |
| Kentucky | 0 | 1 | 0 |
| Louisiana | 0 | 0 | 0 |
| Maine | 0 | 0 | 0 |
| Maryland | 1 | 1 | 0 |
| Massachusetts | 0 | 0 | 0 |
| Michigan | 1 | 1 | 0 |
| Minnesota | 2 | 1 | 0 |
| Mississippi | 0 | 0 | 0 |
| Missouri | 0 | 1 | 0 |
| Montana | 0 | 0 | 0 |
| Nebraska | 0 | 0 | 0 |
| Nevada | 0 | 1 | 0 |
| New Hampshire | 0 | 0 | 0 |
| New Jersey | 1 | 0 | 0 |
| New Mexico | 0 | 0 | 0 |
| New York | 0 | 1 | 0 |
| North Carolina | 1 | 1 | 0 |
| North Dakota | 0 | 0 | 0 |
| Ohio | 1 | 1 | 0 |
| Oklahoma | 0 | 0 | 0 |
| Oregon | 0 | 0 | 0 |
| Pennsylvania | 0 | 1 | 0 |
| Rhode Island | 0 | 0 | 0 |
| South Carolina | 0 | 1 | 0 |
| South Dakota | 0 | 0 | 0 |
| Tennessee | 0 | 1 | 0 |

| State | Franchise Agreements Signed But Outlets Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|----------------|--|--|---|
| Texas | 3 | 1 | 0 |
| Utah | 0 | 0 | 0 |
| Vermont | 0 | 0 | 0 |
| Virginia | 0 | 1 | 0 |
| Washington | 1 | 1 | 0 |
| Washington, DC | 0 | 0 | 0 |
| West Virginia | 0 | 0 | 0 |
| Wisconsin | 3 | 1 | 0 |
| Wyoming | 0 | 0 | 0 |
| Totals | 19 | 25 | 0 |

NOTE:

A list of current franchisees, addresses and telephone numbers is found in Exhibit C.

A list of former franchisees who voluntarily, involuntarily or who had an outlet terminated, canceled or not renewed or who have not communicated with us within 10 weeks of the issuance date of this disclosure document and their telephone number if known, or last known home telephone number and city and state, is found in Exhibit D.

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

No franchisees have signed confidentiality clauses during the last three fiscal years.

There are no trademark specific franchisee organizations associated with the franchise system which we created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this Disclosure Document.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit B are our audited financial statements as of and for the years ending December 31, 2022, 2021 and 2020.

ITEM 22. CONTRACTS

The following agreements are proposed for use in this state in connection with the franchise we offer:

| TITLE OF AGREEMENT | EXHIBIT/SCHEDULE | SIGNED BY |
|--|-------------------------|--|
| Franchise Agreement and State Specific Addendum | Exhibit A | You and us |
| Personal Covenant and Guarantee | Schedule 1 to Exhibit A | All people having direct or indirect “control”* over the Franchisee or a direct or indirect beneficial ownership interest in Franchisee, including any spouse of Franchisee. |
| Consent to Transfer and Assumption of Franchise Agreement (includes release of claims) | Exhibit G | You, new franchisee and us |
| Veterans Addendum to Franchise Agreement | Exhibit H | You (only if you are a veteran) and us |
| Secured Promissory Note | Exhibit I | You (Obligor) |
| General Security Agreement | Exhibit J | You (Pledgor) and us |

| TITLE OF AGREEMENT | EXHIBIT/SCHEDULE | SIGNED BY |
|--|------------------|----------------------|
| Conditional Assignment and Assumption of Lease | Exhibit K | You, us and Landlord |
| Local Advertising Services Program Agreement | Exhibit L | You and us |
| National Sales Center Agreement | Exhibit M | You and us |
| Master Services Agreement | Exhibit N | You and us |

**“Control” means possession of the direct or indirect power to direct or cause the direction of your management and policies, whether through the ownership of voting securities, by contract, or otherwise.*

ITEM 23. RECEIPT

Attached, as the last page of this disclosure document, is a receipt. Please sign it, date it **as of the date you receive this disclosure document** and return it to us. A duplicate of the receipt is attached for your records.

STATE SPECIFIC ADDENDA

California

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.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains provisions that are inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

Neither the franchisor nor any person 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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

You will not receive an exclusive territory. You may face competition from other channels of distribution or competitive brands that we control.

OUR WEBSITE, [HTTP://TWOMAIDSCLEANING.COM/](http://TWOMAIDSCLEANING.COM/) AND OUR WEBSITE [HTTP://TWOMAIDSFRANCHISE.COM/](http://TWOMAIDSFRANCHISE.COM/), HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

In Item 6, the maximum interest allowed in California is 10% per annum. Item 6 is modified in California to comply with California law and charging a maximum of 10% per annum

for “Late Payment Charges”.

The franchise agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damage clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur in Jefferson County, Alabama with cost being borne by each respective party unless the claim is for amounts owed by franchisee to franchisor, in which case all cost and expenses relating to the claim shall be borne by franchisee if franchisor prevails on the claim. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professional Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of Alabama. This provision may not be enforceable under California law.

California has a labor law known as California Assembly Bill 5 or “AB5” that governs when someone is classified as an employee or an independent contractor. Your franchise agreement states that you are an independent contractor, but AB5 may mean you are an employee instead. Being an employee may entitle you to minimum wage, sick and family leave, unemployment and workers’ compensation, expense reimbursements, protection from retaliation and discrimination, and other benefits given to employees. You should research and consult with an attorney regarding California’s labor laws.

Illinois

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.

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

Illinois law governs the relationship between the parties to this franchise.

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.

Maryland

Amendments to Item 17 of the disclosure document:

Item 17 is amended to state:

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

Item 17 is amended to add:

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

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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

Minnesota

Minnesota law provides franchisees with certain rights regarding termination and nonrenewal of their franchises. As in effect in November 1990, Minn. Stat. Ann. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of a franchise agreement.

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

Under Minn. Rule 2860.4400J, (1) a franchisee cannot waive any rights, (2) the franchisee cannot consent to the franchisor obtaining injunctive relief, although the franchisor may seek injunctive relief, and (3) a franchisee cannot be required to consent to waiver of a jury trial. In addition, a court will determine whether a bond is required.

Minn. Stat. §80C.21 and Minn. Rule 2860.440J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Under Minn. Rule 2860.4400D, we are prohibited from requiring you to sign a general release.

New York

The following information is added to the cover page of the Franchise Disclosure Document:

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, BUREAU OF

INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST 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 WITH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

1. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

2. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

3. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

4. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the

U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, 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 Sections 687.4 and 687.5 be satisfied.

The following language replaces the “Summary” section of Item 17(d), titled “**Termination by you (franchisee)**”:

You may terminate the agreement on any grounds available by law.

The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by us (franchisor)**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the franchise agreement.

The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

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

In North Dakota, the disclosure document is amended as follows to conform to North Dakota law:

Item 17r is amended to add the following: “To the extent that covenants not to compete apply to periods after the term of the franchise, they are generally considered unenforceable in the State of North Dakota.”

Item 17u is amended to omit any reference to the location of mediation or arbitration.

Item 17v is amended to state “None” under the heading for Section in Agreement and “Not Applicable” under the heading for “Summary”.

Item 17w is amended to replace “Alabama” with “North Dakota”.

Section 11.4 of the franchise agreement provides that the franchisee must agree to the arbitration or mediation of disputes in Alabama. Section 11.4 of the franchise agreement is amended to delete any reference to the location of mediation or arbitration.

Section 11.6 of the franchise agreement provides that the franchisee must consent to the jurisdiction of courts in Alabama. Section 11.6 of the franchise agreement is amended to replace “Alabama” with “North Dakota”.

Section 14.1 of the franchise agreement provides that the governing law of the franchise agreement is Alabama. Section 14.1 of the franchise agreement is amended to replace “Alabama” with “North Dakota”.

Section 11.6 of the franchise agreement includes a waiver of the right to a jury trial. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the disclosure document and franchise agreement.

Section 11.6 of the franchise agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchises and is deemed deleted in each place it appears in the disclosure document and franchise agreement.

Section 8.16 of the franchise agreement contains a post-term non-competition covenant. To the extent that covenants not to compete apply to periods after the term of the franchise, they are generally considered unenforceable in the State of North Dakota.

Washington

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

RCW 19.100, 180 may supersede the franchise agreement 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 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.

EXHIBIT A

FRANCHISE AGREEMENT, STATE ADDENDUM AND SCHEDULES

two maids

FRANCHISE AGREEMENT

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STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT

SCHEDULES:

1. Personal Covenant and Guarantee
2. Description of Territory
3. TWO MAIDS® Start-Up Package
4. Schedule of Names and Addresses of Owners and Principal Officers

FRANCHISE AGREEMENT

This Franchise Agreement (“**Agreement**”) is entered into as of _____ (“**Effective Date**”), between Two Maids Franchising, LLC, an Alabama limited liability company (“**Franchisor**”), and _____, a(n) _____ proposing to do business in the state of _____ as Two Maids® of _____ (“**Franchisee**”). Franchisee will begin operation under this Agreement on {6 months after Effective Date} (“**Operating Date**”).

RECITALS

(a) Franchisor is engaged in the administration and development of programs for the operation of TWO MAIDS® franchised businesses that offer and sell cleaning services for residential homes in a professional and secure manner with an appreciation for customers.

(b) TWO MAIDS® franchised businesses are established and operated using the System and Marks, as well as other proprietary information owned by, and identified with, Franchisor. Franchisor is the owner of the Marks, the System, and all rights in respect of each of them. Franchisor's activities in general, and its franchise program in particular, are undertaken to develop, maintain, and enhance the Marks and Franchisor's overall reputation in retail sales and related services relating to cleaning services for residential homes.

(c) Franchisee wishes to be franchised by Franchisor to use the System, the Marks, and the goodwill of Franchisor to conduct a TWO MAIDS® franchised business. Franchisor is willing to grant to Franchisee a franchise for the System and the Marks, in accordance with the provisions of this Agreement and the Manuals, as amended from time to time, on the terms and conditions set forth below.

(d) Franchisee acknowledges that, in the administration of this Agreement and in taking actions with respect to its relationship with Franchisee, Franchisor must take into account the needs of all people operating under the Marks, the effect upon those people as a whole, and the need to protect the Marks for the benefit of those people and Franchisor.

1. DEFINITIONS

1.1 Affiliate

An "Affiliate" of Franchisor or Franchisee, as the case may be, means all people in the following categories when they are conducting business activities related to Franchisor or Franchisee: (a) all people who Control, are Controlled by, or are under common Control with, Franchisor or Franchisee; (b) all direct or indirect shareholders, partners, members, or owners of Franchisor or Franchisee, regardless of whether they Control Franchisor or Franchisee; and (c) all officers, directors, employees, and agents of Franchisor or Franchisee and of Franchisor's or Franchisee's other Affiliates.

1.2 Approved Products and Services

The term "Approved Products and Services" means products and services related to residential cleaning services as approved by Franchisor from time to time.

1.3 Company-Owned Operation

The term "Company-Owned Operation" or "COO" means a business or businesses similar to some or all aspects of the Franchised Business owned and operated by Franchisor or its Affiliate for its own account.

1.4 Control

The term "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract, or otherwise.

1.5 CRM System

The term "CRM System" means an integrated business management system, which includes customized software, which facilitates the flow of business-related information between Franchisee, Franchisor, and Franchisee's customers.

1.6 Franchised Business

The term "Franchised Business" means maintaining and operating a retail operation for the sale of Approved Products and Services to customers located in the Protected Territory, in accordance with the System and using the goodwill associated with the Marks, all upon the terms and conditions stated in this Agreement. For purposes of this Agreement, a customer is located in the Protected Territory if the location where the Franchised Business's services will be performed is located in the Protected Territory.

1.7 Gray Area

The term "Gray Area" means an area adjoining the Protected Territory that is not part of any other franchisee's protected territory, nor an area served by a Company-Owned Operation.

1.8 Gross Revenue

The term "Gross Revenue" means the aggregate of all revenues, sales and other income and things of value including trade or barter agreements from whatever source derived, including Gray Area, arising out of, in connection with or relating to the Franchised Business including, without limitation, (a) income from any goods or services provided; and (b) all proceeds from any business interruption insurance, but excluding (i) all refunds and discounts made in good faith to a customer; (ii) any sales, use, retail sales and equivalent taxes which are collected by Franchisee for or on behalf of any governmental or other public body and actually remitted to such body; and (iii) the value of any coupon, voucher or other allowance authorized by Franchisor and issued or granted to customers of Franchised Business which is received or credited by Franchisee in full or

partial satisfaction of the price of any service offered in connection with the Franchised Business. Franchisor reserves the right to institute policies in the Manuals or otherwise in writing and from time to time, regarding the inclusion in Gross Revenue of any pre-paid services (including, without limitation, gift cards and gift certificates) and delivery and redemption thereof.

1.9 Manager

The term "Manager" means the employee or agent of Franchisee who has been designated by Franchisee as the person who, along with one of Franchisee’s principal owners, is responsible for the day-to-day operation of the Franchised Business and who has successfully completed initial training.

1.10 Manuals

The term “Manuals” means the confidential operations manual and one or more other manuals containing System standards, policies and procedures prescribed from time to time relating to the operation of the Franchised Business and other information relating to Franchisee’s other obligations under this Agreement and related agreements.

1.11 Marks

The term "Marks" means "TWO MAIDS®" and all other proprietary marks registered or pending with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logotypes, insignias, designs, and other commercial symbols which Franchisor uses and authorizes others to use to identify the Franchised Business.

1.12 Materials

The term “Materials” means all forms, contracts, agreements, signs, displays, stationery, and other items permitted or required by Franchisor to be used in the operation of the Franchised Business.

1.13 National Account

The term "National Account" means any business or businesses under common Control, ownership, or branding, which operate locations in or deliver products and services beyond one protected territory, regardless of the volume of products and/or services to be purchased by the customer. Any dispute as to whether a particular customer is a National Account will be determined by Franchisor in its sole discretion and Franchisor’s determination will be final and binding.

1.14 National Sales Center

The term “National Sales Center” means a centralized call center established or outsourced by Franchisor for the purpose of receiving and generating customer inquiries and forwarding such customer information to the appropriate franchisee.

1.15 Office Site

The term "Office Site" means the approved Office Site located in the Protected Territory that meets Franchisor's then-current standards and specifications.

1.16 Protected Territory

The term "Protected Territory" means the geographic area described in the attached Schedule 2, which is defined by U.S. Postal Service ZIP Codes (the boundaries of which are subject to adjustment by the Postal Service). On the Effective Date, the Territory consists of a minimum of 50,000 households, but the number of households (and the number of people per household) is subject to growth and shrinkage over the Term.

1.17 System

The term "System" means Franchisor's proprietary operating system, the distinguishing characteristics of which include: (i) Franchisor's proprietary standards and specifications for certain products and services used in connection with providing Franchisor's Approved Products and Services to customers; (ii) certain proprietary products developed by Franchisor; (iii) Franchisor's standards and specifications for sales techniques, marketing and advertising programs; (iv) the CRM System; (v) proprietary initial and ongoing training programs; and (vi) standards and specifications for operating the Franchised Business in the manner set forth in this Agreement and the Manuals.

1.18 Transfer

The term "Transfer" means any direct or indirect sale, assignment, transfer, conveyance, delegation of duties, gift, declaration of trust, pledge, mortgage, hypothecation, or other encumbrance, voluntarily or involuntarily, by operation of law or otherwise, whether as a single transaction or as part of a series of transactions, of any interest in a person, this Agreement, or all or substantially all of the assets of a person.

2. THE FRANCHISED BUSINESS

2.1 Grant of Franchise

Franchisor grants to Franchisee, and Franchisee accepts, a franchise ("Franchise") to participate in and use the System by conducting the Franchised Business solely within the Protected Territory in strict accordance with this Agreement and the Manuals, from the Operating Date until the end of the Term, unless sooner terminated. Franchisee retains the right to conduct businesses and perform services other than the Franchised Business, but subject to the restrictions on engaging in competitive activities under Section 8.16, and subject to all other applicable provisions of this Agreement and the Manuals. Franchisee may not use the Marks, all or any part of the System, or any of Franchisor's other proprietary information in connection with any other businesses or services without the express prior written permission of the President or other executive officer of Franchisor, which permission, if granted, will bring the other businesses or services within the scope of the Franchised Business.

2.2 Protected Territory

(a) Except as provided in paragraphs (b), (c), (d) and (e) of this Section, during the Term, Franchisor will not establish or operate within the Protected Territory, or license any third party to establish or operate within the Protected Territory, any other business that sells residential cleaning services using the System and the Marks.

(b) National Accounts. Franchisor will have the exclusive right, on behalf of itself, its Affiliates, Franchisee, and/or other franchisees utilizing the Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to National Accounts, including National Accounts that Franchisee has solicited or serviced. Franchisee may not solicit any National Accounts outside of the Protected Territory, or solicit any National Accounts within or outside of the Protected Territory who are already under contract with Franchisor.

(i) Franchisee acknowledges and agrees that Franchisor shall have the right, exercisable in its sole discretion, to (i) provide, directly or through any other franchisee using the Marks, such services to the National Account customer location(s) within the Protected Territory and/or (ii) contract with another party to provide such services to the National Account customer location(s) within the Protected Territory, on the terms and conditions contained in the National Account bid or contract between Franchisor and the National Account customer.

(ii) Franchisee agrees that neither the direct provision by Franchisor or a franchisee or designee of Franchisor of services to National Account customers as authorized above, nor Franchisor's contracting with another party to provide such services as authorized above, shall constitute a violation of the grant of license contained in this Agreement or any other provision of this Agreement, even if such services are delivered from a location within the Protected Territory. Franchisee disclaims any right to compensation or consideration for work performed by others in the Protected Territory pursuant to this Section.

(c) Franchisee acknowledges that, from time to time, opportunities may arise to participate in joint marketing efforts with other TWO MAIDS® franchisees. If Franchisee is afforded the opportunity to participate in joint marketing efforts but declines to do so, the participating TWO MAIDS® franchisee must offer any leads for the Protected Territory generated as a result of the joint marketing effort to Franchisee on reasonable terms and conditions (including maximum lead fees per referral) specified from time to time in the Manuals. If the participating franchisee complies with Franchisor's guidelines on the offering terms for the leads and Franchisee declines to accept the lead on the terms offered, then the participating franchisee will not be required to turn over the lead to Franchisee and the participating franchisee may instead work the lead in the Protected Territory without compensation to Franchisee.

(d) Franchisee agrees that if, as a result of Franchisee's default of this Agreement and as an alternative to termination, Franchisor withholds customer leads generated on Franchisee's behalf by Franchisor as described in Section 10.6 of this Agreement, Franchisor may provide or grant other franchisees the right to provide sales, installations or other services with

respect to those customer leads in the Protected Territory until Franchisee cures the breach.

Except to the limited extent expressly provided in paragraph (a) of this Section the rights granted to Franchisee under this Agreement are non-exclusive and Franchisor expressly reserves all other rights, including the exclusive, unrestricted rights, directly and indirectly, itself and through its employees, representatives, franchisees, licensees, assigns, agents, and others: (i) to own and operate, and to franchise others to own and operate, businesses using the System and the Marks at any location outside the Protected Territory, (ii) to solicit, sell to, and service National Accounts and the clients of those National Accounts, wherever located (including within the Protected Territory), subject to compliance with paragraph (b) of this Section 2.2 and Section 8.21, (iii) to acquire or be acquired by a company that operates and/or licenses similar businesses within the Protected Territory without using the System and the Marks, (iv) to acquire or be acquired by a manufacturer of products associated with cleaning services, (v) to sell cleaning services through any other means that do not involve both the System and the Marks (including within the Protected Territory), (vi) to advertise and promote the System and the Marks at any location within or outside the Protected Territory, (vii) to designate and service National Accounts as set forth more fully in this Section; (viii) use the Marks and System, and license others to use the Marks and System to engage in any other activities not expressly prohibited in this Agreement including commercial cleaning services.

2.3 Alternate Channels of Distribution

Franchisee acknowledges and agrees that certain of Franchisor's or its Affiliates' products and services, whether now existing or developed in the future, may be distributed in Franchisee's Protected Territory by Franchisor, Franchisor's Affiliates, or other third parties that Franchisor designates, in such manner and through such channels of distribution as Franchisor, in its sole discretion, shall determine. Such alternate channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that Franchisor deems appropriate. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute the products and services as described in this Section 2.3; or (ii) to share in any of the proceeds received by any such party therefrom.

2.4 Reserved Rights

Nothing contained in this Agreement will accord Franchisee any right, title or interest in or to the Marks, System, operational techniques, service concepts, proprietary information, or goodwill of Franchisor, except only those rights granted by this Agreement.

2.5 Area and Scope of Operation

Franchisee will only conduct its Franchised Business within the Protected Territory and Franchisee's Office Site must be located within the Protected Territory.

Except as to Gray Area, Franchisee may provide sales and services only with respect to locations within the Protected Territory. Franchisee must (i) diligently and effectively promote, market, and engage in the Franchised Business within the Protected Territory, (ii) develop, to the best of its ability, the potential for the Franchised Business from within the Protected Territory, (iii)

operate the Franchised Business so as to maximize the total Gross Revenue of the Franchised Business, and (iv) devote and focus its full-time attention and efforts to that promotion and development.

Unless otherwise instructed by Franchisor, Franchisee may operate in Gray Area. Any operations in Gray Area are subject to sale of the territory to another franchisee, to initiation of a Company-Owned Operation in the Gray Area, and to Franchisor's rules and regulations.

Franchisee does not receive any right of first refusal or other rights of any type to a Gray Area by virtue of operations in that Gray Area. Franchisor may sell any Gray Area territory at any time, without advance notice to Franchisee. Upon notice from Franchisor, Franchisee will immediately cease all marketing activities in any Gray Area. Franchisor may give a notice to cease marketing without regard to whether the Gray Area has been sold to another franchisee. After Franchisor gives notice to cease marketing, Franchisee may (for a maximum of 30 days) complete jobs for which bookings were placed before Franchisor gave Franchisee notice to cease marketing in the area. Any jobs which cannot be completed within 30 days must be assigned to the franchisee purchasing the former Gray Area for reasonable compensation.

Franchisee's Initials: _____

3. LOCATION OF BUSINESS

3.1 Office Site

Franchisee must operate the Franchised Business only from the Office Site.

(a) Office Site Identification. Prior to the 90th day following the Effective Date (the "Office Site Selection Period"), Franchisee must identify its proposed Office Site which must be located within the Protected Territory and submit it to Franchisor for its acceptance which may be granted or withheld in its business judgment. Franchisee will provide such information regarding the proposed Office Site as Franchisor may require. If Franchisor notifies Franchisee that it will not accept a proposed Office Site, Franchisee must, within the following 30 days of Franchisor's notice of rejection of the proposed Office Site (but prior to the expiration of the Office Site Identification Period), identify and submit to Franchisor an alternative proposed Office Site for its review and acceptance. If as of the expiration of the Office Site Selection Period Franchisor has not yet notified Franchisee whether it accepts the proposed Office Site, Franchisor will have 30 days following the end of the Office Site Selection Period to notify Franchisee of its decision to accept or reject the proposed Office Site. Franchisor is not obligated to evaluate or accept any proposed Office Site submitted to it for acceptance after the expiration of the Office Site Selection Period or outside the Protected Territory.

(b) Office Site Acceptance. Once Franchisor has accepted an Office Site and has reviewed and found acceptable the lease for the Office Site, Franchisor will so notify Franchisee. Franchisee acknowledges and agrees that Franchisor's acceptance of an Office Site, and any information regarding the Office Site communicated to Franchisee regarding the standard site selection criteria for Franchised Businesses, does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the location for a Franchised Business or for any other purpose. Franchisor's acceptance of an Office Site indicates only that Franchisor

believes that the Office Site falls within the acceptable criteria for locations that Franchisor has established as of the time of the acceptance of the Office Site.

3.2 Purchase or Lease of Office Site; Commencement of Operations.

(a) Timing of Purchase or Lease; Commencement of Operations. Franchisee must purchase or lease the Office Site and commence operation of the Franchised Business by the Operating Date. Failure to sign a lease and commence operations within this timeframe constitutes grounds for immediate termination of this Agreement and the loss of Franchisee's nonrefundable Initial Franchise Fee and Territory Fee. Franchisor has the right, but not the obligation, to review and approve the terms of any lease or purchase contract for the Office Site, and Franchisee agrees to deliver a copy to Franchisor for approval before it is signed.

(b) Form of Lease. Franchisee agrees that any lease for the Office Site must be in form and substance satisfactory to Franchisor and must include all of the following provisions: (i) Franchisor's right to, at its option, cure Franchisee's default under the lease; (ii) Franchisor's right to, at its option, to assume the lease in the event of Franchisee's default under the lease; (iii) the landlord's obligation to provide Franchisor with notice of Franchisee's default under the lease; (iv) Franchisor's right to enter the leased premises without landlord's interference; (v) the landlord's consent to Franchisee and Franchisor to take the necessary action to comply with post-termination obligations under this Agreement and to exercise post-termination rights hereunder; (vi) Franchisee's right to display the Marks in accordance with the specifications required by the Manuals, subject only to the provisions of applicable law; (vii) that any lender or other person will not disturb Franchisee's possession of the Office Site so long as the lease term continues and Franchisee is not in default of the lease (along with such documents as are necessary to ensure that such lenders and other persons are bound by such provision); (viii) a lease term which is at least equal to the initial term of this Agreement, either through an initial term of that length or the right, at Franchisee's option, to renew the lease for the full term of this Agreement; and (ix) that the Office Site must be operated only as a TWO MAIDS® franchise.

(c) Form of Purchase Contract. Franchisee agrees that any purchase contract with the seller of an Office Site and any related documents must be in form and substance satisfactory to Franchisor and must include all of the following provisions: (i) that any lender or mortgagee concurrently provide Franchisor with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to Franchisee or its affiliates or the purchaser; (ii) that Franchisor shall have, at its option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should Franchisee fail to do so) within 15 days after the expiration of a period in which Franchisee may cure such default or deficiency; and (iii) that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes a default under the loan or mortgage.

(d) Franchisor's Approval of Lease or Purchase Contract. Franchisee may not execute a lease, sublease, purchase contract or any modification thereof without Franchisor's approval. Franchisor's approval of the lease, sublease or purchase contract does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to Franchisee's ability to comply with its terms. Franchisor does not, by virtue of approving the lease, sublease or

purchase contract, assume any liability or responsibility to Franchisee or to any third parties. Such approval indicates only that Franchisor believes that the location and certain terms of the lease, sublease or purchase contract fall within the acceptable criteria established as of the time of approval. Franchisee and the landlord must sign Franchisor's then-current form of Conditional Assignment and Assumption of Lease at the time the lease is signed. Franchisee must give the form of Conditional Assignment and Assumption of Lease to the landlord when Franchisee begins discussions with the prospective landlord. Franchisee acknowledges that Franchisor has advised Franchisee to seek legal counsel to review and evaluate the lease. Franchisee must deliver a copy of the fully signed lease, sublease or purchase contract to Franchisor within 14 days after its execution together with the executed Conditional Assignment and Assumption of Lease.

(e) Reporting. Franchisee will provide Franchisor with regular reports of Franchisee's progress in the development and opening of the approved Office Site on such forms and at such frequency as Franchisor shall prescribe from time to time.

3.3 Relocation

If, for any reason, the Franchisee cannot continue to occupy the Office Site, Franchisee must relocate Franchisee's Franchised Business to a mutually acceptable site within Franchisee's Protected Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Office Site, and open for business at the new Office Site within thirty (30) days of closing business at Franchisee's existing Office Site. Franchisor may require Franchisee to reimburse Franchisor for its reasonable costs and expenses associated with evaluating Franchisee's relocation request and/or any locations proposed by Franchisee for relocation.

3.4 Franchised Business Appearance and Construction

Franchisee agrees that the Franchised Business must conform to Franchisor's standards and specifications for the appearance, layout, and design of a Franchised Business. Franchisee is solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-out at the Office Site and must ensure that plans meet with applicable ordinances, building codes, permits requirements, and any other applicable local, state, or federal law.

3.5 Use of Premises

The location of Franchisee's Office Site approved by Franchisor in accordance with this Agreement shall be used solely for the purpose of operating the Franchised Business, unless otherwise approved in writing by Franchisor. Franchisee must obtain Franchisor's prior written consent to conduct any other business or commercial activity from the Office Site.

4. PAYMENTS BY FRANCHISEE

4.1 Franchise Fee

If Franchisee is not a party to another franchise agreement with Franchisor, Franchisee will pay to

Franchisor an Initial Franchise Fee of \$19,950. The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America upon signing of this Agreement by Franchisee. The Initial Franchise Fee is fully earned upon signing of this Agreement by Franchisee and is not refundable.

4.2 Territory Fee

(a) If Franchisee is purchasing the Protected Territory from Franchisor (rather than an existing franchisee) Franchisee will also pay Franchisor a Territory Fee of \$40,000. The Territory Fee is payable in a lump sum, all in lawful money of the United States of America, upon signing of this Agreement by Franchisee. The Territory Fee is not refundable and is fully earned upon signing of this Agreement by Franchisee.

(b) Conversion. Franchisor may, in its sole discretion, offer a discount on the Territory Fee to an existing business providing residential house cleaning services that desires to convert its business to a TWO MAIDS® franchise. The Territory Fee for a conversion franchise is equal to the then-current Territory Fee, reduced by an amount equal to 10% of the total Gross Revenue of Franchisee’s existing residential house cleaning business for the previous calendar year, but in no event will the discount exceed \$10,000.

4.3 Continuing Royalty

(a) Throughout the Term of this Agreement, Franchisee will pay a Continuing Royalty calculated each month in arrears equal to the greater of: (a) the percentage of Gross Revenue calculated below; or (b) a minimum monthly Continuing Royalty of \$750 for the first 12 months of the Term and \$1,500 thereafter:

| Continuing Royalty | Gross Revenue for the Prior Month |
|---------------------------|--|
| 7.0% | \$0 - \$30,000 |
| 6.0% | \$30,000.01 - \$60,000 |
| 5.0% | \$60,000.01 - \$90,000 |
| 4.0% | \$90,000.01 and above |

Franchisee will pay a blended rate of Continuing Royalty. For example, if Franchisee’s Gross Revenue for the prior month is \$75,000, Franchisee will pay 7% for the first \$30,000, 6% for the second \$30,000 and 5% for the last \$15,000. Gross Revenue for work performed in Gray Area is to be included.

If Franchisee has more than one franchise agreement with Franchisor containing this Continuing Royalty provision, the Gross Revenue for each franchised business thereunder is averaged for purposes of this calculation. For example, if Franchisee has two franchise agreements, the Gross Revenue for both franchised businesses is added together and divided by two to arrive at the average Gross Revenue for each franchised business for purposes of calculating the Continuing Royalty payable under each franchise agreement.

If Franchisee renews this Agreement, the amount of the Continuing Royalty throughout the renewal term will be the Continuing Royalty provided for in the then-current form of Franchise Agreement being issued by Franchisor.

(b) Payments of Continuing Royalty are not refundable.

4.4 National Advertising Fund

(a) Throughout the Term of this Agreement, Franchisee will pay Franchisor a National Advertising Fee equal to the greater of two percent (2%) of Franchisee's monthly Gross Revenue for the previous month or \$250 per month for the first year or \$500 per month thereafter. Monthly National Advertising Fund payments are paid in arrears. Gross Revenue for work performed in Gray Area is to be included.

(b) Payments of National Advertising Fee are not refundable.

(c) Franchisor may in the future establish the TWO MAIDS® National Support Services Network, under which qualified representatives will be able to respond to inquiries from customers of TWO MAIDS® franchisees. The costs for these services may be reimbursed partially or wholly from the National Advertising Fund ("Fund").

(d) On a national or regional basis, Franchisor may impose an additional assessment upon some or all of its franchisees for special designated advertising or promotional activities, if 2/3 of all affected TWO MAIDS® franchisees agree to that assessment in writing.

(e) The National Advertising Fees will be contributed to the Fund for such national, regional, local and other advertising and public relations programs and initiatives as Franchisor, in its sole discretion, may deem necessary or appropriate for the promotion or protection of the System. The Fund is not a trust or escrow account, and Franchisor has no fiduciary obligation to Franchisee, or to any franchisees, with respect to the Fund. Franchisor has the absolute right to direct the creative concepts, materials, endorsements and media used in the advertising and public relations programs, as well as the placement and allocation of the programs.

(f) The Fund will be used and expended for website development and maintenance, public relations, media costs, commissions, digital marketing, market research costs, creative costs and production costs including, without limitation, the costs of creating promotions and artwork, printing costs and other costs relating to advertising, promotional and public relations programs and initiatives undertaken by Franchisor. Franchisor reserves the right to place and develop such advertisements and promotions and to market on behalf of the System, either directly or through advertising agencies retained or formed for such purpose.

(g) The Fund will be accounted for separately from the other funds of Franchisor. The Fund may not be used to defray any of Franchisor's general operating expenses, except for any reasonable salaries that Franchisor may incur in activities reasonably related to the Fund's advertising and promotional programs (including, without limitation, conducting market research, managing programs supported by the Fund, and retaining outside agencies), and an administrative fee of 15% of the annual aggregate National Advertising Fees received by Franchisor. Any sums remaining in the Fund at the end of a fiscal year must carry over in the Fund to the next fiscal year.

(h) Franchisee acknowledges and agrees that the Fund is intended to maximize general public recognition and patronage of businesses for the benefit of the System as a whole, and that Franchisor undertakes no obligation in administering the Fund to ensure that any particular Franchisee benefits directly or pro-rata from the placement or conduct of such advertising and promotion.

(i) The Fund may not be used for any initiative intended solely to market the sale of franchises. Franchisee acknowledges and agrees, however, that certain activities supported by the Fund, including, without limitation, maintenance of the website, public relations activities, and community involvement activities, may include information about franchising opportunities.

(j) No interest on unexpended National Advertising Fees will be imputed for the benefit of or payable to Franchisee and no interest on Franchisor expenditures in excess of National Advertising Fees collected will be imputed for the benefit of, or payable to, Franchisor.

(k) Franchisor will determine the cost, form of media, content, format, production, timing, location (including regional or local concentration and seasonal exposure) and all other matters relating to advertising, public relations, and promotional campaigns.

(l) On or before March 31 of each year, if requested in writing by Franchisee, Franchisor will deliver to Franchisee a summary statement of receipts and expenditures of the Fund relating to the preceding calendar year, certified to be correct by an officer of Franchisor.

4.5 Local Advertising Start-Up Program Fee

If Franchisee is not a party to another franchise agreement with Franchisor, Franchisee must pay Franchisor, in advance, a non-refundable Local Advertising Start-Up Program Fee (“Local Advertising Fee”) of \$3,000 per month during the first six (6) months of the Term. Franchisor will apply the Local Advertising Fee to primarily digital advertising media that are directed and executed by Franchisor or its designee to assist in the launch of the Franchised Business. Franchisor shall be entitled to retain up to 15% of the Local Advertising Fee as an administrative fee for its services in directing and executing the Local Advertising Start-Up Program.

4.6 Local Advertising Services Program Fee

Throughout the Term of this Agreement, Franchisee will pay Franchisor, in advance, a monthly Local Advertising Services Program Fee in the amount specified in the Manuals. The Local Advertising Services Program Fee includes a management fee. The Local Advertising Services Program Fee is applied to our (or our designee’s) management of a primarily digital advertising program designed to promote the Franchised Business.

4.7 Software Fee

Throughout the Term of this Agreement, Franchisee will pay Franchisor, in advance, a monthly Software Fee in the amount specified in the Manuals. The Software Fee is applied towards the cost of developing, licensing, operating, upgrading and supporting Franchisor’s proprietary software and portal to Franchisor’s training management software. Because changes to technology are

dynamic and not predictable within the Initial Term, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, the Software Fee is subject to change from time to time. Payments of Software Fee are not refundable.

4.8 Telephone Fee

Throughout the Term of this Agreement, Franchisee will pay Franchisor, in advance, a monthly Telephone Fee in the amount specified in the Manuals. The Telephone Fee is applied to Franchisor's cost of providing telephone service to the Franchised Business using its approved vendor.

4.9 CRM System Fee

Throughout the Term of this Agreement, Franchisee will pay Franchisor, in advance, a monthly CRM System Fee in the amount specified in the Manuals. The CRM System Fee is applied to Franchisor's costs of developing, maintaining and supporting Franchisor's CRM System.

4.10 Convention Fee

Franchisor may hold a convention of franchisees on an annual basis or at such other interval as Franchisor may from time to time determine ("Convention"). Franchisee will pay Franchisor a Convention registration fee ("Convention Fee") for one individual to attend Convention. The amount of the Convention Fee will vary depending upon the location of the city and venue where the Convention will be conducted. The Convention Fee is payable in advance and will be charged monthly. The Convention Fee does not cover the costs associated with travel, lodging or other miscellaneous expenses associated with the Convention. Convention Fees for additional persons attending Convention will be collected at time of registration.

4.11 Means and Time of Payment

Franchisee must authorize Franchisor to withdraw Continuing Royalty fees, National Advertising Fees, Local Advertising Services Fees, Technology Fees and all other fees due under this Agreement directly from Franchisee's bank account. Funds to cover fees must be available for withdrawal from Franchisee's bank account from the first day of each month in which payment is due. Franchisee must immediately make arrangements with its bank to authorize these withdrawals. Franchisee must sign any document required by Franchisor to enable its payment to Franchisor of Continuing Royalties, National Advertising Fees, Technology Fees and any other ongoing fees by electronic funds transfer, pre-arranged draft, sweep of its bank account or any other method of funds transfer, at Franchisor's option.

4.12 Late or Insufficient Funds Fee

Late or dishonored payments or payments not paid in full due to insufficient funds will be subject to a late or insufficient funds fee of \$300 or the legal maximum permitted amount, whichever is the lesser.

4.13 No Accord or Satisfaction

If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due under this Agreement, the payment or receipt will be applied against the earliest amount due Franchisor. Franchisor may accept any payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No statement on any payment or in any letter accompanying any payment or elsewhere will constitute or be construed as an accord or satisfaction.

4.14 Fees for Optional Referrals

Unless Franchisee has advised Franchisor in writing of its election not to participate in a particular referral program or Key Account program, Franchisee must pay the referral fees required by the program for any customer referrals Franchisee receives from the program. All referral fees payable as a result of Franchisee's participation in a particular referral program managed by Franchisor are payable to Franchisor at the times specified for the program, but no more frequently than monthly.

4.15 Consumer Price Index

Each fixed amount payable under this Agreement may be increased on April 1 annually by the increase, if any, in the Consumer Price Index for All Urban Consumers for the prior year ended December 31.

5. TERM

5.1 Initial Term

The initial term of this Agreement ("Term") is ten (10) years from the Operating Date, unless sooner terminated under the provisions of this Agreement.

In the event this Agreement is executed in connection with a renewal of an existing franchise agreement or with the grant of a second additional term, Section 5.2 below is deemed deleted and is of no force or effect.

5.2 Additional Term

(a) Subject to the terms and conditions contained in this Section 5.2, Franchisee may extend its franchise relationship for two additional five-year terms, upon the following conditions:

- (i) Franchisor will notify Franchisee of the expiration date of the Term of this Agreement and will transmit to Franchisee a copy of its then current franchise agreement and franchise disclosure document approximately 180 days before the expiration of the Term.
- (ii) After receipt by Franchisee of the then current franchise agreement complete in all material respects, but not later than 30 business days after receipt by Franchisee of the notice, franchise agreement and disclosure document, Franchisee will sign and return the then current franchise agreement. Upon

receipt, Franchisor will sign one copy and return it to Franchisee. The new agreement will become effective concurrently upon expiration of the Term of this Agreement. If Franchisee fails or refuses to sign and return to Franchisor the new franchise agreement within the time frame stated in this Section, all of Franchisee's rights and options to enter into an additional franchise agreement will expire.

- (iii) Franchisee will pay a \$5,000 renewal fee at the time the new franchise agreement is signed by Franchisee.
- (iv) On the Operating Date of the new franchise agreement, Franchisee and its Affiliates may not be in default under this or any other agreement with Franchisor and its Affiliates, and Franchisee must have materially performed all of its obligations under this Agreement over the life of this Agreement.

(b) If Franchisor ceases granting franchises in the state in which the Franchised Business is operating, Franchisor will notify Franchisee at least 180 days before the expiration of the Term of that cessation, whereupon Franchisee's right to enter into a new franchise agreement will be terminated in its entirety at the end of the Term.

(c) If Franchisor determines not to grant an additional franchise agreement by reason of a default by Franchisee which is incurable or has not been cured by Franchisee within the applicable time period or failure of Franchisee to fully perform its obligations under this Agreement, Franchisor will give Franchisee notice of its intention not to grant an additional term (i) within the minimum time required by the jurisdictional authorities, or (ii) in the absence of a specific period, within 30 days after Franchisee gives its notice of its wish to enter into a new franchise agreement but not less than 90 days before the termination date of this Agreement.

(d) After the signing by Franchisee of a subsequent franchise agreement, and before the effective date of the new franchise agreement, Franchisee will bring its Franchised Business into full compliance with the standards then applicable to new TWO MAIDS® franchisees.

5.3 Notice of Expiration Required by Law

If applicable law requires that Franchisor give a longer period of notice to Franchisee than provided in this Agreement prior to the expiration of the Term, Franchisor will give the additional required notice. If Franchisor does not give the required additional notice, this Agreement will remain in effect on a month-to-month basis only until Franchisee has received the required additional notice.

6. INTELLECTUAL PROPERTY

6.1 Marks

(a) Franchisor grants to Franchisee the right during the Term to use and display the Marks in accordance with the provisions contained in this Agreement and in the Manuals, solely in the operation of the Franchised Business. Franchisee acknowledges that Franchisor prescribes minimum standards respecting the nature and quality of the goods and services used by Franchisee

in which the Marks are used. Franchisee agrees to be responsible for and to supervise all of its employees and agents to insure the proper use of the Marks in compliance with this Agreement. Franchisee will use the Marks solely in the Franchised Business and may not use or display the Marks in the operation of any business, the performance of any other service, or the conduct of any other activity outside the scope of the Franchised Business. Franchisee agrees that all of Franchisee's use of the Marks under this Agreement inures to the benefit of Franchisor. Nothing in this Agreement will give Franchisee any right, title, or interest in or to any of the Marks, except a mere privilege and license during the Term to display and use the Marks strictly according to the limitations provided in this Agreement and the Manuals. Franchisee agrees that all art work, graphics, layouts, slogans, names, titles, text, or similar Materials incorporating, or being used in connection with, the Marks which may be created by Franchisee, its employees, agents and subcontractors and any other party with whom Franchisee contracts to have the Materials produced will become the sole property of Franchisor, including copyright and trademark rights, and Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors, and any other party with whom it may contract to have the Materials produced, to promptly sign any and all appropriate documents in this regard. Franchisee agrees to join with Franchisor in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee will consent in writing to the cancellation and will join in any cancellation petition. The expense of any of the foregoing recording activities will be borne by Franchisor.

(b) Franchisor has advised Franchisee that the name "TWO MAIDS®" may have been used by other people in the conduct of cleaning services businesses prior to Franchisor's registration of its Mark and that those prior users may have the legal right to continue to use the name "TWO MAIDS®" in the geographical area in which they have used it. Franchisor has further advised Franchisee that the mechanisms for determining whether a particular trade name is being used by another person (i) vary substantially from locale to locale and Franchisor cannot assure Franchisee that the name "TWO MAIDS®" is not currently being used in the Protected Territory; (ii) may require a search of local trademark and Mark registration records, fictitious business name filings, or both, or some other records maintained by city, county, or state agencies or entities; and (iii) may be imperfect and fail to reveal some protected uses. Franchisee understands that, before signing this Agreement and accepting the Protected Territory, Franchisee should have obtained advice from local counsel regarding the appropriate search and protection mechanisms and have conducted an appropriate search and investigation in the Protected Territory to determine whether there is any prior user of the name "TWO MAIDS®".

(c) The name "TWO MAIDS®" may be in use by other businesses in the United States who are not Franchisor's franchisees or in any way affiliated with Franchisor. Franchisee acknowledges that Franchisee is responsible for finding out whether the name "TWO MAIDS®" is already being used in the Protected Territory. As a material part of the consideration for Franchisor's grant of a franchise to Franchisee, Franchisee waives any claim that Franchisor is liable to Franchisee for damages or losses resulting from any prior use of the name "TWO MAIDS®" by anyone else. Nothing in the preceding sentence, however, will be considered to limit a party's respective obligations under Section 6.6 below.

6.2 Acts in Derogation of the Franchisor's Rights

(a) Franchisee agrees that the Marks are the exclusive property of Franchisor. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership by virtue of Franchisee's licensed use of the Marks or otherwise. Ownership and title of the Marks and Franchisor's manuals, bulletins, instruction sheets, forms, methods of operation, and goodwill are and will remain vested solely in Franchisor, and Franchisee's right of use is only co-extensive with the Term of this Agreement. Franchisee acknowledges that the materials and information now and from now on provided and/or revealed to Franchisee under this Agreement (including the contents of the Manuals) are confidential trade secrets of Franchisor and are revealed in confidence, and Franchisee will keep and respect the confidences so reposed, both during and after the Term of this Agreement. Franchisor expressly reserves all rights with respect to the Marks, confidential trade secrets, methods of operation, and other proprietary information, except as expressly granted to Franchisee in this Agreement or in the Manuals. Franchisor will disclose its trade secrets to Franchisee by providing access to Franchisee for the Term of this Agreement the Manuals and other written materials containing the trade secrets, through training and assistance provided to Franchisee, and by and through the performance of Franchisor's other obligations under this Agreement. Franchisee acknowledges that Franchisor is the sole owner of all proprietary information and trade secrets, that the information is being imparted to Franchisee only by reason of its special status as a franchisee of the System, and that the trade secrets are not generally known to the cleaning services industry or public at large and are not known to Franchisee except by reason of the disclosure. Franchisee further acknowledges that it will acquire no interest in the trade secrets, other than the right to use them in the development and operation of the Franchised Business during the Term of this Agreement. In addition, Franchisee acknowledges that the use or duplication of the trade secrets except as expressly permitted by this Agreement will constitute an unfair method of competition and that Franchisor will suffer irreparable injury by it. Franchisee agrees that it will not do or permit any act of or in derogation of any of the rights of Franchisor in the Marks, either during or after the Term of this Agreement, and that Franchisee will use the Marks only for the uses and in the manner licensed under and as provided in this Agreement. Furthermore, Franchisee and its employees and agents will not engage in any acts or conduct that impairs the goodwill associated with the Marks.

(b) In connection with the operation of the Franchised Business, Franchisee agrees that at all times and in all advertising, promotions, signs, and other display materials, on its letterheads, business forms, and at all authorized business sites, in all of its business dealings related to them and to the general public, it will identify the Franchised Business under a fictitious business name, approved by Franchisor, together with the words "AN INDEPENDENTLY OWNED AND OPERATED FRANCHISE" or any other similar designation that is prescribed by Franchisor, all in the form, size, and style as prescribed in the Manuals. In its sole discretion, Franchisor retains the right to deny the use of certain words or phrases in the fictitious business name. Franchisee will file and keep current a "Fictitious Business Name Statement" (or similar document) with respect to its fictitious business name in the county or other designated region in which Franchisee is conducting business and at any other places as may be required by law. Prior to beginning business under the Marks, Franchisee will supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious business names. Franchisor must approve in advance the total appearance of the fictitious business name (and other identifying words). Franchisee further agrees that it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent,

division, shareholder, partner, joint venturer, agent, or employee of Franchisor or other owner of the Marks or (iii) any of Franchisor's other franchisees. If Franchisee is a corporation, Franchisee will not use in its corporate name either the Marks or any words confusingly similar thereto.

6.3 Use and Modification of Marks

Franchisor may add to, substitute, or modify any or all of the Marks from time to time, by directive in the Manuals. Franchisee will accept, use, display, or cease using, as may be applicable, the Marks, including any modified or additional trade names, trademarks, Marks, logotypes, and commercial symbols, and will within 30 days of receiving notification, begin to implement the changes and use its best efforts to complete the changes as soon as practicable at its own expense. On the expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, sign in Franchisee's name and on Franchisee's behalf any and all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks and fictitious business name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

6.4 Use of Other Trademarks

Franchisee may not use or display or permit the use or display of trademarks, trade names, Marks, insignias or logotypes, other than the fictitious business name (i) in any advertisement that contains the words "TWO MAIDS®" or any other Marks; (ii) in or on any place of business of Franchisee in any manner that is reasonably visible from outside the place of business; or (iii) in any computer system used at any place of business of Franchisee, or otherwise in connection with the Franchised Business, in any manner that could lead any person to believe that the other trademarks, trade names, Marks, insignias, or logotypes or the products or services with which they are associated are owned or offered by the Franchisor or its Affiliates, except as otherwise expressly permitted in this Agreement or in the Manuals.

6.5 Prohibition Against Disputing Franchisor's Rights

Franchisee may not, during or after the Term of this Agreement, in any way, dispute or impugn the validity of the Marks, the rights of Franchisor to the Marks, or the right of Franchisor or other franchisees of Franchisor to use the Marks.

6.6 Mark Infringement Claims and Defense of Marks

If Franchisee receives notice or otherwise becomes aware of any claim, suit, or demand against it by any party other than Franchisor or its Affiliates, on account of any alleged infringement, unfair competition, or similar matter arising from Franchisee's use of the Marks in accordance with the terms of this Agreement, Franchisee will promptly notify Franchisor of the claim, suit, or demand. Franchisee may not settle or compromise any such claim, suit, or demand by a third party without the prior written consent of Franchisor. Franchisor will defend, compromise, or settle at its discretion any such claim, suit or demand at Franchisor's cost and expense, using attorneys selected by Franchisor, and Franchisee agrees to cooperate fully in the matter. Provided that Franchisee has fully complied with the obligations of this Section, Franchisor will indemnify Franchisee against all judgments resulting from any claim, suit, or demand arising from Franchisee's use of the Marks in accordance with the terms of this Agreement. Franchisor will have the sole discretion to

determine whether a similar trademark or Mark being used by a third party is confusingly similar to the Marks being used by Franchisee and whether and what subsequent action, if any, should be undertaken with respect to the similar trademark or service mark.

6.7 Use of Marks on the Internet

(a) Franchisee may not develop, create, generate, own, license, lease, or use in any manner any computer medium or electronic medium (including any Internet home page, e-mail address, Web site, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols, or terms confusingly similar to any of them without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time. Without limiting the generality of the foregoing, Franchisee will not cause, permit or allow the Marks, or any of them, or any words, symbols or terms confusingly similar to any of them, be used or displayed in whole or part: (i) as, or as a part of, an Internet domain name; (ii) as, or as a part of, a uniform resource locator (or "URL," the unique address assigned to each page of a Web site) at any level or address; or (iii) on or in connection with any Internet home page, Web site, bulletin board, newsgroup, chat-group, buddy list, instant messenger, meta-tag (or the comparable identifier in any future technology) or other Internet-related activity, without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time. Franchisee may not link to or frame any part of Franchisor's Web site (including the Franchisee Page, if any) to any other Web site or authorize any third party to link to or frame any part of Franchisor's Web site (including the Franchisee Page, if any) without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time.

(b) Except as provided below, Franchisee may not use, nor authorize any third party to use, the Marks to advertise, promote, offer, or sell any goods or services through the Internet, if those goods or services are the same as or similar to those (i) which are offered at or from the Franchised Business; (ii) which bear any of the Marks; or (iii) which are otherwise offered or sold under the Marks. Franchisee may, however, use the Marks to sell goods or services through the Internet in compliance with the Manuals or with Franchisor's prior written consent, but then only in the manner and in accordance with the procedures, policies, standards, and specifications that Franchisor establishes from time to time.

(c) Franchisor is the owner of, and will retain all right, title, and interest in and to the domain name "TWO MAIDS[®]", the URL: www.twomaidscleaning.com, all existing and future domain names, URLs, addresses and subaddresses (including the Franchisee Page subaddresses), all computer programs and computer code (e.g., HTML, Java) used for or on Franchisor's Web site, excluding any computer programs and computer code owned by third parties (collectively, "Software"), all text, images, sounds, files, video, designs, animations, layout, color schemes, trade dress, concepts, methods, techniques, processes and data prepared for, used on or in connection with, displayed on, or collected from or through Franchisor's Web site (collectively, "Content"), and all intellectual property rights in or to any of them.

6.8 Use of Marks in Social Media

(a) Franchisee may not promote the Franchised Business or use the Marks in any manner on any social media site existing now or in the future (including, without limitation, on blogs, vlogs, Facebook, LinkedIn, Twitter, Instagram, Flickr, Tumblr, Pinterest, Google+, Vine and Snap Chat) or on file-, audio- or video-sharing sites, other than in accordance with Franchisor's written standards. Franchisor has final authority over all social media marketing, and Franchisee must comply with Franchisor's brand standards regarding use of social media in the operation of the Franchised Business. Franchisee may not post communications about the Franchised Business or the System that would disclose the System's confidential or proprietary information, violate any relevant laws, regulations or guidelines or violate the terms of use imposed by the social media site. Franchisee may not post communications about the Franchised Business or the System on any public-facing social media site that is not authorized by Franchisor for use by Franchisee. Franchisee must ensure that policies it adopts for its employees' social media use are consistent with the requirements for social media advertising set forth herein.

(b) Franchisor is under no obligation to provide Franchisee with access to branded social media pages or other social media assets. Any social media pages or other social media assets that Franchisor, in its sole discretion, chooses to make available to Franchisee will be provided only on condition that Franchisee updates them regularly. Any such social media pages or other social media assets maintained by Franchisee shall be deemed "advertising" and shall be subject to all terms of this Section 0. Franchisor has the right, but not the obligation, to conduct social media campaigns on behalf of all, or any subset of, Franchisees via local social media.

6.9 Copyrights

(a) Franchisee acknowledges that Franchisor owns the worldwide copyrights and other intellectual property rights to all components of the System that are original works of authorship subject to copyright, including, without limitation, the Manuals, marketing materials, website text, artwork, photographs, musical compositions, sound recordings, audiovisual works, computer software, and architectural designs (collectively, the "Copyrighted Materials"). Franchisee acknowledges and agrees that it may not make translations, copies, adaptations of or modifications to the Copyrighted Materials without the prior written consent of Franchisor.

(b) Neither this Agreement nor the operation of the Franchised Business in any way gives Franchisee any interest in the Copyrighted Materials other than the right to use the Copyrighted Materials solely in connection with the Franchised Business, solely in accordance with the terms and conditions of this Agreement and solely during the term of this Agreement.

(c) Franchisee acknowledges that Franchisor will own the copyrights and all other rights to translations, modifications and adaptations of or to the Copyrighted Materials made by Franchisee from time to time. Franchisee hereby assigns to Franchisor its copyrights and economic rights and waives any moral rights and similar rights with respect to the translated, modified or adapted Copyrighted Materials, and agrees to execute any and all instruments and documents, render such assistance and perform such acts and things as may, in the opinion of Franchisor, be necessary or advisable in the furtherance of such assignment and waiver. Franchisee will require the same assignment, waiver and covenant in favor of Franchisor by Franchisee's officers and

employees and by any independent contractors or other third parties who translate, modify or adapt the Copyrighted Materials.

7. TRAINING AND INITIAL AND ONGOING ASSISTANCE

7.1 Initial Training

(a) Unless the Initial Franchise Fee was waived under Section 4.1, immediately before the Operating Date, Franchisor will provide training to Franchisee's Manager in the System, including instruction in Approved Products and Services and other aspects of the Franchised Business, and Franchisor's policies and procedures ("Initial Training"). Franchisor will determine the duration of and the time(s) and place(s) at which the Initial Training will be conducted. The Manager must complete Initial Training before the Operating Date. Franchisor will provide the Initial Training to additional responsible management people as requested by Franchisee, subject to the provisions of Section 7.3. Before beginning the Initial Training, the Manager must deliver to Franchisor a signed confidentiality agreement in the form from time-to-time included in the Manuals.

(b) Franchisor will provide Franchisee with a \$1,000 travel voucher towards the costs of attending Initial Training. Franchisee or its Manager is responsible for all costs in excess of the value of the travel voucher incurred to attend training.

7.2 Proprietary Materials

At Initial Training or other training programs (if any), Franchisor will provide to Franchisee proprietary information for use in connection with the training of Franchisee's staff. At Initial Training, Franchisor will grant Franchisee electronic access to the Manuals for Franchisee's use during the Term of this Agreement. Franchisor may also from time to time make available to Franchisee for purchase certain materials relevant to the System and the Franchised Business. Franchisee may not, and may not allow its employees or others, to copy, reproduce, disseminate, or otherwise reveal to third parties any of the foregoing proprietary information and related materials without Franchisor's express prior written consent.

7.3 Additional Attendees

Provided there is sufficient room in an Initial Training class, Franchisor will allow additional responsible management people designated by Franchisee to attend Initial Training. People attending Initial Training must have a demonstrable relationship to the management and operation of the Franchised Business by Franchisee. Prior to beginning training, each person must deliver to Franchisor a signed confidentiality agreement in the form from time-to-time included in the Manuals. Franchisor will not assess a training fee for Franchisee and Franchisee's Manager. Franchisor will train a replacement Manager at an Initial Training class but Franchisee will be required to pay Franchisor's then-current training fee to do so.

7.4 Initial Equipment and Supplies

Franchisor will provide Franchisee with a list of all items and equipment needed to open the Franchised Business, along with the proprietary list of Approved Suppliers for those items (as

applicable), with which Franchisee must comply.

7.5 Opening Assistance

Franchisor and/or its designated vendors will provide Franchisee initial marketing and opening assistance. These services may include assistance and coordination in connection with initial lead generation programs, start-up assistance and other coaching and support, which Franchisor (or its designee) will provide as Franchisor deems appropriate in its discretion. Franchisor shall also conduct a launch visit prior to the opening of the Franchised Business.

7.6 Staff Training

Franchisee and the Franchisee's management personnel attending Initial Training are responsible for training Franchisee's other staff and other management personnel in connection with their respective roles/positions at the Franchised Business. Franchisee may utilize certain of Franchisor's confidential information and proprietary materials, including the Manuals, when conducting training but only to the extent necessary to conduct such training and only pursuant to Franchisor's confidentiality terms and conditions.

7.7 Local Advertising Start-Up and Local Advertising Services Programs

Franchisor will provide Franchisee with the Local Advertising Start-Up Program during the first six months of the Term as described in Sections 4.5 and 8.7(b). Franchisor will offer an ongoing optional Local Advertising Services Program after the first six months of the Term as described in Section 8.7(c).

7.8 Ongoing Assistance

Franchisor will provide Franchisee continuing consultation and advice, as Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, email, intranet communication, on-site visits, CRM System, or other means. Franchisor may also use the Manuals to provide some self-serve training materials.

7.9 On-Site Assistance

If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor may provide Franchisee with such assistance at Franchisor's then-current training fee, plus expenses, including Franchisor's travel and lodging expenses, as Franchisor deems necessary in its sole discretion.

7.10 Ongoing Training

(a) Franchisor may make available to Franchisee, from time to time, ongoing optional training courses, seminars, conferences, or other programs, in a suitable location in Franchisor's discretion. Franchisor reserves the right to exclude prospective trainees from any further training courses who have not attended prerequisite Franchisor training courses.

(b) Upon reasonable notice, Franchisor may require attendance of designated personnel of Franchisee at training courses, seminars, conferences, or other programs other than Initial Training that are considered by Franchisor to be relevant or appropriate to the successful operation of the System. Franchisor will charge no fees for such required training courses, seminars, conferences, or other programs.

(c) In connection with any training courses described in this Section 7.10, Franchisee will pay the travel, hotel and meal expenses for Franchisee's attendees.

7.11 Convention

Franchisor may, at its option, hold a convention or meeting of franchisees annually or at such other interval as Franchisor shall determine. Franchisee will pay the Convention Fee set forth in Section 4.8 and the travel, hotel and meal expenses for Franchisee and Franchisee's attendees.

8. OPERATION OF BUSINESS

8.1 Franchisee Operational Requirements

(a) Opening Requirements. Franchisee shall open and commence operating the Franchised Business by the Operating Date. In addition to any other pre-opening obligations set forth in this Agreement, Franchisee is required to complete the following prior to commencing operations: (i) obtain all required licenses, certifications, permits and other governmental approvals necessary to operate the Franchised Business in the Protected Territory, and provide Franchisor with written proof thereof; (ii) purchase all required vehicles, equipment, supplies, and inventory in accordance with Franchisor's standards and specifications and, if appropriate, from Franchisor's Approved Suppliers, that Franchisee is required to purchase prior to opening; (iii) attend and successfully complete Franchisor's Initial Training Program as described in this Agreement, as well as any other pre-opening training Franchisor may prescribe; and (iv) provide Franchisor with any and all documents and information necessary for Franchisor to automatically withdraw all payments due and owing Franchisor and its affiliates under the Franchise Agreement.

(b) Signage. Signage must comply with all state and local laws and ordinances. Franchisee must limit signage to "TWO MAIDS®". The use of any other language is prohibited. The signage must incorporate the specific letter style, color and curvature associated with the "TWO MAIDS®" logo or such other mark or logo as Franchisor may designate in writing from time to time. Franchisee must not use any signage that deviates from the then-current standard logo unless and until Franchisee has submitted a request for such deviation to Franchisor in writing with drawings and Franchisor has approved such deviation in writing. _

(c) Promotional Start-Up Package. Franchisee must purchase from Franchisor's designated vendor at least thirty (30) days before the Operating Date Franchisor's Promotional Start-Up Package consisting of items such as door hangers, brochures, office decals and other sundry items.

(d) Opening Public Relations. Franchisee must engage a public relations firm approved by Franchisor to develop an opening public relations campaign for the Franchised

Business. The public relations campaign must be submitted to Franchisor for its prior approval. All expenditures, which may not be less than \$2,250, must be spent during the period thirty (30) days prior to the Operating Date and thirty (30) days after the Operating Date.

(e) Hours of Operation. Franchisee must operate the Franchised Business for at least those days and number of hours Franchisor specifies in the Manuals (subject to applicable law).

(f) Maintenance of Office Site. Franchisee must maintain the Office Site in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws, as well as this Agreement and the Manuals. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

(g) Personnel/Staffing. Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of the Franchised Business during working hours shall dress conforming to Franchisor's standards and shall present a neat and clean appearance in conformance with Franchisor's reasonable standards and shall render competent, efficient service to the customers of the Franchised Business.

(h) Compliance with Manuals and Training of Employees. Franchisee agrees to conduct the Franchised Business in accordance with the Manuals. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Manuals, and shall continue such training and instruction as long as each employee is employed. The Manuals shall set forth the practices, procedures and methods to be utilized in the Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed as part of Franchisor's System.

(i) Management Participation. Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation or partnership) must devote his or her personal full-time attention and best efforts to the management and operation of the Franchised Business. Upon Franchisee's written request, Franchisor may permit Franchisee to employ a manager to manage the day-to-day operations of the Franchised Business (the "Designated Manager"), provided the Designated Manager: (i) is approved by Franchisor in writing prior to hiring; and (ii) successfully completes Franchisor's Initial Training Program before assuming any managerial responsibility. The Franchised Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's initial training program as set forth in Section 5. In the event that Franchisee operates more than one Franchised Business, Franchisor may require Franchisee to have a properly trained Designated Manager who has been approved by Franchisor at each location. Franchisee will keep Franchisor informed at all times of the identity of any employee acting as Designated Manager of the Franchised Business. In the event that a Designated Manager resigns or is otherwise terminated from the Franchised Business, the replacement must be trained pursuant to Franchisor's then-current standards. The new Designated Manager must successfully complete training within thirty (30) days of hiring. Franchisor reserves the right, without the obligation, to train the new Designated Manager directly. Franchisee and any Designated

Manager(s) are not permitted to maintain other employment or engage in any other business activities during the term of this Agreement.

(j) Working Capital. Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.

(k) Inventory. Prior to commencement of operations, Franchisee shall adequately supply the Franchised Business with representative vehicles, supplies, equipment and inventory as prescribed by the Franchisor, and any other items of the type, quantity and quality as specified by the Franchisor. Franchisee must, at all times, maintain sufficient levels of inventory to adequately meet consumer demand.

(l) Products with Proprietary Marks. Franchisee shall in the operation of its Franchised Business, use and display such labels, forms, vehicles, supplies, equipment and inventory imprinted with the Proprietary Marks and colors as may be prescribed by Franchisor.

(m) Market Research. Franchisor may, from time to time, conduct market research and testing to determine the viability of new products and services. Franchisee must cooperate by participating in such programs and by purchasing and promoting the sale of such test products and services, if required by the Franchisor.

(n) Customer Service. Franchisee must comply with any standards, specifications or methodologies that Franchisor establishes in the Manuals or otherwise in writing regarding customer service requirements, warranties on any Approved Products or Services offered or sold by the Franchised Business, refund policies and other standards and specifications.

(o) Customer Relations. Except as otherwise specified by Franchisor in the Manuals or otherwise, Franchisee must immediately resolve any customer complaints regarding the quality of the products and services of the Franchised Business or any similar complaints. When any customer complaints cannot be immediately resolved, Franchisee must use reasonable efforts to resolve the customer complaints as soon as practical. If Franchisor determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if Franchisor believes that Franchisee has failed adequately to address or resolve any customer complaints, Franchisor may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover Franchisor's reasonable costs and expenses in resolving the customer complaints, which amount Franchisee must pay Franchisor immediately on demand.

(p) Standard Maintenance and System Conformity. Franchisee agrees to repair, refinish, replace, and/or otherwise refurbish the Franchised Business's vehicle(s), equipment, uniforms, and the Office Site furnishings, fixtures, decor, and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Office Site in the manner necessary to bring it into conformance with other franchises of the type Franchisor's franchisees are opening at the time of such direction. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Office

Site or its vehicles or equipment, does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate curative action within fifteen (15) days after receipt of such notice, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Office Site and effect such maintenance on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand.

(q) Taxes. Franchisee will pay any and all personal property, income, sales, use, excise, ad valorem, and other taxes, regardless of source or nature, which may be imposed, levied, assessed, or charged on, against, or in connection with, the Franchised Business or any product or service sold or furnished by Franchisee under this Agreement or otherwise, by any federal, state, county, municipal, or other governmental agency or subdivision which may have jurisdiction over the Franchised Business or the products or services offered in connection with it.

8.2 Purchasing Requirements

(a) Compliance with Standards. Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Manuals are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Manuals and any revisions or amendments to same. Franchisee shall use the furnishings, supplies, fixtures, equipment, computer hardware and software, product samples and promotional materials that comply with Franchisor's then-current standards and specifications, which Franchisor will establish and modify from time to time at Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

(b) Designated and Approved Suppliers. Franchisee must use Franchisor's designated suppliers to purchase any items and/or services necessary to operate and promote the Franchised Business. Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase product samples and other supplies, services, furnishings, fixtures, computer hardware and software, and other equipment from Franchisor or from approved or designated suppliers as Franchisor shall specify, from time to time, in the Manuals and otherwise in writing (each an "Approved Supplier"). Franchisee hereby acknowledges that Franchisor, Franchisor's Affiliates and/or a third party may be one of several, or the only, Approved Supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's Affiliates have the right to realize a profit or otherwise derive revenue on any products or services that Franchisor, Franchisor's Affiliates or Franchisor's Approved Suppliers supply and/or provide to Franchisee. Franchisor has the irrevocable right to modify, supplement or otherwise change its lists of Approved Suppliers and any items that must be purchased from such Approved Suppliers at any time, as Franchisor deems advisable in its sole discretion. Franchisor may provide Franchisee with notice of such modifications to these lists via the Manuals or any other manner Franchisor deems appropriate.

(c) Supplier Approval. In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known.

At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole, as well as the maintenance of Franchisor's Confidential Information. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers.

- (i) Franchisee, or the proposed supplier, must pay Franchisor in advance for Franchisor's reasonable costs that Franchisor estimates it will incur in connection with inspecting the alternate supplier, its facilities, and/or the previously non-approved item(s) proposed by Franchisee. If the costs Franchisor incurs are more than the amount Franchisee or the proposed supplier advanced, then Franchisor may withdraw additional funds from Franchisee's designated bank account for the difference, or if the actual amount Franchisor incurs is less than the amount of the advancement, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.
- (ii) Franchisor will notify Franchisee in writing if Franchisee's request is approved within thirty (30) days of: (A) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (B) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied.
- (iii) Franchisor may, but is not obligated to, provide Franchisee's proposed supplier or provider with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement.
- (iv) Each supplier that Franchisor approves of must comply with Franchisor's requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract.
- (v) Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's

standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier.

(d) System Suppliers. Franchisor may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that Franchisee is required to purchase from only that supplier (each a “System Supplier”). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with Franchisor’s proprietary standards and specifications, or private label goods that Franchisor has authorized and prescribed for sale by System franchisees. Franchisee recognizes that such products and services are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee’s failure to pay System Suppliers may interfere with such suppliers’ willingness to supply the System and may result in other System franchisees’ inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due. Franchisee must use products purchased from Approved Suppliers solely in connection with the operation of the Franchised Business and not for any competitive business purpose.

(e) Warranties. With respect to goods or services provided by Franchisor, Franchisor’s Affiliates, System Suppliers or Approved Suppliers, other than specific written warranties expressly provided in connection with such goods or services, such goods and services are provided without any warranties, express or implied, the implied warranties of merchantability and fitness for a particular purpose being expressly disclaimed.

8.3 Authorized Products and Services

Franchisee shall offer for sale all products and services which Franchisor prescribes and only those products and services which Franchisor prescribes. Franchisee may not offer any other products or services for sale without having received Franchisor’s prior written authorization. Franchisee shall at all times maintain sufficient levels of inventory, as specified in the Manuals, to adequately satisfy consumer demand. Franchisee must offer, use and sell any private label products which Franchisor may now or in the future designate for sale by System franchisees.

8.4 Technology and Computer Systems

Franchisor has the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by, between, or among franchised businesses, including without limitation: (1) back office and point of sale systems, mobile devices, data, audio, video, and voice storage, retrieval, and transmission systems for use in the Franchised Business, between or among franchised businesses, and between and among Franchisee’s Franchised Business and Franchisor, Franchisor’s designee, and/or Franchisee; (2) physical, electronic, and other security systems; (3) printers and other peripheral devices; (4) archival back-up systems; and (5) Internet access mode (e.g., form of telecommunications connection) and speed (collectively, the “**Computer System**”). Franchisee must purchase or lease, and thereafter maintain, the Computer System, and comply with Franchisor’s requirements, specifications, and policies concerning the use of technology, as they may be specified in this Agreement, or specified or modified in the Manuals or otherwise in writing.

(a) Franchisor's Use of Data

Franchisor shall have the right at any time to retrieve and use such data and information from Franchisee's Computer System that Franchisor deems necessary or desirable, including, without limitation, the uses identified above. In view of the contemplated interconnection of Computer Systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it must strictly comply with Franchisor's standards and specifications for all items associated with the Computer System and will otherwise operate the Computer System in accordance with Franchisor's standards and specifications. To ensure full operational efficiency and optimum communication capability between and among equipment and Computer Systems installed by Franchisee, Franchisor, and other franchisees, Franchisee agrees, at its expense, that Franchisee must keep its Computer System in good maintenance and repair, and, at its expense, and following the determination that Franchisor shall have the right to make, to the effect that same will prove economically or otherwise beneficial to all System franchisees, that Franchisee must promptly install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's computer hardware, software, telephone, and power lines, and other related facilities, as Franchisor directs periodically in writing. Franchisee must provide Franchisor, upon Franchisor's request, all email lists and customer lists used or maintained by Franchisee on the Computer System or elsewhere.

(b) Required Programs

Franchisor has the right, but not the obligation, to develop or have developed for it, or to designate, any or all of the following: (a) software programs and accounting system software that Franchisee must use in connection with the Computer System ("Required Software"), which Franchisee must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee must install; (c) the tangible media upon which Franchisee must record or receive data; (d) the database file structure of the Computer System; € an electronic portal for informational assistance which may include, without limitation, the Manuals, training, other assistance materials, and management reporting solutions; and (f) answering service requirements.

(c) Upgrades and Access

Franchisee agrees to install and use the Computer System and Required Software in the manner that Franchisor requires. Franchisor may charge a reasonable software license fee for any Required Software. Franchisee agrees to implement and periodically update and make other changes to the Computer System and Required Software as Franchisor requests in writing, which shall not be more often than one upgrade per year (collectively, "Computer Upgrades"). Franchisee will comply with Franchisor's written specifications (whether in the Manuals or otherwise) with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at Franchisee's own expense.

Franchisee agrees to afford Franchisor unimpeded access to its Computer System and Required Software in the manner, form, and at the times that Franchisor requests. Franchisee must provide Franchisor with user identifications and passwords required to access files and other information contained on the Computer System.

Because changes to technology are dynamic and not predictable within the term of this Agreement, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees: (a) that Franchisor will have the right to establish, in writing, reasonable new standards to address new technologies and data security, whether published in the Manuals or otherwise in writing, and that Franchisor has the right to implement those changes in technology into the System; and (b) to abide by Franchisor's new standards (and with Franchised Business audits conducted by Franchisor or its designee to confirm Franchisee's compliance) as if this Section, and other technology provisions in this Agreement, were periodically revised for that purpose.

8.5 Extranet/Electronic Portal

Franchisee must comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Extranet and/or electronic portal and/or such other computer systems as Franchisor may reasonably require. The term "Extranet" means a private network based upon Internet protocols that will allow users inside and outside of Franchisor's headquarters to access certain parts of Franchisor's computer network via the Internet. Franchisor may establish an Extranet and/or electronic portal (but is not required to do so or to maintain an Extranet and/or electronic portal). Franchisee must comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Extranet and/or electronic portal, and utilizing the Extranet and/or electronic portal in connection with the operation of the Franchised Business. The Extranet and/or electronic portal may include, without limitation, the Manuals, training and other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct).

Franchisee must purchase and maintain such computer software and hardware (including but not limited to telecommunications capacity) as may be required to connect to and utilize the Extranet and/or electronic portal. Franchisor reserves the right to require Franchisee to contribute a reasonable amount toward the cost of the Extranet's and/or electronic portal's maintenance and further development. If Franchisee fails to comply with any policy or procedure governing the Extranet and/or electronic portal, Franchisor may temporarily suspend Franchisee's access to all or any aspect of the Extranet and/or electronic portal (such as a chat room, bulletin board, listserv or similar feature) until Franchisee fully cures the breach. Franchisee will not have any claim against Franchisor or any affiliate arising from such suspension from the Extranet and/or electronic portal pursuant to this Section 8.5, and Franchisee hereby waives any such claim it may at any time have and releases Franchisor and its Affiliates from any liability arising therefrom.

Franchisee and Franchisor shall each be responsible for protecting their own interests in relation to electronic communications. Franchisor shall have no liability to Franchisee on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss, or omission arising from or in connection with electronic communication of information.

8.6 Manuals

- (a) Prior to commencing operation of the Franchised Business, Franchisor will provide

Franchisee with secure access to the Manuals. The Manuals will remain confidential and the property of Franchisor, constituting a trade secret of Franchisor, and may not be shared, loaned out, duplicated, distributed or copied in whole or in part in any manner. The provisions of the Manuals constitute provisions of this Agreement as if fully set forth herein. Franchisor will have the right to add to and otherwise modify the contents of the Manuals from time to time in writing in any manner, including through the Manuals, email, Franchisor’s website, or any other means. Franchisee must always follow the directives in the Manuals, as they may be modified by Franchisor from time to time. Such compliance by Franchisee is necessary to protect the integrity and reputation of the System.

(b) Franchisor agrees that although the modifications to the Manuals may be material in that they may have an effect on the operation of the Franchised Business, they may not conflict with or materially alter the terms of this Agreement.

(c) All additions, deletions, or modifications to the Manuals will be equally applicable to all similarly-situated franchisees. The Manuals, as modified or amended from time to time, will not alter Franchisee's fundamental status and rights under this Agreement. References to the Manuals made in this Agreement, or in any amendments or exhibits to this Agreement, will be considered to mean the Manuals as amended from time to time.

8.7 Local Area Marketing

(a) Franchisee must use best efforts to promote and advertise the Franchised Business and participate in any local marketing and promotional programs that Franchisor establishes from time to time. In addition to the National Advertising Fee in Section 4.4, Franchisee must participate in the Local Advertising Services Program, investing the amount specified in the Manuals on local marketing and promotion.

(b) For the first six months of the Term, Franchisee must pay Franchisor the Local Advertising Start-Up Program Fee described in Section 4.5 which Franchisor will utilize in an initial local advertising program directed and executed by Franchisor or its designee on behalf of Franchisee.

(c) Franchisor may, but is not obligated to, offer a Local Advertising Services Program (“the Local Advertising Services Program”) which is an optional local advertising program directed and executed by Franchisor or its designee. If Franchisee wishes to participate in the Local Advertising Services Program, Franchisee will enter into Franchisor’s then-current Local Advertising Services Program Agreement and pay Franchisor the then-current monthly fee payable thereunder.

(d) Franchisee has the right to conduct such advertising and promotions of the Franchised Business as Franchisee in its reasonable discretion desires, provided that:

- (i) Franchisee must advertise and promote only in a manner that will reflect favorably on Franchisor, Franchisee, the Approved Products and Services and the good name, goodwill and reputation thereof;
- (ii) Franchisee must submit all proposed advertising and promotions to

Franchisor for its approval, which approval may not be unreasonably withheld or unduly delayed. Franchisee may not use any advertising or promotions until Franchisor has given its written approval of such advertising or promotions; and

- (iii) Franchisee hereby acknowledges that all rights, including, without limitation, all intellectual property rights, in all advertising and promotional material prepared by or on behalf of Franchisor are and will at all times remain the property of Franchisor.

8.8 National Sales Center

Franchisor may, but is not obligated to, operate the National Sales Center. If Franchisee wishes to utilize the National Sales Center, Franchisee will enter into Franchisor's then-current National Sales Center Agreement and pay Franchisor the then-current monthly fee payable thereunder.

8.9 Regional Advertising and Promotional Cooperative

Franchisor may, in Franchisor's discretion, designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative is established applicable to the Franchised Business, Franchisee must participate in the Cooperative. The following provisions will apply to each Cooperative:

- (a) Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

- (b) Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local marketing;

- (c) No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be submitted to Franchisor in accordance with the procedure set forth in Section 8.7(d)(ii);

- (d) Each Cooperative will have the right to require its members to make contributions to the Cooperative in such amounts as determined by the Cooperative ("Local Marketing Requirement"); however, the Cooperative may, by a two-thirds majority vote of its members, require a Cooperative contribution in excess of the Local Marketing Requirement;

- (e) Each member franchisee must submit to the Cooperative its respective contribution together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval;

(f) Franchisor may grant to Franchisee, in its sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request from Franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final; and

(g) Franchisor will have the power to require any Cooperative to be formed, changed, dissolved, or merged at any time.

8.10 Telephone Numbers

(a) Franchisor will procure and supply the main telephone number associated with the Franchised Business.

(b) Upon termination of this Agreement, for any reason, Franchisor will retain or change the telephone number relating to the Franchised Business in its sole discretion and Franchisee will do all things necessary or appropriate to transfer the telephone number to Franchisor, including paying any outstanding accounts with any directories and telephone service providers, and will not provide a call forwarding or telephone number referral with respect to any retained or disconnected telephone number. Furthermore, upon termination, Franchisee will not indicate in any manner it was previously affiliated with Franchisor.

(c) Franchisor may impose other requirements concerning telephones and telephone numbers in the Manuals. Among other requirements that may be imposed in the Manuals, Franchisor may require that Franchisee utilize call tracking technology as prescribed by Franchisor in the Manuals.

8.11 Insurance

(a) General. Franchisee must maintain, at Franchisee's expense, in full force and effect throughout the Term of this Agreement, the types of insurance and the minimum policy limits specified in the Manuals. In determining and modifying such requirements, Franchisor agrees to use reasonable business judgment and only require such insurance and minimum policy limits that are reasonable and customary in the cleaning services industry. The insurance policy or policies must be in effect at least thirty (30) days prior to opening the Franchised Business or upon signing a lease agreement for the Office Site. The insurance policy or policies must protect Franchisee, Franchisor, and Franchisor's past, present, and future officers, directors, owners, managers, members, stockholders, Affiliates, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage or expense whatsoever arising out of or occurring upon or in connection with the condition, operation, use, or occupancy of the Franchised Business and the Office Site. Franchisee shall name Franchisor as an additional insured under each policy, except for policies required by statute in Franchisee's jurisdiction, including, but not limited to, workers' compensation and employer's liability insurance policies. Franchisor reserves the right to amend, modify, and/or supplement additional types of coverage and/or increase the required minimum amount of coverage upon providing Franchisee reasonable notice through the Manuals or otherwise in writing by Franchisor. Franchisee's obligation to obtain coverage is not limited in any way by insurance that Franchisor maintains. Upon Franchisor's request or as specified in the Manuals, Franchisee shall provide Franchisor with certificates of insurance evidencing the

required coverage and any other documentation in connection therewith.

(b) Insurance Rating, Approval, and Certification. All insurance carriers must be approved by Franchisor in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Report. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the lease of the Office Site or by any of Franchisee's lenders or equipment lessors, and such workers' compensation insurance as may be required by applicable law. Franchisee must deliver a certificate of insurance to Franchisor at least twenty (20) days prior to opening the Franchised Business and ten (10) days prior to any renewal of the required policies, as evidence that all insurance requirements have been met. All insurance policies held by Franchisee will be primary to any policy or policies held by Franchisor or its Affiliates.

(c) Designees. All liability policies will list Franchisor as an additional insured except the Employment Practices Liability policy where Franchisor will be named as co-defendant. The Commercial General Liability policy shall contain a waiver of subrogation in favor of Franchisor and any parties Franchisor designates, and will be primary and non-contributory to any insurance Franchisor might carry. Franchisor reserves the right to modify required insurance coverage during the course of this Agreement based on changes in risk factors with which Franchisee will comply upon written notice from Franchisor.

(d) Claims Cancellation. Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours of Franchisee's receipt of said claims or cancellations. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) calendar days' prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certificate of insurance which demonstrates compliance with this Section 8.11.

(e) Failure to Maintain Insurance. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and a reasonable administrative fee for the costs incurred in connection with Franchisor obtaining the insurance.

(f) Modification of Requirements. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days' prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice and promptly supply Franchisor with a certificate of insurance evidencing the modification.

8.12 Reporting, Data, Records and Rights of Inspection

(a) Franchisor may, from time to time, specify in the Manuals or otherwise in writing the information that Franchisee will collect and maintain on the Computer System (as defined in

Section 8.4, and Franchisee will provide to Franchisor such reports as Franchisor may from time to time prescribe in the Manuals. Without limiting the generality of the foregoing, Franchisee must maintain, for at least ten (10) fiscal years from their preparation, full, complete and accurate records of all sales, marketing activities, contracts, estimates, authorizations, receipts, payroll and accounts payable and any other documents and records used in connection with the Franchised Business, in accordance with the standard accounting system described by the Franchisor in the Manuals or otherwise specified in writing. Franchisee must also provide Franchisor with complete financial records for the operation of the Franchised Business as described in this Section 8.12 in accordance with generally accepted accounting principles. All data pertaining to the Franchised Business, and all data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including without limitation data pertaining to or otherwise concerning the Franchised Business's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from, Franchisee's Computer System) is and will be owned exclusively by Franchisor without compensation to Franchisee. Copies and originals of such data must be provided to Franchisor on Franchisor's request. Franchisor by this Agreement licenses use of such data back to Franchisee for the Term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the Franchised Business.

(b) Franchisee will submit monthly Gross Revenue reports by the fifth day of the month for the immediately preceding calendar month in the form and via the method prescribed by Franchisor from time to time in the Manuals or otherwise in writing.

(c) Franchisee will maintain during the Term, and for a period of 36 months following expiration or termination of this Agreement for any reason, complete and accurate records of all Gross Revenue, in the form and manner specified by Franchisor in the Manuals. Franchisor shall have the right, during normal business hours, and without prior notice to Franchisee, to inspect or audit, or cause to be inspected or audited the financial books, records, bookkeeping and accounting records, documents or other materials in respect of the Franchise Business, including the right, without limitation, to have a person on the premises to check, verify and tabulate Gross Revenue, and/or to examine and make copies of all accounting and business records and procedures. In the event that any such audit or inspection shall disclose an understatement of Gross Revenue, Continuing Royalty or other material financial information related to the Franchised Business, Franchisee shall pay to Franchisor, within fourteen (14) days after receipt by Franchisee of the inspection or audit report, the Continuing Royalty and other sums due on account of such understatement. Further, if such audit or inspection is made necessary by the failure of Franchisee to furnish reports, financial statements or any other documentation as herein required, or if it is determined by any such audit or inspection that Franchisee's records and procedures were insufficient to permit a proper determination of Gross Revenue for any year or part thereof to be made, or that Gross Revenue, Continuing Royalty or other material financial information for the period in question were understated by 5% or more of the Gross Revenue actually received, Franchisee shall immediately take such steps as may be necessary to remedy such default in accordance with any Franchisor requirement and Franchisee shall promptly pay to Franchisor all costs incurred in connection with such audit or inspection, including, without limitation, charges of an accountant and the travel expenses, room, board and compensation of employees of Franchisor or its designee who performed the audit or inspection. In the event any audit or inspection reveals any understatement of 5% or more of Gross Revenue, Franchisor has the right

as it deems necessary to conduct further audits or inspections for up to two years thereafter, at Franchisee's expense for all costs and expenses of the subsequent audit or inspection. Franchisee acknowledges and agrees that if a subsequent audit or inspection reveals any understatement of Gross Revenues of 5% or more, in addition to any other available remedies, Franchisor will have the right to terminate this Agreement without any opportunity to cure in accordance with Section 10.2 of this Agreement. If Franchisee's records and procedures were insufficient to permit a proper determination of Gross Revenue, Franchisor shall have the right to deliver to Franchisee an estimate, made by Franchisor, of Gross Revenue for the period under consideration and Franchisee shall immediately pay to Franchisor any amount shown thereby to be owing on account of the Continuing Royalty and other sums due on account of any understatement. Any such estimate shall be final and binding on Franchisee.

(d) Within two weeks of each calendar month end Franchisee will furnish Franchisor with a summary profit and loss statement in Franchisor's required form. Within 60 days after each of Franchisee's fiscal years end, Franchisee will furnish Franchisor with (i) a detailed profit and loss statement in Franchisor's required form together with a balance sheet for the Franchised Business for the previous fiscal year, (ii) a statement of gross sales for the previous fiscal year, and (iii) a list of Franchisee's business offices (including the addresses and telephone numbers of each), along with any further information Franchisor reasonably requests. All of the financial statements and information will be prepared according to the guidelines prescribed by Franchisor in the Manuals, and will be certified by Franchisee, or in the case of a corporate Franchisee, by Franchisee's Chief Executive Officer or Chief Financial Officer, as being true and correct.

(e) Tax Returns. In addition to the information and materials set forth in Section 8.12 (a), Franchisee agrees to maintain, and furnish to Franchisor within thirty (30) days of filing: (i) complete copies of all federal, state and local tax returns, including those detailing income, sales, value added, use and service taxes, as well as employee withholding, workers' compensation, and similar reports filed by Franchisee reflecting financial activities of the Franchised Business; and (ii) Franchisee's (or Franchisee's principals') personal federal, state and local tax returns.

(f) Franchisor may, at any time, use any financial report or statement, or any information derived from them, in aggregate form, as part of Franchisor's disclosure document or similar document.

8.13 Office Site Inspection

Franchisee agrees that, in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, Franchisee will permit Franchisor, during business hours, to inspect Franchisee's Office Site, confer with Franchisee and Franchisee's employees, observe and evaluate Franchisee's sales techniques and operation methods, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the System and Franchisee's performance under this Agreement, the Manuals, and other standards and specifications required by Franchisor. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor. Franchisor is not required to provide Franchisee with any notice prior to conducting such an inspection.

8.14 Compliance with Laws

Franchisee will (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, some of which are subject of specific policies set forth in the Manuals and which policies must be strictly adhered to; (ii) comply with all applicable wage and hour and other laws and regulations of the federal, state, or local governments; (iii) prepare and file all necessary tax returns; and (iv) pay promptly all taxes imposed upon Franchisee or upon its business or property. Franchisee represents and warrants that it will obtain and maintain all necessary permits, certificates, and/or licenses necessary to conduct the Franchised Business in the Protected Territory. Franchisee will immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification will include all relevant details concerning the proceedings, according to the procedures described in the Manuals.

8.15 Pricing

Franchisee is solely responsible for determining the prices of Approved Products and Services offered by the Franchised Business, however, Franchisee is required to comply with any maximum or minimum resale pricing restrictions Franchisor may implement so long as such pricing does not violate applicable law.

8.16 No Competing Businesses

(a) Franchisee acknowledges that, under this Agreement, Franchisee will receive valuable specialized training, trade secrets, and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of the System. Franchisee acknowledges that this specialized training, trade secrets, and confidential information provide a competitive advantage and will be valuable to Franchisee in the development and operation of the Franchised Business, and that gaining access to this specialized training, trade secrets, and confidential information is, therefore, a primary reason why Franchisee is entering into this Agreement.

(b) In consideration for this specialized training, trade secrets, confidential information, and rights, Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee will not during the Term, either directly or indirectly, for itself or through, on behalf of, or in conjunction with any people, partnership, or corporation:

- (i) Divert or attempt to divert any business or customer of the Franchised Business to any "Competitor" (as defined below), 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 System. For purposes of this Agreement, a "Competitor" is a business that derives revenues from the direct or indirect sale of cleaning services.
- (ii) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, or joint ventures), advise, assist, or make loans

to, any Competitor located within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor has used, sought registration of, or registered the Marks or similar marks, or operates or licenses others to operate a business under the Marks or similar marks.

(c) For a continuously uninterrupted period of two years, beginning with "expiration date" specified below, Franchisee will not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any other person:

- (i) Divert or attempt to divert any business or customer of the Franchised Business 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 System.
- (ii) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, or joint ventures), advise, assist, or make loans to, any Competitor that is, or is intended to be, located within, or within a 25 mile radius of, the Protected Territory or the territory of any TWO MAIDS[®] business in existence or under development as of the expiration date.

For purposes of this Section, "expiration date" is the date that this Agreement expires without renewal or is terminated (regardless of the reason for termination), or that Franchisee transfers all of its interest in this Agreement.

(d) Franchisee acknowledges that each of the covenants contained in this Section is a reasonable limitation as to time, geographical area, and scope of activity to be restrained, and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. Each of the covenants in this Section will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section. This Section will not apply to the ownership of less than a 1% beneficial interest in the outstanding equity securities of any publicly held company.

(e) Franchisee understands and acknowledges that Franchisor may, in its sole discretion, reduce the scope of any covenant in this Section without Franchisee's consent, effective immediately upon notice to Franchisee. Franchisee agrees that any covenant as so modified will be fully enforceable, and Franchisee covenants that it will comply with the modified covenant.

(f) Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

(g) Franchisee must require and obtain signing of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from its Manager. Additionally, at Franchisor's request, Franchisee will require and obtain signing of similar covenants to those identified in the preceding sentence from any personnel of Franchisee who have received or will have access to training from Franchisor. Franchisee will also require all people who Control Franchisee or who own (directly or indirectly) 10% or more of Franchisee to sign similar covenants. Any covenants required under this Section will be substantially in the form of this Section.

8.17 Franchisor's Web Site

(a) Franchisor has established and will maintain from time to time one or more sites on the Internet that may, among other things, facilitate orders, provide information about the System and the products and services that are offered at businesses operated under the Marks, and allow end-users to locate a nearby business operated under the Marks ("Franchisor's Web site"). Franchisor has sole discretion and control over the design and content of Franchisor's Web site. Franchisor may, at its sole option, from time to time, without prior notice to Franchisee: (i) change, revise, or eliminate the design, content, and functionality of Franchisor's Web site; (ii) make operational changes to Franchisor's Web site; (iii) change or modify the URL and/or domain name of Franchisor's Web site; (iv) substitute, modify, or rearrange Franchisor's Web site, at Franchisor's sole option, including in any manner that Franchisor considers necessary or desirable to, among other things, (A) comply with applicable laws, (B) respond to changes in market conditions or technology, and (C) respond to any other circumstances, (v) limit or restrict end-user access (in whole or in part) to Franchisor's Web site; and (vi) disable or terminate Franchisor's Web site without any liability to Franchisee.

(b) Franchisor may link Franchisor's Web site to the Web sites of third parties, including electronic service providers, Franchisor's Affiliates, and other providers of goods and services. Franchisor may also permit third parties to link (including links to interior pages of Franchisor's Web site, including the Franchisee Page) and frame Franchisor's Web site (including the Franchisee Page). Franchisor may place legal notices, disclaimers, Franchisor's Marks, corporate logos and slogans, advertisements, endorsements, trademarks, and other identifying information on Franchisor's Web site, all of which may be modified, expanded, or eliminated at Franchisor's option. Further, Franchisor may establish or participate in programs whereby Franchisor refers end-users to other Web sites, or Franchisor receives referrals from other Web sites. All consideration (monetary and non-monetary) received by Franchisor on account of the placement or sale of advertisements, endorsements, and sponsorships on Franchisor's Web site (including any Franchisee Page), and all consideration (monetary and non-monetary) received by Franchisor on account of affiliate programs, will belong only to Franchisor. Franchisor may also establish programs that encourage repeat visits to Franchisor's Web site by end-users.

(c) Franchisor's Web site may include one or more interior pages that identify TWO MAIDS[®] franchisees operating under the Marks, including the Franchised Business, by among other things, geographic region, address, telephone numbers, and other appropriate matters. Franchisor's Web site may also include one or more interior pages dedicated to franchise sales by Franchisor and/or relations with Franchisor's investors.

(d) Franchisor may, from time to time, establish one or more interior pages on Franchisor's Web site dedicated in whole or in part to the Franchised Business ("Franchisee Page"). Franchisor may permit Franchisee to customize or post certain information to the Franchisee Page, subject to Franchisee's compliance with the procedures, policies, standards, and specifications that Franchisor may establish from time to time. Any modifications (including customizations, alterations, submissions, or updates) to the content made by Franchisee for any purpose will be considered to be a "work made for hire" under the copyright laws, and therefore, Franchisor will own the intellectual property rights in and to the modifications. To the extent any modification does not qualify as a work made for hire as outlined above, Franchisee assigns those modifications to Franchisor for no additional consideration and with no further action required and will sign any further assignments as Franchisor may request.

(e) Without limiting Franchisor's general unrestricted right to permit, deny, and regulate Franchisee's participation on Franchisor's Web site in Franchisor's sole discretion, if Franchisee breaches this Agreement, or any other agreement with Franchisor or its Affiliates, Franchisor may disable or terminate the Franchisee Page and remove all references to the Franchised Business on Franchisor's Web site or redirect customer leads to other franchisees pursuant to Section 2.2(d) until the breach is cured.

(f) Franchisor has no control over the stability or maintenance of the Internet generally. As a result, Franchisor is not responsible for damage or loss caused by errors of the Internet. Furthermore, Franchisor is not liable for any direct, indirect, special, incidental, exemplary, or consequential damages arising out of the use of, or the inability to use, Franchisor's Web site or the Internet, including loss of profits, goodwill, or savings, downtime, or damage to or replacement of programs and data, whether based in contract, tort, product liability, or otherwise.

8.18 E-mail, Internet, Social Media and Other Media

(a) Franchisee must comply with Franchisor's requirements and policies (as described in the Manuals or otherwise in writing) with respect to all digital media (including, but not limited to, Franchisor's web site) in connection with the Franchised Business and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, in social media or any other media, regarding the Franchised Business. Such activities include, without limitation, participation in any Internet blogs, vlogs or social media sites. Any such activities which are not expressly permitted in the Manuals or otherwise in writing, or for which Franchisee has not previously received approval from Franchisor, will be subject to Franchisor's prior approval.

(b) Franchisee may advertise and promote the Franchised Business via social media, which must be comprised of pages, communications and content located on third party platforms using the Marks as specified by Franchisor (collectively, "Franchisee's Social Media"), provided that Franchisor is granted administrator access rights to Franchisee's Social Media. All uses of Franchisee's Social Media pages and communication channels and uses must be established in accordance, and at all times be in compliance with, the Manuals.

(c) Franchisee agrees not to transmit or cause any other party to transmit consumer advertisements or solicitations by e-mail or other digital media without Franchisor's prior written

consent as to: (a) the content of such advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee agrees that it will be solely responsible for complying with any laws pertaining to sending e-mails, including but not limited to the Controlling the Assault of Non-Solicited Pornography and Proprietary Marketing Act of 2003 (known as the CAN-SPAM Act of 2003).

(d) Franchisee must promptly discontinue any advertising or promotion using social media, whether or not previously agreed to by Franchisor, upon notice from Franchisor that it reasonably considers that such use of social media does not conform to the System standards. Upon the expiration or termination of this Agreement, Franchisee will assign ownership (to the extent Franchisor does not already own them) of all domain names, account names, handles, and user names used by Franchisee in its business under this Agreement and Franchisee will take all such actions as Franchisor reasonably requires to disassociate Franchisee from any such names and social media pages.

8.19 Franchisor Electronic Portal

(a) Franchisor may establish and maintain, at its option, either a series of "private" pages on Franchisor's Web site (described in Section 8.17) or electronic portal through either of which Franchisor, franchisees of Franchisor, and their respective employees may communicate with each other, and on or through which Franchisor may host or disseminate the Manuals, updates to it, and other confidential information. Franchisor will have sole discretion and control over all aspects of the electronic portal, including the content and functionality of the electronic portal. Franchisor will have no obligation to maintain the electronic portal indefinitely, and may dismantle it at any time without liability to Franchisee.

(b) If Franchisor establishes an electronic portal, Franchisee will have the privilege to use the electronic portal, subject to Franchisee's strict compliance with the standards and specifications, protocols, and restrictions (collectively, "Franchisor Protocols") that Franchisor may establish from time to time. The Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous, or otherwise offensive language in electronic communications, (ii) communications between or among Franchisees that endorse or encourage breach of any franchisee's franchise agreement, (iii) confidential treatment of materials that Franchisor transmits via the electronic portal, (iv) password protocols and other security precautions, (v) grounds and procedures for Franchisor's suspending or revoking a Franchisee's access to the electronic portal, and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the electronic portal. Franchisee acknowledges that, as administrator of the electronic portal, Franchisor can technically access and view any communication that any person posts on the electronic portal. Franchisee further acknowledges that the electronic portal and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

(c) Franchisee will establish and continually maintain (during all times that the electronic portal is established and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Manuals) with the electronic portal that allows Franchisor to send messages to and receive messages from Franchisees, subject to the Franchisor Protocols.

(d) If Franchisee breaches this Agreement or any other agreement with Franchisor or its Affiliates, Franchisor may disable or terminate Franchisee's access to the electronic portal without Franchisor having any liability to Franchisee.

8.20 Change in Status Processing

Requests for (i) change of fictitious business name, (ii) changes in designated Manager or (iii) other changes in status as may be specified from time to time by Franchisor, will be made on the form as designated by Franchisor in the Manuals.

8.21 National Accounts

Franchisee acknowledges that to competitively attract and effectively service National Accounts, Franchisor may need to establish policies governing the manner in which National Accounts will be serviced. Franchisee will comply with all National Account policies.

8.22 Vendor Allowances

Franchisee acknowledges and agrees that Franchisor shall have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, commissions, credits, monies, payments or benefits (collectively, "Allowances") offered by vendors to Franchisor or its Affiliates based upon Franchisee's (and other franchisees') purchases of Approved Products and other goods and services. Franchisee acknowledges that such Allowances are additional consideration for the rights granted by Franchisor to Franchisee under this Agreement and that Franchisor has exclusive right, title and interest in and to any and all such Allowances. Franchisee further acknowledges that Franchisor is entitled to collect, retain and utilize any or all such Allowances without restriction (unless otherwise instructed by the vendor).

8.23 Privacy

(a) With regards to Privacy Information (defined below) Franchisee and Franchisor must comply with their obligations under applicable Privacy Law. "Privacy Information" means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver's license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other electronic network activity information including, but not limited to, browsing history, search history, and information regarding a consumer's interaction with an Internet Web site, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related

information; education information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); and inferences drawn from any of the information identified in this Sub-section to create a profile about a consumer reflecting the consumer's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. "Personal Information" does not include publicly available information that is lawfully made available to the general public from federal, state or local government records. "Publicly available" does not mean biometric information collected by a business about a consumer without the consumer's knowledge. "Privacy Law" means any local, state or federal data privacy or data security law or regulation.

(b) Use of Privacy Information. In no circumstances shall Franchisee or Franchisor ever sell the Privacy Information. Franchisee further agrees not to access, use or process the Privacy Information, except in the furtherance of its rights and obligations under this Agreement but at all times in compliance with Privacy Law. Franchisee shall be solely liable for any and all violations of Privacy Law that may arise from its failure to comply with this provision.

(c) Privacy Information Requests. To the extent Franchisor does not have the ability to address requests made under applicable Privacy Law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon Franchisor's request, provide reasonable assistance to Franchisor in responding to such requests.

(d) Audits. During the term of this Agreement, at Franchisor's request and subject to reasonable notice, Franchisee shall provide Franchisor with information sufficient to establish its compliance with the obligations set forth in this Section 8.23 and the applicable Privacy Laws.

8.24 PCI DSS Compliance

You must comply with the Payment Card Industry Data Security Standards (PCI DSS) as these standards may be revised and modified by the Payment Card Industry Security Standards Council (PCISSC) or such successor replacement organization, and/or in accordance with other standards as we may specify. In addition, you must submit annually to us a fully completed copy of your PCI Attestation of Compliance on the then-current PCISSC form or such successor or replacement form(s) and/or processes.

8.25 Nondisclosure and Confidentiality

Franchisee acknowledges that it has had no part in the creation or development of nor does it have any property or other rights or claims of any kind in or to any element of the System, the Marks or any matters dealt within the Manuals. Franchisee also acknowledges that all disclosures made to Franchisee relating to the System, including, without limitation, the specifications, standards, procedures and the entire contents of the Manuals, are communicated to Franchisee solely on a confidential basis and as trade secrets, in which Franchisor has a substantial investment and a legitimate right to protect against unlawful disclosure. Accordingly, Franchisee agrees to maintain the confidentiality of all such information during the term of this Agreement and at any time thereafter and may not disclose any portions of the Manuals or any information whatsoever with respect to Franchisee's or Franchisor's business affairs or the System, other than as may be

required to enable Franchisee to conduct its business. Franchisee further agrees not to use any such information in any other business or in any manner not specifically approved in advance in writing by Franchisor.

9. ASSIGNMENT

9.1 Assignment by Franchisor

Franchisor may Transfer this Agreement, or all or any part of its rights, privileges, and obligations under this Agreement, to any other person, provided that, in respect to any Transfer resulting in the subsequent performance by the assignee of the functions of the Franchisor: (i) at the time Franchisor Transfers this Agreement, Franchisor reasonably believes that the transferee is financially responsible and economically capable of performing the delegated obligations of Franchisor; and (ii) the transferee of Franchisor expressly assumes and agrees to perform the obligations. Following the Transfer by Franchisor, Franchisor will be relieved of all obligations or liabilities then existing or thereafter able to be asserted under this Agreement.

9.2 Assignment by Franchisee

This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee (if Franchisee is an individual) or the people who directly or indirectly Control Franchisee or directly or indirectly own (in this context, an "Equity Holder") a beneficial interest in Franchisee (if Franchisee is person other than an individual), and the trust and confidence reposed by Franchisor in Franchisee and its Equity Holders. Franchisee and its Equity Holders each covenant to actively and substantially participate in the ownership and operation of the Franchised Business.

(a) Without the prior written consent of Franchisor and subject to Franchisor's right of first refusal provided for in Section 9.3, neither Franchisee nor any Equity Holder may Transfer any interest in Franchisee, this Agreement, or all or substantially all of the assets of Franchisee used in connection with the Franchised Business. As further clarification of the foregoing restrictions, Franchisee may not sub-franchise or attempt to sub-franchise this Agreement, or a portion but not all of Franchisee's rights under this Agreement, without the express prior written permission of Franchisor. Any Transfer or purported Transfer in violation of this Section will be void.

(b) Franchisor may withhold its consent to a sub-licensing of all or part of Franchisee's interest in the Agreement for any reason whatsoever in Franchisor's sole discretion. If Franchisee or any of its owners proposes to make any other form of Transfer, and if Franchisor elects not to exercise its right of first refusal (or if the right of first refusal is not applicable to the proposed Transfer, as provided in this Agreement), Franchisor may withhold or condition Franchisor's consent to any Transfer, as Franchisor deems appropriate, based on the circumstances of the Transfer or otherwise. If Franchisor believes that the terms and conditions of any Transfer would not be in the best interests of the Franchisor, the proposed transferee or the TWO MAIDS® System, Franchisor may refuse to consent to such Transfer. Without limitation, Franchisor may consider the effect that the Transfer and the prospective transferees will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the Marks, the System, or Franchisor, or any of Franchisor's Affiliates. Additionally, it will not be unreasonable for Franchisor to impose,

among other things, the following conditions precedent to its consent to any Transfer:

- (i) The proposed assignee of the interest to be subjected to the Transfer will complete Franchisor's application for a franchise agreement, and Franchisee and the proposed assignee will fully disclose in writing all of the terms and conditions of the proposed Transfer.
- (ii) The proposed assignee(s) of the interest to be subjected to the Transfer demonstrate(s) that it has or they have the skills, qualifications, and economic resources necessary, in Franchisor's reasonable judgment, to conduct the business contemplated by this Agreement. Among other things, this may require the possession of certain skills and qualifications of the prospective transferee, including experience in or ability to learn the light environmental business, financial and operational skills and qualifications, economic resources, reputation and character of the prospective transferees, and the ability of the prospective transferee(s) to fully and faithfully conduct the Franchised Business as contemplated by this Agreement. Without limiting the generality of the foregoing, if a contractor's license is required in the state in which the Protected Territory is located, the proposed assignee or one or more of the principal officers, shareholders or directors of the proposed assignee must qualify for, and obtain, or otherwise obtain for the benefit of the Franchised Business such as through an employee of Franchisee, such contractor's license prior to the effective date of the Transfer.
- (iii) The proposed assignee of the interest to be subjected to the Transfer expressly assumes in writing for the benefit of Franchisor all of the obligations of Franchisee under this Agreement.
- (iv) If the proposed Transfer will result in a new Franchisee under this Agreement, the new Franchisee signs the then current form of Franchise Agreement being used by Franchisor and pays the then current initial franchise fee under the franchise agreement.
- (v) As of the date of the proposed Transfer, Franchisee is in full compliance with all of its obligations to Franchisor, whether under this Agreement or under any other agreement, arrangement, or understanding with Franchisor and pays the then-current initial franchise fee under the franchise agreement.
- (vi) Franchisee, assignee and each shareholder of a corporate assignee sign the then current form of Consent to Transfer and Assumption of Franchise Agreement.
- (vii) Franchisee pays to Franchisor a non-refundable transfer fee equal to the amount then being charged by Franchisor. In addition, if the proposed assignee of the interest to be subjected to the Transfer was already in

Franchisor's lead database at the time of first contact between Franchisee (or its Equity Holder) and the proposed assignee, then Franchisor may require Franchisee to pay the referral fee then being charged by Franchisor plus the amount of any broker fees that Franchisor must pay a third-party (not an employee of Franchisor).

(c) If Franchisee is not an individual, Franchisee will provide Franchisor at the Effective Date with a copy of Franchisee's governing documents (such as articles of incorporation, bylaws, operating agreement, or partnership agreement) and all other agreements among the Equity Holders (such as buy/sell agreements). If Franchisee is a corporation or other entity that issues capital stock, Franchisee will provide Franchisor at the Effective Date with a prototype stock certificate. As a condition to entering into the Franchise Agreement, a Franchisee that issues capital stock will be required to place the following legend on all stock certificates:

"The transfer of this stock is subject to the terms and conditions of that certain Franchise Agreement dated _____ between this corporation and TWO MAIDS FRANCHISING, LLC. Reference is made to that Franchise Agreement and the restrictive provisions contained in them and as may be otherwise described in the Articles of Incorporation and by-laws of this corporation."

(d) The cumulative Transfer in any 12 consecutive month period of 25% or more of the ownership interests or voting power in Franchisee will be considered to be a Transfer for purposes of this Section 9.

9.3 Right of First Refusal

Except as provided in Sections 9.4, 9.5, and 9.6, the right of Franchisee or its Equity Holders to Transfer any interest in this Franchise Agreement will be subject to Franchisor's right of first refusal with respect thereto. Franchisor may exercise the right of first refusal in the following manner:

(a) Franchisee will deliver to Franchisor a written notice setting forth (i) all of the terms and conditions of any bona fide offer relating to a proposed Assignment by Franchisee; and (ii) all available information concerning the proposed assignee of the interest proposed to be subject to a Transfer.

(b) Within ten days after Franchisor's receipt of the notice (or if Franchisor requests additional information, within ten days after receipt of the additional information), Franchisor may either consent or withhold its consent to the Transfer, in accordance with Section 9.2 or, at its option, may accept the Transfer itself or on behalf of its nominee upon the terms and conditions specified in the notice.

(c) If Franchisor elects not to exercise the right of first refusal and consents to the Transfer, Franchisee will for a period of 90 days, and subject to the provisions of Section 9.2, be free to complete the proposed Transfer upon the terms and conditions specified in the notice. If, however, the terms are materially changed, or if the 90-day period expires, Franchisor will again have the right of first refusal with respect to the offer and Franchisee will again be required to

comply with Section 9.3(a) above.

9.4 Transfers to Family Members

An individual Franchisee or an Equity Holder, may with Franchisor's consent, which will not be unreasonably withheld, Transfer the Franchised Business or an equity interest in Franchisee to the person's spouse, parent, sibling, niece, nephew, descendant, or spouse's descendant provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement.

9.5 Transfers to Affiliated People

Franchisee or an Equity Holder may, without the consent of Franchisor, upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee to a person (other than an individual) entirely owned by natural person(s) making the Transfer in the same proportionate amount of ownership as before the Transfer, provided that adequate provision is made for the management of the Franchised Business and that the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer fee will be payable in respect of a Transfer under this Section.

9.6 Transfers Upon Death or Incapacity

In spite of any of the foregoing, upon the death or legal incapacity of Franchisee or an Equity Holder that is an individual, the person's interest in this Agreement or its equity interest in the Franchisee will Transfer in accordance with the person's will or, if the person dies intestate, in accordance with laws of intestacy governing the distribution of the person's estate, provided that adequate provision is made for the management of the Franchised Business and the transferee is one or more of the decedent's spouse, parents, siblings, nieces, nephews, descendants, or spouse's descendants. A Transfer under this Section will be free from Franchisor's right of first refusal provided in Section 9.3, and no transfer fee will be payable in respect of a Transfer pursuant to this Section. Any subsequent Transfer will be subject to all provisions of this Section 9.

If Franchisor determines, in its reasonable judgment, that the heirs, personal representatives, or conservators, as applicable, are not capable of operating the Franchised Business, Franchisor may immediately begin operating the Franchised Business on behalf of Franchisee pending a Transfer to a qualified buyer. For this management assistance, Franchisor may charge Franchisee a fee equal to 8% of the Gross Revenues during Franchisor's operation of the Franchise and the wages or salary for an interim Manager.

10. DEFAULT AND TERMINATION

10.1 General

(a) Franchisor may unilaterally terminate this Agreement upon Franchisee's material breach of this Agreement or upon the occurrence of any of the conditions listed in Section 10.2. The listing in Section 10.2 of some conditions as constituting specific grounds for termination does

not imply that other material breaches of this Agreement are not also good cause for termination, even though some of the conditions listed in Section 10.2 parallel obligations of Franchisee described elsewhere in this Agreement. Franchisor will exercise its right to terminate this Agreement in the manner described in this Section 10.

(b) In spite of anything contained in this Agreement to the contrary, in those circumstances under which Franchisor may terminate this Agreement, Franchisor may in its sole discretion, offer to Franchisee an alternative remedy to termination of this Agreement. If Franchisee declines Franchisor's alternative offer, Franchisor may proceed to terminate this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, in those circumstances under which Franchisor may terminate this Agreement for Franchisee's default, Franchisor may exercise all remedies available to it at law or in equity, including seeking specific performance and damages (including direct, indirect, special, incidental, or consequential damages). All rights and remedies provided in this Agreement are in addition to and not in substitution of the rights and remedies available to a party at law or in equity.

10.2 Termination Without Opportunity to Cure

The obligations of Franchisor under this Agreement are contingent upon the non-occurrence of each of the conditions described below. Franchisor may terminate this Agreement immediately upon notice to Franchisee, without prior opportunity to cure, upon the occurrence of any of the following conditions, each of which constitutes grounds for immediate termination of this Agreement without notice or opportunity to cure (except as specifically stated in these conditions):

(a) To the extent permitted by law, if Franchisee or the Franchised Business is declared bankrupt or judicially determined to be insolvent, or if all or a substantial part of the assets used by Franchisee in connection with the Franchised Business are assigned to or for the benefit of any creditor, or if Franchisee admits Franchisee's inability to pay its debts as they come due.

(b) If Franchisee Abandons the Franchised Business. The term "Abandon" means failure to operate the Franchised Business for a period of seven consecutive days (without Franchisor's prior written consent) during a time that Franchisee is required to operate the Franchised Business under the terms of this Agreement, or any shorter period under which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchised Business. A repeated pattern of failure to operate the Franchised Business for periods of less than seven consecutive days may result in the Franchised Business being considered Abandoned if in the judgment of Franchisor the closure adversely impacts the Franchised Business. The Franchised Business will not be considered Abandoned if the failure to operate is due to acts of God or other matters beyond the control of Franchisee (other than Franchisee's inability to procure money), provided that Franchisee gives notice of any cessation of operations to Franchisor promptly after the initial occurrence of the event resulting in the cessation of operations (and in any event within ten days) and Franchisor acknowledges in writing that the cessation of operations is due to one of the foregoing causes and provided further that Franchisee re-establishes the Franchised Business and is fully operational

within 120 days after the initial occurrence of the event resulting in the cessation of operations or any longer period that Franchisor permits.

(c) If Franchisor and Franchisee agree in writing to terminate this Agreement.

(d) If Franchisor discovers that Franchisee made any material misrepresentations relating to the acquisition of the Franchised Business, or if Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the Marks.

(e) If Franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Business.

(f) If Franchisee, after curing any breach in accordance with Section 10.3 commits the same breach, whether or not the breach is corrected after notice.

(g) If Franchisee repeatedly fails to comply with one or more requirements of this Agreement, whether or not corrected after notice.

(h) If the Franchised Business or business premises of the Franchisee are seized, taken over, or foreclosed by a government official in the exercise of the official's duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, if a final judgment against Franchisee for more than \$10,000 remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed), or if a levy of signing has been made upon the franchise granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days after the date of the levy.

(i) If Franchisee is convicted of a felony, of a misdemeanor involving moral turpitude, or of other criminal misconduct which is relevant to the operation of the Franchised Business.

(j) If Franchisee fails to pay any Continuing Royalty or other amounts due to Franchisor within five days after receiving written notice that the fees are overdue.

(k) If Franchisor makes a reasonable determination that continued operation of the Franchised Business by Franchisee will result in an imminent danger to public health or safety.

(l) If any other franchise agreement between Franchisor and Franchisee is terminated by Franchisor because of breach or default by Franchisee or failure of a condition to continued effect of the franchise agreement.

(m) If a repeated audit reveals repeated understatement of Gross Revenues by 5% or more as stated in Section 8.12(c).

(n) If Franchisee loses the right to occupy or operate the Franchised Business from the Office Site.

10.3 Termination Subject to Opportunity to Cure

Except for failure of the conditions listed in Section 10.2, above, or as otherwise expressly provided in this Agreement, Franchisee will have 30 days after Franchisor's written notice within which to cure any breach of this Agreement, and to provide evidence of the cure to Franchisor. If any default is not cured within that time period, or any longer time period that applicable law requires or that Franchisor specifies in the written notice, this Agreement and all rights granted by it will thereupon automatically terminate without further notice or opportunity to cure.

10.4 Description of Default

The description of any breach, default, or failure of a condition in any notice served by Franchisor upon Franchisee will in no way preclude Franchisor from specifying additional or supplemental breaches, defaults, or failures of conditions (including matters discovered after the termination is effective) in any action, arbitration, mediation, hearing, or suit relating to this Agreement or the termination of this Agreement.

10.5 Statutory Limitations

In spite of anything to the contrary in this Section 10, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties limits Franchisor's right to terminate this Agreement or requires longer notice periods than those stated in this Agreement, and if the parties are prohibited by law from agreeing to the shorter periods stated in this Agreement, then Franchisor will conform to the requirements of those laws and regulations, but only to the extent necessary to bring Franchisor's actions within the requirements of the law or regulation.

10.6 Alternative Remedies

In those circumstances under which Franchisor may terminate this Agreement, Franchisor may in its sole discretion: (a) redirect customer leads generated by Franchisor on Franchisee's behalf to other franchisees as contemplated in Sections 2.2 and 8.17(e); and/or (b) grant to Franchisee, in lieu of immediate termination of this Agreement, (i) an extended period of time (not to exceed six months from the last day of the cure period otherwise applicable to the breach) to cure the breach which gave rise to Franchisor's right to terminate, (ii) an option to reimburse Franchisor up to \$1,000 for investigating the breach of this Agreement, or (iii) if the breach consists of the offer or sale of products or services in the territory assigned to another franchisee of Franchisor, require Franchisee to pay, as liquidated damages, and not a penalty, an amount equal to 100% of the total gross sales generated by sales in the other franchisee's territory (which shall be used in Franchisor's discretion to reimburse the other franchisee for the value of the business diverted, including lost goodwill, and to compensate Franchisor for its costs of investigating Franchisee's breach). Franchisee acknowledges that Franchisor's election to grant an extended cure period or to permit a reimbursement will not operate as a waiver of any of Franchisor's other rights under this Agreement.

10.7 Step In Rights

In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter

upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of the Franchised Business including, without limitations, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Business.

11. DISPUTE RESOLUTION

11.1 Alternate Dispute Resolution

Except for the disputes described in Section 11.2 of this Agreement and except as otherwise specifically modified by this Section 11, any dispute between Franchisor and any of its Affiliates, on the one hand, and Franchisee and any of its Affiliates, on the other, arising out of, relating to or referencing this Agreement or its breach in any way, including any claim sounding in tort arising out of the relationship created by this Agreement, and any claim that this Agreement or any other of its parts is invalid, illegal, or otherwise voidable or void, is subject to the dispute resolution provisions described in Section 11 of this Agreement.

11.2 Disputes Not Subject To Alternate Dispute Resolution

Franchisee acknowledges that it is important that Franchisor be able to use reasonable efforts to protect the Marks, the System, and the integrity of the Marks and the System. To that end, Franchisor may, at its option, seek injunctive or other equitable relief to enforce the provisions of Section 6 (Intellectual Property), Section 7.2 (Proprietary Materials), Section 8.16 (No Competing Businesses), or Section 12 (Franchisee's Obligations Following Termination or Expiration) of this Agreement, or the provisions of any separate confidentiality or non-disclosure agreement between Franchisor or its Affiliates (on the one hand) and Franchisee or its Affiliates (on the other hand) in the Court specified by Section 11.6.

11.3 Option to Mediate Dispute

(a) In the event of a dispute between the parties, either party may initiate a mediation procedure in accordance with this Section 11.3 by making a written request for mediation with the Judicial Arbitration and Mediation Service (JAMS), the National Franchise Mediation Program administered by the CPR Center for Dispute Resolution of New York, or any other mediation service mutually agreed to by the parties. Any mediation will be conducted according to the procedures of the selected mediation service.

(b) The object of any mediation subject to this Section 11.3 is to assist the parties in reaching a mutually acceptable resolution of the dispute. The mediation will, in all circumstances, be consistent with the rights and obligations created by this Agreement and will not be premised

on the derogation or diminution of those rights or disregard of those rights. The mediation process will begin promptly and be concluded expeditiously, unless the parties mutually agree otherwise. Any and all discussions, negotiations, findings, or other statements by the mediator and/or the parties made in connection with the mediation will be privileged and confidential and will not be admissible into evidence in any litigation or arbitration.

(c) All mediation proceedings will take place in Jefferson County, Alabama, or if Franchisor so elects, in the county where the principal place of business of Franchisee is then located. The fees of the mediator will be borne equally by Franchisor and Franchisee, and all other expenses relating to the mediation will be borne by the party incurring them.

11.4 Arbitration

(a) Except disputes not subject to alternative dispute resolution as described in Section 11.2 above, any dispute between Franchisor or any of its Affiliates (on the one hand) and Franchisee or any of its Affiliates (on the other hand) arising out of or relating to this Agreement or its breach, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Section 11.3 above, will be resolved by submission to arbitration conducted by a single impartial arbitrator appointed by JAMS according to its Comprehensive Arbitration Rules and Procedures, or any other single impartial arbitrator mutually agreed to by the parties.

(b) All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Section 11 will be governed by the Federal Arbitration Act (9 U.S.C. 1 et seq.) and the federal common law of arbitration. All hearings and other proceedings will take place in Jefferson County, Alabama, or if Franchisor so elects, in the county where the principal place of business of Franchisee is then located. The fees of the arbitrator will be borne equally by Franchisor and Franchisee, and all other expenses relating to the arbitration will be borne by the party incurring them.

(c) This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against the party by default or otherwise in spite of the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final, and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are waived.

11.5 Business Judgment

The parties recognize, and any arbitrator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from taking) action in the exercise of its business judgment, based on its assessment of the overall best interests of all people operating under the Marks. Where that discretion has been exercised, and is supported by the business judgment of Franchisor, neither an arbitrator nor a judge may substitute his or her judgment for the judgment exercised by Franchisor unless the arbitrator or judge finds that

Franchisor has exercised its judgment or discretion without any reasonable business basis for it. Whenever Franchisor has a right and/or the discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make that decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in the best interests of the System. Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or Franchisor's right or discretion is exercised, can be made without regard to whether: (a) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (c) Franchisor's decision or the action taken applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or Affiliate-owned operations; or (d) Franchisor's decision or the action taken is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations under this Agreement.

11.6 Venue, Submission to Court, Limitation of Damages

In view of the fact that the books, records and business personnel of Franchisor are located in Jefferson County, Alabama and in order to minimize disruption or interference with operation of (and Franchisor's support to) all persons operating under the Marks, Franchisee and Franchisor agree as follows:

(a) All court proceedings arising out of or relating to this Agreement (including matters described in Section 11.2 above) will be brought in, and only in, the United States District Court for the Northern District of Alabama. No individual or entity (whether named or otherwise designated) will be joined as a party to those proceedings if that joinder has the effect of destroying federal court jurisdiction, unless that individual or entity is a necessary party to the proceeding as a matter of law. Where there is no United States District Court having jurisdiction over the dispute, the proceeding may be initiated in, and only in, a state court of competent jurisdiction in and for Jefferson County, Alabama. In either case, Franchisor and Franchisee consent to the exclusive exercise of jurisdiction by those courts.

(b) The parties agree that all disputes submitted to the court under Section 11.2 will be tried to the court sitting without a jury, in spite of any state or federal constitutional or statutory rights or provisions.

(c) No punitive or exemplary damages will be awarded against either Franchisor or Franchisee, or any Affiliates of either of them, in any proceeding arising under Section 11.2, and all claims to punitive or exemplary damages are waived by both parties.

11.7 Independence of Provisions

The provisions of this Section 11 are independent of any other covenant or provision of this Agreement. If any part of this Section 11 is held to be indefinite, invalid, unconscionable, or otherwise unenforceable by a court of competent jurisdiction, the indefinite, invalid, unconscionable, or unenforceable provision will be considered deleted, and the remaining parts of this Section 11 will continue in full force and effect. If the court determines that deletion of portions of this Section 11 would lead to an unintelligible provision, the parties request the court to modify or interpret the provisions to the minimum extent necessary to have them comply with the law while retaining the essence of the parties' agreement.

12. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION

12.1 Franchisee's Obligations following Termination or Expiration

(a) In the event of termination or expiration of this Agreement, whether by reason of Franchisee's breach, default, non-renewal, lapse of time, or other cause, in addition to any other obligations provided for in this Agreement, Franchisee will immediately discontinue the use and/or display in any manner of the Marks and all Materials containing or bearing the Marks. Franchisee will not thereafter operate or do business under the Marks or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by Franchisor. In that event, Franchisee will not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements to any of them; or (ii) any forms, advertising matter, Marks, devices, insignias, slogans, or designs used from time to time in connection with the Franchised Business.

(b) Among the steps that Franchisee must take as a result of termination or expiration of this Agreement as described in Section 12(a) above, Franchisee will promptly take the following steps:

- (i) Franchisee will remove at Franchisee's expense identifying Marks on Office Site, vehicles and all other signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor.
- (ii) Franchisee will erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor.
- (iii) Franchisee will permanently discontinue all advertising to the effect that Franchisee is associated or affiliated with Franchisor.
- (iv) Franchisee will refrain from doing anything that might indicate that

Franchisee is or ever was an authorized franchisee of the Marks or the System, including indicating, directly or indirectly, that Franchisee was licensed to use the Marks or any other distinctive System features or that Franchisee at any time operated under any name, word, or mark associated or affiliated with Franchisor.

- (v) If Franchisee engages in any business thereafter, Franchisee will use trade names, Marks, or trademarks (if any) which are significantly different from the Marks and use sign formats (if any) which are significantly different in color and type face and take all necessary steps to ensure that its Affiliates observe the foregoing obligations.
- (vi) Immediately cease using the CRM System and the Manuals, and return all Proprietary Materials and confidential information, including, without limitation, all customer lists and data, within ten (10) calendar days and immediately and permanently cease use of such information and materials.
- (vii) Immediately cease using all telephone and facsimile numbers and listings, as well as any permitted domain names and/or social media pages used in connection with the operation of the Franchised Business (collectively, the "Assigned Property"), and direct the telephone company and/or domain name registrar to transfer all such Assigned Property to Franchisor or Franchisor's designee and transfer all user names and passwords for all social media pages to Franchisor.
- (viii) Immediately vacate the Franchised Business premises, and if Franchisor exercised Franchisor's rights pursuant to Franchisor's prescribed form of Collateral Assignment of Lease, arrange for transfer of the lease to Franchisor within fifteen (15) calendar days of termination or expiration of this Agreement.

(c) If Franchisee fails to make or cause to be made any removal or change described in Section 12(b) above, then Franchisor may, after 15 days written notice, enter upon Franchisee's premises upon which the Franchised Business was being conducted without being considered guilty of trespass or any other tort, and make or cause to be made the required changes at the expense of Franchisee, which expense Franchisee agrees to pay Franchisor promptly upon demand. Franchisee irrevocably appoints Franchisor as its lawful attorney upon termination of this Agreement with authority to file any document in the name of and on behalf of Franchisee for the purpose of terminating any and all of Franchisee's rights in the fictitious business name and any of the Marks.

12.2 Option to Purchase

(a) **Exercise of Option.** Upon expiration or Franchisor's termination of this Agreement in accordance with its terms and conditions, Franchisor has the option, exercisable by giving written notice to Franchisee within 60 days from the date of such expiration or termination, to purchase the Franchised Business from Franchisee, including the leasehold right to the Site. The

date on which Franchisor notifies Franchisee whether or not Franchisor is exercising its option is referred to in this Agreement as the “**Notification Date**”. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with its asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(b) Leasehold Rights. Franchisee agrees at Franchisor’s election:

- (i) to assign Franchisee’s leasehold interest in the Office Site to Franchisor; or
- (ii) to enter into a sublease with Franchisor or its assignee, for the remainder of the lease term on the same terms (including renewal options) as the prime lease; or
- (iii) to lease to Franchisor if Franchisee owns the Office Site.

(c) Purchase Price. The purchase price for the Franchised Business will be its fair market value, determined in a manner consistent with reasonable depreciation of the equipment, signs, inventory, materials and supplies provided that the Franchised Business will be valued as an independent business and its value will not include any value for:

- (i) the grant of the franchise or any other rights granted by this Agreement;
- (ii) the Marks; or
- (iii) participation in the network of TWO MAIDS® franchised businesses.

The fair market value will include the goodwill Franchisee developed in the Protected Territory of the Franchised Business that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Office Site will also be considered in determining the fair market value.

Franchisor may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business operation or that Franchisor has not approved as meeting System standards, and the purchase price will reflect such exclusions.

The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price. Franchisor has the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts Franchisee or its owners owe to Franchisor. At the closing, Franchisee agrees to deliver instruments transferring to Franchisor the following:

- (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and other transfer taxes paid by Franchisee;

(ii) Customer list, all licenses and permits of the Franchised Business which may be assigned or transferred; and

(iii) the leasehold interest and improvements in the Site.

If Franchisee cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. Franchisee and its owners further agree to execute general releases, in the form attached to the Franchise Disclosure Document, of any and all claims against Franchisor and its shareholders, officers, directors, employees, agents, successors and assigns.

12.3 Damages, Costs, and Expenses

In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

12.4 Rights of Franchisor

The expiration or termination of this Agreement will be without prejudice to any rights of Franchisor against Franchisee and the expiration or termination will not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement.

12.5 Franchisor's Right to Cure Defaults by Franchisee

In addition to all other remedies granted by this Agreement, if Franchisee defaults in the performance of any of its obligations or breaches any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to Franchisee, cure the default for the account of and on behalf of Franchisee, and all costs or expenses (including attorney fees) incurred by Franchisor on account of curing the default will be due and payable by Franchisee to Franchisor on demand.

12.6 Waiver and Delay

No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal, or neglect of Franchisor either to exercise any right, power, or option given to it under this Agreement or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Manuals, will constitute a waiver of the provisions of this Agreement or the Manuals with respect to any subsequent breach of the same or any other provision of this Agreement or the Manuals, or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions of this Agreement or the Manuals.

12.7 Transactional and Consumer Data

Upon the termination or expiration of this Agreement, all transactional and consumer data is the property of and is exclusively owned by Franchisor. Franchisee forfeits all rights, privileges and benefits to transactional and consumer data.

12.8 Attorney Fees and Expenses

In the event of any arbitration (including any petition for confirmation, modification, or vacation of the award) or litigation (including appeals) arising out of or relating to this Agreement, the breach or alleged breach of this Agreement, or the relationship of the parties, then the prevailing party will be reimbursed by the losing party for all costs and expenses incurred in connection with them, including reasonable attorney fees for the services rendered to the prevailing party.

13. GENERAL CONDITIONS AND PROVISIONS

13.1 Relationship of Franchisee to Franchisor

The parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, partner, fiduciary, or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold itself out as the agent, employee, partner, or co-venturer of Franchisor. **All employees or agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not for any purpose be considered employees or agents of Franchisor, nor subject to Franchisor's control, and in particular, Franchisor will have no authority to exercise control over the hiring or termination of employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or the day-to-day activities of those people, except to the extent necessary to protect the Marks.** Franchisee agrees to respond to customer indications of dissatisfaction with services rendered by Franchisee in a diligent and professional manner and agrees to cooperate with representatives of Franchisor in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities. Each of the parties agrees to file its own tax, regulatory, and payroll reports with respect to its respective employees or agents and operations, and to indemnify the other party against any liability by virtue of the tax, regulatory, and payroll reports filed by the party.

13.2 No Liability

Franchisor shall not be responsible or otherwise liable for any injury, loss, or damage suffered by any person or property directly or indirectly arising out of Franchisee's operation of the Franchised Business. Franchisor will have no liability for Franchisee's obligations to pay third parties, including any landlords and product vendors.

13.3 Indemnity

Except as otherwise expressly provided in Section 6.6, Franchisee agrees to defend, and

indemnify Franchisor and its Affiliates and designees against all costs and expenses actually incurred by them or for which they are liable, including attorney fees, court costs, losses, liabilities, damages, claims and demands of every nature, and including those incurred under a settlement entered into in good faith, arising out of or in connection with the Franchised Business, including any claim or controversy arising out of (i) any Transfer by Franchisee referred to in Section 9.2, (ii) acts or omissions of Franchisee which are not in strict compliance with this Agreement and the Manuals, (iii) acts or omissions of Franchisee which tend to create an impression that the relationship between the parties is other than one of Franchisor and Franchisee, or (iv) any acts or omissions of Franchisee's employees. In spite of the foregoing, Franchisee will have no obligation to indemnify Franchisor, or its Affiliates or designees against costs or expenses arising from the conduct of Franchisor found to be willful, malicious or grossly negligent.

13.4 Survival of Covenants

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable in spite of the expiration or other termination of this Agreement.

13.5 Successors and Assigns

This Agreement will be binding upon and benefit the successors and assigns of Franchisor and Franchisee and their respective heirs, executors, administrators, successors, and assigns, subject to the restrictions on Assignment by Franchisee contained in this Agreement.

13.6 Joint and Several Liability

If Franchisee consists of more than one person, the obligation and liabilities to Franchisor of each person are joint and several.

13.7 Counterparts

This Agreement may be signed in any number of copies, each of which will be considered to be an original, and all of which together will be considered to be one and the same instrument.

13.8 Notices

(a) All notices which the parties may be required or may desire to give under or in connection with this Agreement will be in writing and will be sent either by certified mail, return receipt requested, postage prepaid, or by reliable overnight delivery service, addressed as follows:

(i) If to Franchisor, to:

TWO MAIDS FRANCHISING, LLC
505 20th Street North, Suite 975
Birmingham, AL 35203
Attention: President

With a copy to:

HOME FRANCHISE CONCEPTS, LLC
19000 MacArthur Boulevard, Suite 100
Irvine, CA 92612
Attention: General Counsel

- (ii) If to Franchisee, to the attention of the Manager at the address indicated in Section 16.2(c).

(b) Notices sent in accordance with this Section 13.8 will be considered given three business days after deposit with the United States Postal Service or the next business day after deposit with a reliable overnight delivery service.

(c) The addresses given in this Agreement for notices may be changed at any time by either party by written notice given to the other party as provided in this Agreement. If the address to which notices are otherwise required to be given under this Section 13.8 is known or believed by the person giving notice no longer to be valid, notices will also be sent to the last known valid address of the party receiving the notice.

13.9 Franchisor's Discretion

Whenever Franchisor has a right and/or the discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make that decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in the best interests of the System. Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or Franchisor's right or discretion is exercised, can be made without regard to whether: (a) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (c) Franchisor's decision or the action taken applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or Affiliate-owned operations; or (d) Franchisor's decision or the action taken is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations under this Agreement.

14. CONSTRUCTION OF AGREEMENT

14.1 Governing Law

The United States Arbitration Act (9 U.S.C. 1 et seq.) will govern jurisdictional issues respecting arbitration of disputes under this Agreement. The Lanham Act (15 U.S.C. 1051 et seq.) will govern any issue involving the Marks. To the extent applicable, the laws of the state where Franchisee is domiciled will govern all issues involving (i) modification of this Agreement while it is in effect, (ii) the maximum rate of interest that may be charged under this Agreement, and (iii) enforcement of post-termination non-competition provisions. Except as otherwise provided in Section 10 and this Section, this Agreement and the legal relations among the parties will be governed by and construed in accordance with the laws of the State of Alabama. Franchisee waives, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Protected Territory is located.

14.2 Entire Agreement

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related Agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document.

14.3 Modification

This Agreement cannot be modified or changed except by (i) written instrument signed by all of the parties, or (ii) by Franchisor's reduction of the scope of any of Franchisee's obligations under this Agreement, which may be done without Franchisee's consent and which will be effective immediately upon notice.

14.4 Titles for Convenience Only

Section titles used in this Agreement are for convenience only and will not be considered to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

14.5 Gender

All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Section may require.

14.6 Severability

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Manuals and any present or future statute, law, ordinance, regulation, or judicial decision, contrary to which the parties have no legal right to contract, the statute, law, ordinance, regulation, or judicial decision will prevail, but in that event the provision of this Agreement or the Manuals

thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, Section, sentence, or clause of this Agreement or the Manuals is held to be indefinite, invalid, or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be considered deleted, and the remaining parts will continue in full force and effect, unless the provision pertains to the payment of fees under Section 4, in which case this Agreement will terminate.

14.7 No Third Party Beneficiaries

This Agreement is not intended to benefit any other person except the named parties. No other person may claim any rights under this Agreement by virtue of so-called "third party beneficiary rights" or otherwise.

14.8 Examples Not Exclusive

The verb "to include" (in all its tenses and variations, such as "including") is always used in a non-exclusive sense (as if followed by one of the phrases "without limitation" or "but not limited to"). The failure to list a particular example after a variation of the word "including" is not to be construed as an indication that the example is excluded.

14.9 "Person" Inclusive

The term "person" means all forms of juridical persons, including individuals, partnerships, corporations, trusts, unincorporated associations, and governmental entities.

15. SUBMISSION OF AGREEMENT

The submission of this Agreement to Franchisee does not constitute an offer, and this Agreement will become effective only upon the signing of this Agreement by both Franchisor and Franchisee. This Agreement will not be binding on Franchisor unless and until it has been accepted and signed by the President or other executive officer of Franchisor. This Agreement may not become effective until and unless Franchisee has been furnished by Franchisor with any disclosure, in written form, required under or according to applicable law.

16. ACKNOWLEDGMENTS AND REPRESENTATIONS

16.1 Certain Acknowledgments and Representations of Franchisee

(a) If required, Franchisee is a duly licensed state contractor under the laws of the state within which the Protected Territory is situated (or has otherwise made arrangements to operate under an existing state contractor's license in accordance with applicable law) and is in compliance with all applicable laws, rules, and regulations of authorities having jurisdiction.

(b) Franchisee understands and acknowledges (i) that all people operating under the Marks and the System benefit from uniform and ethical standards of quality, appearance, and service described in and required by the Manuals, and (ii) the necessity of operating the Franchised Business under the standards stated in the Manuals. Franchisee represents that it has the capabilities, professionally, financially, and otherwise, to comply with the standards of Franchisor.

(c) If Franchisee is not an individual, Franchisee is duly incorporated or organized and is qualified to do business in the Protected Territory.

(d) The signing of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(e) Any individual signing this Agreement on behalf of Franchisee is duly authorized to do so and the Agreement will constitute a valid and binding obligation of the Franchisee and, if applicable, all of its partners, if Franchisee is a partnership.

(f) Franchisee has (or if Franchisee is not an individual, Franchisee's principals have) carefully read this Agreement and all other related documents to be signed by Franchisee concurrently or in conjunction with the signing of this Agreement. Franchisee has had the opportunity to obtain the advice of legal counsel in connection with the signing and delivery of this Agreement, understands the nature of this Agreement, and intends to comply with this Agreement and to be bound by this Agreement.

(g) The formation of this Agreement and the disclosures made in connection with the relationship described in this Agreement are governed in part by the franchise relations acts, the franchise investment laws, the franchise disclosure laws and the regulations promulgated under those laws and regulations in the states in which Franchisor and its franchisees do or intend to do business. Those laws, regulations, and disclosure requirements have been implemented for the protection and benefit of franchisees and prospective franchisees. Franchisee acknowledges that it has been advised to obtain legal advice and counsel to evaluate the opportunity of becoming a franchisee of Franchisor and the benefits and duties of this Agreement. Franchisee acknowledges that it has chosen to enter into this Agreement solely based upon its independent judgment as to its needs at a time when other franchise and franchise opportunities were available. No promises or assurances have been made by Franchisor other than as explicitly stated in this Agreement.

16.2 Additional Information Respecting Franchisee

(a) Attached as Schedule 4 is a schedule containing complete information respecting the owners, partners, members, officers, and directors, as the case may be, of Franchisee.

(b) Unless otherwise disclosed to Franchisor in writing, Franchisee's financial and other records will be maintained at Franchisee's principal place of business.

(c) The name and business address of Franchisee's Manager is:

Franchisee will deliver, under Section 13.8, written notice of any change in this information after the Effective Date.

(d) Franchisee has delivered to Franchisor complete and accurate copies of all organizational documents relating to Franchisee, including (as appropriate) all partnership agreements, certificates of partnership, Articles or certificates of incorporation, by-laws, shareholder agreements, and operating agreements, as well as all amendments, side letters, and

other items modifying any of those documents.

(e) The Term (as described in Section 5.1) of this Agreement expires on

_____.

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be signed on or as of the dates indicated below:

FRANCHISOR

TWO MAIDS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(NAME)

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT

1. INTRODUCTION

This Addendum (“Addendum”) is effective on the same date as the Franchise Agreement (“Agreement”) to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.

2. AGREEMENT

The parties agree as follows:

2.1 California

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

Schedule 5 to the Franchise Agreement (Franchisee Affirmations and Acknowledgements) is deleted.

2.2 Illinois

Illinois law governs the relationship between the parties to the franchise.

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

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

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

To the extent this Addendum shall be deemed to be inconsistent with any term or conditions of said Franchise Agreement or Exhibits or attachments thereto, the terms of the Illinois Franchise Disclosure Act as stated in this Addendum shall govern.

2.3 Maryland

Any limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

The acknowledgments or representations of the franchisee made in the franchise agreement and questionnaire which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

To the extent this Rider shall be deemed to be inconsistent with any term or conditions of said Franchise Agreement or Exhibits or attachments thereto, the terms and conditions as stated in this Rider shall govern.

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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

2.4 Minnesota

Section 14.1 of the Franchise Agreement is amended by the inclusion of the following:

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

Section 11 of the Franchise Agreement is supplemented by the inclusion of the following:

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

Section 11 of the Franchise Agreement is amended by the inclusion of the following:

Under Minn. Rule 2860.4400J, a franchisee cannot waive any rights, the franchisee cannot consent to the franchisor obtaining injunctive relief, although the franchisor may seek injunctive relief and a franchisee cannot be required to consent to waiver of a jury trial. In addition, a court will determine if a bind is required.

2.5 North Dakota

Section 11.4 of the franchise agreement provides that the franchisee must agree to the arbitration or mediation of disputes in Alabama. Section 11.4 of the franchise agreement is amended to delete any reference to the location of mediation or arbitration.

Section 11.6 of the franchise agreement provides that the franchisee must consent to the jurisdiction of courts in Alabama. Section 11.6 of the franchise agreement is amended to replace “Alabama” with “North Dakota”.

Section 14.1 of the franchise agreement provides that the governing law of the franchise agreement is Alabama. Section 14.1 of the franchise agreement is amended to replace “Alabama” with “North Dakota”.

Section 11.6 of the franchise agreement includes a waiver of the right to a jury trial. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the disclosure document and franchise agreement.

Section 11.6 of the franchise agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchises and is deemed deleted in each place it appears in the disclosure document and franchise agreement.

Section 8.16 of the franchise agreement contains a post-term non-competition covenant. To the extent that covenants not to compete apply to periods after the term of the franchise, they are generally considered unenforceable in the State of North Dakota.

2.6 Washington

Schedule 4 to the Franchise Agreement (“Franchisee Affirmations and Acknowledgements”) is amended to state that the Affirmations and Acknowledgements do not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

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

RCW 19.100.180 may supersede the franchise agreement 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.

The undersigned does hereby acknowledge receipt of this addendum.

3. INCORPORATION OF FRANCHISE AGREEMENT

The terms and conditions of the Agreement are incorporated into this Addendum by reference except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

FRANCHISOR

TWO MAIDS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE

(NAME)

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PERSONAL COVENANT AND GUARANTEE

(To be signed by franchisee’s spouse, if any, and by all owners, if franchisee is a company.)

In return for the signing by Franchisor of this Franchise Agreement, and of other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned covenant and agree as follows:

- A. The undersigned represent to Franchisor that the undersigned are all of the people having direct or indirect "Control" (as defined in the Franchise Agreement) or a direct or indirect beneficial ownership interest in Franchisee.
- B. The undersigned, individually and jointly, will (i) comply with and be bound by all provisions of the Franchise Agreement and any other agreement between Franchisor and Franchisee to the same extent as if each of them were the Franchisee, and (ii) not engage in any activities not permitted to the Franchisee under the Franchise Agreement (whether in their own behalf or in any capacity on behalf of any entity).
- C. Any controversy or claim arising out of this Personal Covenant and Guarantee, or any breach of it, will be submitted to mediation and arbitration in accordance with Section 11 of the Franchise Agreement.
- D. If any other people obtain direct or indirect Control of Franchisee or a direct or indirect beneficial interest in Franchisee, the undersigned will cause those people to sign and deliver to Franchisor a counterpart of this Personal Covenant and Guarantee.
- E. This Personal Covenant and Guarantee will be governed in accordance with the laws of the same state whose laws govern the Franchise Agreement.

Signature

Signature

Name: _____

Name: _____

Address: _____

Address: _____

DESCRIPTION OF TERRITORY

The Territory franchised to Franchisee consists of the following ZIP Codes (as defined by the United States Postal Service):

| |
|--|
| |
|--|

The Territory is commonly identified as "TWO MAIDS of _____."

TWO MAIDS® START-UP PACKAGE

The Start-Up Package consists of the following:

1. Transportation and accommodation voucher of \$1,000.
2. Stationery (500 letterhead, envelopes, business cards, and invoices)
3. 25 yard signs
4. Promotional Start-Up Package (door hangers, brochures, office decals, etc.)
5. Briefcase (1)
6. Personalized web site

SCHEDULE OF NAMES AND ADDRESSES OF OWNERS AND PRINCIPAL OFFICERS

1. If the prospective franchisee is an individual (sole proprietor), list below the name and residence address of the Franchisee:

2. If the prospective franchisee is not an individual, list below the names, residence addresses, and respective percentage ownership interests of each person who owns a direct or indirect beneficial interest in the Franchisee (if more space is required, attached additional sheets):

| | |
|----------|----------|
| a. _____ | c. _____ |
| _____ | _____ |
| _____ | _____ |
| _____ % | _____ % |
| b. _____ | d. _____ |
| _____ | _____ |
| _____ | _____ |
| _____ % | _____ % |

3. If the prospective franchisee is not an individual, list the names, residence addresses, and respective titles of each individual who has or will have management authority with respect to Franchisee, including officers, directors, managers, and partners (if necessary, list other individuals on additional sheets attached):

a.Title: _____

c.Title: _____

b.Title: _____

d.Title: _____

EXHIBIT B
FINANCIAL STATEMENTS



Two Maids Franchising, LLC and Affiliates

**Combined Financial Statements
December 31, 2022 and 2021**

**Two Maids Franchising, LLC
and Affiliates**

Combined Financial Statements
December 31, 2022 and 2021

Two Maids Franchising, LLC

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Independent Auditor's Report

To the Members
Two Maids Franchising, LLC

Opinion

We have audited the combined financial statements of Two Maids Franchising, LLC (the Company), which comprise the combined balance sheet as of December 31, 2022 and the related combined statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the combined financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Other Matter

The 2021 combined financial statements of the Company were audited by other auditors, whose report dated March 23, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined 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 combined financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

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

BDO USA, LLP

March 27, 2023

Combined Financial Statements

Two Maids Franchising, LLC

Combined Balance Sheets

| December 31, | 2022 | 2021 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash (\$658,782 and \$611,030 restricted in 2022 and 2021, respectively) | \$ 1,329,936 | \$ 1,263,748 |
| Accounts receivable, net of allowance for doubtful accounts of \$2,509 and \$0, for 2022 and 2021, respectively | 742,447 | 382,421 |
| Rebate receivable | 1,301 | 884 |
| Notes receivable, net of allowance for doubtful accounts of \$2,915 and \$0 for 2022 and 2021, respectively | 64,476 | 4,730 |
| Prepaid expenses | 239,112 | 102,740 |
| Total current assets | 2,377,272 | 1,754,523 |
| Notes receivable, net of current maturities and allowance for doubtful accounts of \$12,535 and \$0 for 2022 and 2021, respectively | 328,071 | 18,527 |
| Goodwill, net | - | 97,500 |
| ROU asset | 988,226 | - |
| Due from Ultimate Parent | 196,990 | - |
| Property and equipment, net | 79,136 | 137,306 |
| Trademark | 9,889 | 9,889 |
| Total assets | \$ 3,979,584 | \$ 2,017,745 |
| Liabilities and members' equity | | |
| Current Liabilities | | |
| Accounts payable | \$ 63,512 | \$ 5,886 |
| Advertising advances and deposits | 679,227 | 322,627 |
| Accrued liabilities | 252,325 | 354,028 |
| Deferred revenue | 545,480 | 157,716 |
| Lease liability - current | 163,046 | - |
| Total current liabilities | 1,703,590 | 840,257 |
| Deferred income taxes | 57,713 | 21,678 |
| Lease liability, non-current | 838,521 | - |
| Total liabilities | 2,599,824 | 861,935 |
| Equity | | |
| Member's Equity | 1,907,125 | 2,422,001 |
| Due from Parent | (527,365) | (1,266,191) |
| Total Equity | 1,379,760 | 1,155,810 |
| Total liabilities and members' equity | \$ 3,979,584 | \$ 2,017,745 |

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

Two Maids Franchising, LLC
Combined Statements of Operations

| <i>December 31,</i> | 2022 | 2021 |
|-------------------------------------|---------------------|--------------------|
| Revenue | | |
| Initial franchise fees | \$ 728,640 | \$ 596,470 |
| Royalty income | 3,019,794 | 2,487,356 |
| Continuing franchise fees | 4,822,912 | 4,366,495 |
| Gross sales rebates | 35,203 | 36,000 |
| Other sales | 736,193 | 1,008,467 |
| Total revenue | 9,342,742 | 8,494,788 |
| Operating Expenses | | |
| Cost of goods sold | 3,159,289 | 2,817,064 |
| Selling and advertising | 1,633,962 | 423,328 |
| Operating and administrative | 5,143,901 | 5,508,757 |
| Total operating expenses | 9,937,152 | 8,749,149 |
| Loss from operations | (594,410) | (254,361) |
| Other income (expense) | | |
| Interest expense | - | (10,273) |
| Interest income | 16,682 | 1,283 |
| (Loss) gain on disposal of assets | (17,005) | 210,968 |
| Loss on sale | (59,420) | - |
| Total other (expense) income | (59,743) | 201,978 |
| Net loss before income taxes | (654,153) | (52,383) |
| Benefit for income taxes | 139,277 | 34,213 |
| Net Loss | \$ (514,876) | \$ (18,170) |

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

Two Maids Franchising, LLC
Combined Statements of Members' Equity

| | Member's Equity | Due (from) to Parent | Equity |
|-------------------------------------|--------------------|----------------------------|--------------|
| Balance on January 1, 2021 | \$ 1,549,201 | \$ - | \$ 1,549,201 |
| Net loss | (18,170) | - | (18,170) |
| Cash distributions | (270,000) | - | (270,000) |
| Capital Contribution | 1,160,970 | - | 1,160,970 |
| Advances to Parent | - | (1,266,191) | (1,266,191) |
| Balance on December 31, 2021 | 2,422,001 | (1,266,191) | 1,155,810 |
| Net loss | (514,876) | - | (514,876) |
| Advances from Parent | - | 738,826 | 738,826 |
| Balance on December 31, 2022 | \$ 1,907,125 | \$ (527,365) | \$ 1,379,760 |

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

Two Maids Franchising, LLC
Combined Statements of Cash Flows

| <i>December 31,</i> | 2022 | 2021 |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Net loss | \$ (514,876) | \$ (18,170) |
| Adjustments to reconcile net loss to net cash and restricted cash used in operating activities: | | |
| Depreciation and amortization | 68,297 | 74,551 |
| Gain on sale of investments | - | (51,279) |
| Loss on company owned franchisee | 59,420 | - |
| Loss (gain) on disposal of property and equipment | 17,005 | (159,689) |
| Noncash operating lease expense | 169,134 | - |
| Provision for bad debts | 18,864 | - |
| Decrease (increase) in: | | |
| Accounts receivable | (363,440) | (54,286) |
| Notes receivable | (384,740) | (23,257) |
| Prepaid expenses | (136,372) | (25,230) |
| Goodwill | 40,000 | (10,000) |
| Rebate receivable | (417) | (884) |
| Increase (decrease) in: | | |
| Accounts payable | 57,626 | (282,531) |
| Advertising advances and deposit | 356,600 | 322,627 |
| Accrued liabilities | (101,703) | 292,770 |
| Lease liability | (155,793) | - |
| Deferred revenue | 387,764 | (87,271) |
| Deferred taxes | 36,035 | (115,383) |
| Net cash used by operating activities | (446,596) | (138,032) |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (29,052) | (9,046) |
| Proceeds from sale of property and equipment | - | 671,313 |
| Proceeds from sale of investments | - | 314,749 |
| Net cash (used in) provided by investing activities | (29,052) | 977,016 |
| Cash flows from financing activities | | |
| Principal payments on long-term debt | - | (388,591) |
| Advances to parent, net | (196,990) | - |
| Advance (to)/from parent | 738,826 | (1,266,191) |
| Distributions | - | (270,000) |
| Capital contribution | - | 1,160,970 |
| Net cash provided by (used in) financing activities | 541,836 | (763,812) |
| Net increase in cash | 66,188 | 75,172 |
| Cash, beginning of year | 1,263,748 | 1,188,576 |
| Cash, end of year | \$ 1,329,936 | \$ 1,263,748 |
| Supplemental disclosure of non-cash investing and financing activities: | | |
| ROU assets and lease liability | \$ 1,157,360 | \$ - |

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

Two Maids Franchising, LLC

Notes to Combined Financial Statements

1. Summary of Significant Accounting Policies and Description of Business

Description of Business

Two Maids Franchising, LLC (the Company) was formed on August 8, 2013, in the State of Alabama. The Company is a wholly-owned subsidiary of Home Franchise Concepts, LLC (“HFC, LLC” or “Parent”). HFC, LLC is a wholly-owned subsidiary of JM Franchise Holdings, Inc. which is a wholly owned subsidiary of JM Family Enterprises, Inc. (“Ultimate Parent”). The Company offers franchises in designated territories under the name Two Maids & A Mop for the operation of a residential home cleaning business. The Company provides franchisees with services, equipment and support, who, among other services, conduct the cleaning of residential properties of all types and descriptions throughout the United States. The Company places an emphasis on customer appreciation. The Company also operates the Two Maids & A Mop location in Birmingham, Alabama, which offers residential cleaning services to those in the area. In October 2022, the Company entered into an asset purchase agreement and sold the Birmingham location to a non-related party.

On September 10, 2021, Home Franchise Concepts, LLC (HFC, LLC), acquired Two Maids Franchising, LLC. The acquisition resulted in a transfer of 100% ownership to HFC, LLC (Parent), a wholly owned subsidiary of JM Franchise Holdings, Inc., which is a wholly owned subsidiary of JM Family Enterprises, Inc. (Ultimate Parent).

As of December 31, 2022, the Company has 100 total franchises located throughout the United States. The Company’s corporate office and accounting records are located in Irvine, California.

The financial position of the Company as of December 31, 2022 and 2021 and the results of its operations and cash flows for the year then ended may have differed had the Company not been affiliated with its Parent. Specifically, the allocation of the operating costs by the Parent to the Company may have differed had the Company not been affiliated with its Parent. See Note 9.

Principles of Combination

The accompanying combined financial statements include the accounts of Two Maids Franchising, LLC and its affiliate, Two Maids & A Mop of Birmingham, which are under common ownership, control, and management. All significant intercompany balances and transactions have been eliminated in the combination.

Basis of Accounting

The accompanying combined financial statements of the Company are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Accounting Estimates

The preparation of a financial statement in conformity with 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 statements and reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. Company estimates considered significant include the estimate of allowance for doubtful accounts for accounts receivable and notes receivable, allocation of Parent’s expenses to the Company (Note 9), and any impairment of goodwill.

Two Maids Franchising, LLC

Notes to Combined Financial Statements

The significant accounting policies and practices followed by the Company are set forth below:

Fair Value Measurements

The Company follows accounting guidance that defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. Management believes the carrying amounts of financial instruments approximates their fair value. The carrying amounts of cash, restricted cash, accounts and rebates receivable, and due to/from Parent approximates their estimated fair value due to the short-term nature of these instruments. The carrying value of the Company's notes receivable approximates their fair value as the interest is tied to or approximates market rates.

Reclassifications

Certain prior period items in the combined financial statements have been reclassified to be comparable with the classification for the year ended December 31, 2022. The reclassifications have no effect on previously reported net income.

Cash and Cash Equivalents

The Company considers cash on hand, deposits in banks and short-term highly liquid investments as cash.

The Company maintains some of its cash in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000 per depositor. As of December 31, 2022, the Company's uninsured deposits in its deposit accounts with a U.S. bank totaled approximately \$421,154.

The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Restricted Cash

Restricted cash includes advertising advances and deposits from franchisees for the purpose of national and regional advertising ("NAF"). The use of these funds is restricted for advertising costs to benefit the franchisees. The funds cannot be utilized for the Company's advertising expenses in connection with the sale of franchises.

Accounts, Notes and Rebates Receivable

Accounts and rebates receivable consist of a) amounts due from franchise owners for continuing fees that are collected monthly, b) receivables for vendor rebates, c) receivables for advertising reimbursements from franchise owners and miscellaneous receivables and are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and an increase in the allowance for doubtful account based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through the allowance account.

Two Maids Franchising, LLC

Notes to Combined Financial Statements

Notes receivable consist of company loans made to franchise owners for a purchase of initial or additional franchises (Note 3). At the point management determines balances are uncollectible, management will place financing receivables on non-accrual status. Interest income on financed receivables is accrued as earned using the simple interest method.

The Company has recognized 87% of gross sales rebates revenue from two vendors for the year ended December 31, 2022.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over their estimated useful lives. Certain costs incurred in connection with developing or obtaining internal-use software are recorded at cost and are included in property and equipment on the accompanying balance sheets. Depreciation begins once the software is available for its intended use over its estimated useful life. Expenditures that materially increase the asset life are capitalized, while ordinary maintenance and repairs are charged to operations as incurred.

Depreciation and amortization is based on the estimated useful life and is calculated as follows:

| | Estimated Useful Life |
|------------------------|---------------------------------------|
| Fixtures and equipment | 3 to 5 years |
| Computer equipment | 3 to 5 years |
| Leasehold improvements | Lesser of lease term or life of asset |

Goodwill

The Company records as goodwill the excess of the fair value of consideration given over the fair value of the tangible assets and liabilities and identifiable intangible assets of business acquired. The Company applies the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2014-02, *Accounting for Goodwill, A Consensus of the Private Company Council*, under which the Company has elected to amortize goodwill over a period of 10 years on a straight-line basis and to test goodwill for impairment only when a triggering event occurs that indicates that the fair value of the Company may be below its carrying amount. When a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the Company’s fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the carrying amount of the entity over its fair value. The Company does not have goodwill as of December 31, 2022.

Impairment of Long-Lived Assets

The Company reviews long-lived assets held and used and capitalized software for impairment whenever circumstances indicate that the carrying amount of assets may not be fully recoverable. If so indicated, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of an asset over its remaining life can be recovered based upon management’s best estimate of the undiscounted future operating cash flows (excluding interest charges) related to the long-lived asset or group of assets and liabilities in which the long-lived asset generates cash flows. If the sum of such undiscounted cash flows is less than the carrying value of the asset (group), there is

Two Maids Franchising, LLC

Notes to Combined Financial Statements

an indicator of impairment. The amount of impairment, if any, represents the excess of the carrying value of the asset (group) over fair value. Fair value is determined by market price, if available, or an estimate of projected future operating cash flows discounted using a rate that reflects market participant assumptions. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Capitalized projects are amortized using the straight-line method. Research and development costs, training costs and software maintenance costs are expensed as incurred.

Equity

The Company engages in various intercompany transactions with its Parent. Accordingly, management has elected to present net advances to/from Parent as a component of equity in the accompanying combined balance sheets.

Income Taxes

The Company is included in the consolidated federal income tax return filed by the Ultimate Parent and certain state consolidated and combined income tax returns. In addition, the Company files various state income tax returns on a separate basis. The Company's provision (benefit) for income taxes is computed on a separate company basis for financial reporting purposes and includes an allocation of a benefit by the Parent for tax losses generated by the Company, if any, that are utilized by the consolidated group.

Deferred income taxes, net have been provided using the asset and liability method to reflect the effect of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. A valuation allowance has been recognized if it is more likely than not that the deferred tax assets will not be realized.

Advertising and Promotion Costs

The Company expenses the production costs of advertising the first time the advertising takes place. The Company incurs both consumer and franchise advertising costs, which totaled \$174,521, and \$8,437 for the years ended December 31, 2022 and 2021, respectively, and are included in selling and advertising expenses on the accompanying statements of operations.

Revenue Recognition

The Company follows Accounting Standards Codification ("ASC") 606, *Revenue from Contract with Customers*, ("ASC 606") for revenue recognition. The core principle of ASC 606 is built on the contract between a vendor and a customer for the provision of goods and services, and attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. (See Note 12)

Two Maids Franchising, LLC

Notes to Combined Financial Statements

Adoption of New Accounting Pronouncement - Franchise Fees

The Company adopted ASU 2021-02, *Franchisors - Revenue from Contracts with Customers - Private Company Accounting Alternative* (the “Accounting Alternative”) effective January 1, 2021 and elected the Accounting Alternative practical expedient offered thereunder. The Accounting Alternative permits the Company to account for pre-opening services provided to a franchisee as distinct from the franchise license and to recognize the pre-opening services as a single performance obligation. Upon the adoption of this Accounting Alternative, revenue and related expenses for pre-opening services provided to a franchisee are deferred until the franchisee and franchisee personnel complete their initial training, typically within six months of entering into the franchise agreement.

Initial Franchise Fees

Initial franchise fees consist of fees paid by franchisees at the start of the agreement, area development fees, and renewal fees. The fixed non-refundable fee, as determined by the signed development and/or franchise agreement, is due at the time the development agreement is entered into, and/or when the franchise agreement is signed, and generally does not include a finance component. Initial franchise fees are made up of performance obligations for training, access to plans, access to vendors and Company specific pricing, area exclusivity, and the right to use the Company’s intellectual property over the term of the agreement. Initial franchise fee revenue is recognized upon substantial performance of material contractual obligations as set forth in the development and/or franchise agreement, typically the completion of training. Deferred revenue consists of deposits for franchise fees in which substantial performance of material obligations has not been achieved.

Royalty Income

Franchise royalty income consists of sales-based variable fees paid by franchisees and are billed and due monthly. The sales-based royalty fee is considered variable consideration and will continue to be recognized as revenue as such sales are earned by the franchisees. Sales-based fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price.

Continuing Franchise Fees

Continuing franchise fees consist of fees paid by franchisees, as determined by the signed franchise agreement which are billed and due monthly. The performance obligations for these fees are for monthly access to services related to IT, help desk, and telephone. These fees are fixed in nature, do not have pre-determined escalation amounts and are billed and due monthly. In accordance with ASC 606, these fees are recognized over time on a monthly basis as the franchise utilizes the right to access the aforementioned services.

The Company also receives advertising funds from the franchisees to provide national and regional advertisements for the benefit of the franchisees (NAF). These advances and deposits are based on a fixed amount for each franchisee and are restricted and segregated. The Company presents advertising contributions received from franchisees as franchise advertising fee revenue and records all expenses of the advertising fund within franchise expenses, resulting in an increase in revenues and expenses on the statements of operations, with no change to the balance sheets unless the advertising was underspent. When underspent (revenue exceeds expenses), the advertising fund will accrue the difference from collections received and amount owed. In addition, the franchise agreements allow the Company to retain a percentage of the advertising deposits as compensation for its administration over the accounts. During the years ended December 31, 2022 and 2021, the Company received

Two Maids Franchising, LLC

Notes to Combined Financial Statements

\$2,532,103 and \$2,409,051, respectively, as compensation for its administration over the accounts, which is included in continuing franchise fees on the accompanying statements of operations.

Gross Sales Rebates

The Company receives vendor rebates primarily from cleaning suppliers. These rebates are generally covered by binding agreements, which are signed agreements between various vendors and the Company. Under ASC 606, the Company's performance obligation for vendor rebates is satisfied upon the sale of a vendor's product through the Company's franchisees. As such, revenue is estimated and recorded upon receipt of franchisee sales information from the vendor.

Other Sales

Other sales consist primarily of fees to attend the Company's annual convention and the Company owned location in Birmingham, Alabama. Convention fees are from both vendors and franchisees and are paid in advance of the annual convention. The performance obligation for the convention fees is to plan and hold the Company's annual convention. Convention fees are therefore recognized in the month the convention is held. Sales from the Company owned location are related to but are not limited to residential cleaning services. For these transactions the Company is determined as the principal and revenues are not netted with cost.

Cost to Obtain Contracts

The Company incurs costs that are directly attributable to obtaining a contract, for example broker fees, referral fees, and training fees. Cost to obtain contracts is recognized upon substantial performance of material contractual obligations as set forth in the franchise agreement, typically the completion of training. Costs are included in selling and advertising expenses on the accompanying statements of operations.

Adoption of New Accounting Pronouncement

Lease commitments

The Company adopted Accounting Standards Codification ("ASC") 842, *Leases* ("ASC 842"), effective January 1, 2022 using the modified retrospective method. The lease accounting standard requires all leases to be reported on the balance sheet as right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard. The Company did not reassess whether any contracts or land easements entered into prior to adoption are leases or contain leases. The adoption of the lease standard is not expected to have a material impact on the Company's net income on an ongoing basis. As of January 1, 2022, there were two leases that needed a retrospective adjustment.

Two Maids Franchising, LLC

Notes to Combined Financial Statements

| | As previously reported | Effect of adoption | As reported |
|--|------------------------------|-----------------------|---------------------|
| Balance Sheet | | | |
| Assets | | | |
| ROU asset | \$ - | \$ 1,157,360 | \$ 1,157,360 |
| Total assets | \$ 3,317,745 | 1,157,360 | 4,475,105 |
| Liabilities and member's equity | | | |
| Lease liability | - | 1,157,360 | 1,157,360 |
| Total liabilities and member's equity | \$ 3,317,745 | \$ 1,157,360 | \$ 4,295,105 |

Operating lease liabilities and right-of-use (“ROU”) assets are recognized at the lease commencement date or the date the leases were acquired based on the present value of the future minimum lease payments over the remaining lease term. The Company uses the risk-free treasury rate at the lease commencement date for the duration of the remaining lease term, unless the rate is implicit in the contract, then the Company uses the implicit rate to discount the present value of the future minimum lease payments.

The Company’s lease commitments include real estate leases. The Company currently has lease agreements through 2028. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term.

2. Master Franchise Rights

On December 31, 2013, Two Maids Franchising, LLC, Collegiate Cleaning, LLC and CFPB, LLC dba College Hunks Hauling Junk (CHHJ) entered into a Master Franchise Agreement (MFA) and Area Representation Agreement (ARA). The agreement was superseded and replaced by a new Area Development Agreement that extended the three parties’ right to serve as an independent developer within the territory as well as reserves the rights of the Company and its affiliates to establish and operate Two Maids & A Mop offices or other businesses and the right to grant franchisees the right to establish and operate Two Maids & A Mop franchises or other businesses under specified conditions, whether inside or outside the territory. The agreement expired November 7, 2021 and was not renewed.

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Two Maids Franchising, LLC

Notes to Combined Financial Statements

3. Notes Receivable

Notes receivable relates to the Company financing a portion of the initial franchise fees from the sale of franchises. The notes are collateralized by the franchise territory. The notes generally bear interest at rates ranging from 5.5% to 9% with maturities generally ranging from four to five years. A summary of notes receivable principal maturities follows:

Years ending December 31,

| | | |
|--|----|----------|
| 2023 | \$ | 67,391 |
| 2024 | | 79,597 |
| 2025 | | 86,363 |
| 2026 | | 89,062 |
| 2027 | | 71,518 |
| Thereafter | | 14,066 |
| <hr/> | | |
| Notes receivable | | 407,997 |
| Less: allowance for doubtful accounts | | (15,450) |
| <hr/> | | |
| Notes receivable, net of allowances for doubtful accounts | | 392,547 |
| Less: current maturities, net of allowances for doubtful accounts | | (64,476) |
| <hr/> | | |
| Notes receivable, net of current maturities and allowances for doubtful accounts | \$ | 328,071 |

4. Prepaid Expenses

Prepaid expenses consist of the following as of December 31:

| | 2022 | 2021 |
|-------------------------------------|------------|------------|
| Prepaid convention | \$ 14,676 | \$ - |
| Prepaid commissions and broker fees | 189,600 | 89,000 |
| Prepaid training | - | 3,740 |
| Prepaid tradeshow | 9,950 | - |
| Prepaid advertising | 12,433 | - |
| Others | 12,453 | 10,000 |
| <hr/> | | |
| Prepaid expenses | \$ 239,112 | \$ 102,740 |

Prepaid convention represents costs incurred in advance of the annual convention to be held during the following year.

Prepaid commissions and broker fees and training costs represent specific costs paid for franchises sold that have not begun operations.

Two Maids Franchising, LLC

Notes to Combined Financial Statements

5. Property and Equipment, Net

Property and equipment, net consists of the following as of December 31:

| | 2022 | 2021 |
|------------------------------------|------------------|-------------------|
| Leasehold improvements | \$ 12,256 | 67,035 |
| Computer Equipment | 13,053 | - |
| Furniture and equipment | 121,719 | 114,232 |
| | 147,028 | 181,267 |
| Less accumulated depreciation | (67,892) | (47,704) |
| Development in Progress | - | 3,743 |
| Property and equipment, net | \$ 79,136 | \$ 137,306 |

Depreciation expense charged to operations for the year ended December 31, 2022, and 2021, is \$68,297, and \$33,153 and is included in operating and administrative expenses on the accompanying statements of operations.

6. Goodwill

Goodwill and changes in the net carrying amount of goodwill for the years ended December 31, 2022, and 2021, are as follows:

| | 2022 | 2021 |
|--------------------------|-------------|------------------|
| Goodwill | \$ - | \$ 260,000 |
| Accumulated amortization | - | (162,500) |
| Net goodwill | \$ - | \$ 97,500 |

In 2022, the Company sold the Two Maids and a Mop of Birmingham, Alabama location. All goodwill was included in the carrying amount of the disposal. Amortization expense totaled \$0 and \$26,000 for each of the years ended December 31, 2022 and 2021.

7. Accrued Expenses

Accrued liabilities consist of the following at December 31:

| | 2022 | 2021 |
|----------------------------|-------------------|-------------------|
| Accrued compensation | \$ 188,145 | \$ 51,372 |
| Accrued sales tax | - | 14,225 |
| Referral incentive trip | 28,960 | - |
| Accrued marketing | - | 195,066 |
| Accrued other | 35,220 | 93,365 |
| Accrued liabilities | \$ 252,325 | \$ 354,028 |

Two Maids Franchising, LLC

Notes to Combined Financial Statements

8. Income Taxes

The provision (benefit) for income taxes comprises:

| | 2022 | 2021 |
|-----------------------------------|--------------|-------------|
| Current tax benefit | | |
| Federal | \$ (145,366) | \$ (22,489) |
| State | (25,518) | 2,771 |
| Current benefit for income taxes | (170,884) | (19,718) |
| Deferred tax benefit | | |
| Federal | 24,296 | (12,429) |
| State | 7,311 | (2,066) |
| Deferred benefit for income taxes | 31,607 | (14,495) |
| Total benefit for income taxes | \$ (139,277) | \$ (34,213) |

The difference between the Company's effective income tax rate and the federal statutory rate primarily due to state taxes and permanent differences.

The components of the Company's deferred tax liabilities are as follows:

| | 2022 | 2021 |
|----------------------------|-----------|-----------|
| Deferred tax asset | | |
| Property and equipment | \$ 20,872 | \$ 20,123 |
| Intangible assets | - | (13,878) |
| Bad debt allowance | (3,876) | - |
| Right of Use Asset | 254,593 | - |
| Lease liability | (258,030) | - |
| Prepaid expenses | 61,602 | - |
| Accruals & other | (17,448) | - |
| Unrealized gains | - | 15,433 |
| Net deferred tax liability | \$ 57,713 | \$ 21,678 |

Uncertain Tax Positions

The Company applies the provisions of ASC 740, *Income Taxes*, which contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments.

Two Maids Franchising, LLC

Notes to Combined Financial Statements

As of December 31, 2022, the Company had no material unrecognized tax benefits and, therefore, has not recorded a liability for unrecognized tax benefits. Interest and penalties related to unrecognized tax benefits are recognized in provision for income taxes. As of December 31, 2022, no interest and penalties were incurred.

The Company is subject to U.S. federal, state and local income tax, and in the normal course of business, its income tax returns are subject to examination by the relevant tax authorities. The 2022 and 2021 tax years remain subject to examination by the Internal Revenue Service and the California Franchise Tax Board.

9. Related Party Transactions

As of December 31, 2022 and 2021, the Company has a net balance due from Parent totaling \$527,365 and \$1,266,191, respectively.

Certain operating expenses are incurred by the Parent and are allocated to the Company. During the year ended December 31, 2022, the Parent allocated \$1,258,890 in expenses to the Company which was charged to the Company's operations, with most of the expenses included in operating and administrative expenses on the accompanying statements of operations.

10. Retirement Plan

The Company is a participant in its Parent's defined contribution 401(k) plan as part of a controlled group that covers eligible management and office employees. Contributions to the Plan by the Company are based on the employees' contributions subject to certain limitations. The Company contributed \$77,617 and \$9,003 for the years ended December 31, 2022 and 2021, respectively, which is included in operating and administrative expenses on the accompanying statements of operations.

11. Commitments and Contingencies

Operating Leases

The Parent leases the Company's headquarters and training center and allocates a portion of its rent expense to the Company. The total rent expense incurred by the Parent was \$2,008,423 and \$1,349,021 for the years ended December 31, 2022 and 2021, respectively, of which \$92,629 and \$0 was allocated to the Company and is included in operating and administrative expenses on the accompanying statements of operations. For the years ended December 2022 and 2021, the Company leased office space, and the operating location of its company owned Two Maids & A Mop location under noncancelable leases. The leases provide for a basic rent which increases over the term of the lease. For the years ended December 31, 2022 and 2021, payments made under these leases totaled \$171,433, and \$187,447, respectively.

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Two Maids Franchising, LLC

Notes to Combined Financial Statements

The Company has lease liability for the next five years and thereafter under such leases as follows:

Years Ending December 31,

| | | |
|------------|----|-----------|
| 2023 | \$ | 163,046 |
| 2024 | | 170,430 |
| 2025 | | 177,939 |
| 2026 | | 179,109 |
| 2027 | | 166,993 |
| Thereafter | | 144,050 |
| | \$ | 1,001,567 |

The following table provides additional information related to operating lease agreements for which the Company is the lessee:

As of December 31,

| | | |
|---|----|---------|
| | | 2022 |
| ROU Assets | \$ | 988,226 |
| Weighted Average Remaining Lease Term (years) | | 5.63 |
| Weighted Average discount rate | | 1.53% |

On October 1, 2022, the Company subleased their Birmingham lease.

The Company has sublease income for the next five years and thereafter under such subleases as follows:

Years Ending December 31,

| | | |
|------------|----|--------|
| 2023 | \$ | 23,224 |
| 2024 | | 23,924 |
| 2025 | | 24,636 |
| 2026 | | 18,901 |
| 2027 | | - |
| Thereafter | | - |
| Total | \$ | 90,685 |

Legal Proceedings

The Company currently has no lawsuits, actions, or other legal proceedings pending claims that would have a material impact on the financial statements. However, the Company could, from time to time, be involved in litigation proceedings arising out of its normal course of business.

Two Maids Franchising, LLC

Notes to Combined Financial Statements

12. Revenue from Contracts with Customers

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the year ended December 31:

| | 2022 | 2021 |
|---------------------------------------|--------------|--------------|
| Revenue recognized over time | \$ 7,799,006 | \$ 6,838,465 |
| Revenue recognized at a point in time | 1,543,736 | 1,656,323 |
| Total Revenue | \$ 9,342,742 | \$ 8,494,788 |

13. Subsequent Events

Management has evaluated subsequent events through March 27, 2023, the date the combined financial statements were available to be issued.

TWO MAIDS FRANCHISING, LLC
And Affiliate

Combined Financial Statements

DECEMBER 31, 2021, 2020 AND 2019

**TWO MAIDS FRANCHISING, LLC
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DECEMBER 31, 2021, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

To the Members
Two Maids Franchising, LLC

Opinion

We have audited the accompanying combined financial statements of Two Maids Franchising, LLC and affiliate (wholly owned subsidiaries of Home Franchise Concepts, LLC), which comprise the combined balance sheets as of December 31, 2021, 2020 and 2019, and the related combined statements of operations, members' equity and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Two Maids Franchising, LLC as of December 31, 2021, 2020 and 2019, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Two Maids Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 Two Maids Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Two Maids Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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

Warren Averett, LLC

Birmingham, Alabama

March 23, 2022

**TWO MAIDS FRANCHISING, LLC
COMBINED BALANCE SHEETS
DECEMBER 31, 2021, 2020 AND 2019**

| ASSETS | | | |
|------------------------------------|--------------------|--------------------|---------------------|
| | 2021 | 2020 | 2019 |
| CURRENT ASSETS | | | |
| Cash | \$1,263,748 | \$1,188,576 | 971,874 |
| Accounts receivable | 406,562 | 328,135 | 393,544 |
| Investments | - | 263,470 | 202,942 |
| Advance to parent | 1,300,000 | - | - |
| Other current assets | 102,740 | 77,510 | - |
| Total current assets | 3,073,050 | 1,857,691 | 1,568,360 |
| PROPERTY AND EQUIPMENT, NET | 137,306 | 673,037 | 634,552 |
| GOODWILL, NET | 97,500 | 123,500 | 149,500 |
| OTHER NONCURRENT ASSETS | 9,889 | 15,287 | 31,964 |
| TOTAL ASSETS | \$3,317,745 | \$2,669,515 | \$ 2,384,376 |

See accompanying notes to the combined financial statements.

**TWO MAIDS FRANCHISING, LLC
COMBINED BALANCE SHEETS
DECEMBER 31, 2021, 2020 AND 2019**

LIABILITIES AND MEMBERS' EQUITY

| | 2021 | 2020 | 2019 |
|---|--------------|--------------|--------------|
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued expenses | \$ 707,274 | \$ 297,905 | \$ 333,410 |
| Income taxes payable | 13,836 | 100,888 | 191,142 |
| Unearned franchise fees | 152,956 | 244,987 | 322,379 |
| Notes payable, current portion | - | 17,516 | 19,834 |
| Notes payable – related party, current portion | - | 34,254 | 40,162 |
| | 874,066 | 695,550 | 906,927 |
| Total current liabilities | | | |
| DEFERRED INCOME TAXES | 21,678 | 36,173 | 11,557 |
| NOTES PAYABLE | - | 388,591 | 403,805 |
| NOTES PAYABLE – RELATED PARTY | - | - | 34,254 |
| | 895,744 | 1,120,314 | 1,356,543 |
| TOTAL LIABILITIES | | | |
| MEMBERS' EQUITY | 2,422,001 | 1,549,201 | 1,027,833 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$ 3,317,745 | \$ 2,669,515 | \$ 2,384,376 |

See accompanying notes to the combined financial statements.

TWO MAIDS FRANCHISING, LLC
COMBINED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|---------------------------|--------------------------|--------------------------|
| OPERATING REVENUES | | | |
| Franchise fees | \$ 347,068 | \$ 365,000 | \$ 466,134 |
| Royalties | 2,487,356 | 1,738,546 | 1,497,928 |
| Advertising and marketing revenues | 3,217,980 | 2,475,969 | 2,400,788 |
| Service revenues | 1,133,129 | 1,074,449 | 987,742 |
| Territory development fee | 249,402 | 239,620 | 254,616 |
| Other income | 1,059,853 | 658,652 | 748,815 |
| Total operating revenues | <u>8,494,788</u> | <u>6,552,236</u> | <u>6,356,023</u> |
| OPERATING EXPENSES | | | |
| Personnel | 4,020,959 | 2,553,872 | 2,049,004 |
| Advertising and promotion | 2,140,197 | 1,924,651 | 1,805,527 |
| Professional services | 129,429 | 93,741 | 64,154 |
| Travel and entertainment | 26,437 | 29,845 | 16,643 |
| Technology expense | 242,491 | 219,127 | 96,691 |
| Rent | 187,447 | 166,578 | 118,398 |
| Website development | 44,165 | 40,375 | 27,236 |
| Referral fees | 114,235 | 276,200 | 463,030 |
| Uniforms | 3,255 | 31,929 | 83,481 |
| Other expenses | 1,658,306 | 740,130 | 716,886 |
| Annual retreat | 107,677 | 35,444 | 116,689 |
| Depreciation | 33,153 | 23,385 | 20,292 |
| Amortization | 41,398 | 42,677 | 42,677 |
| Total operating expenses | <u>8,749,149</u> | <u>6,177,954</u> | <u>5,620,708</u> |
| NET (LOSS) INCOME FROM OPERATIONS | (254,361) | 374,282 | 735,315 |
| OTHER INCOME (EXPENSE) | | | |
| Interest expense | (10,273) | (20,983) | (28,008) |
| Other income | 212,251 | 2,273 | 5,630 |
| Grant income | - | 350,000 | - |
| Total other income (expense) | <u>201,978</u> | <u>331,290</u> | <u>(22,378)</u> |
| NET (LOSS) INCOME BEFORE INCOME TAXES | (52,383) | 705,572 | 712,937 |
| BENEFIT (PROVISION) FOR INCOME TAXES | 34,213 | (124,704) | (182,946) |
| NET (LOSS) INCOME | <u>\$ (18,170)</u> | <u>\$ 580,868</u> | <u>\$ 529,991</u> |

See accompanying notes to the combined financial statements.

**TWO MAIDS FRANCHISING, LLC
 COMBINED STATEMENTS OF MEMBERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|---------------------|
| MEMBERS' EQUITY, BEGINNING OF YEAR | \$ 1,549,201 | \$ 1,027,833 | \$ 497,842 |
| NET (LOSS) INCOME | (18,170) | 580,868 | 529,991 |
| CASH DISTRIBUTIONS | (270,000) | (59,500) | - |
| CAPITAL CONTRIBUTION | <u>1,160,970</u> | <u>-</u> | <u>-</u> |
| MEMBERS' EQUITY, END OF YEAR | <u>\$ 2,422,001</u> | <u>\$ 1,549,201</u> | <u>\$ 1,027,833</u> |

See accompanying notes to the combined financial statements.

TWO MAIDS FRANCHISING, LLC
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|---------------------------|---------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net (loss) income | \$ (18,170) | \$ 580,868 | \$529,991 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 33,153 | 23,385 | 20,292 |
| Amortization | 41,398 | 42,677 | 42,677 |
| Gain on sale of investments | (51,279) | - | - |
| Gain on disposal of property and equipment | (159,689) | - | - |
| Deferred income tax (benefit) provision | (14,495) | 24,616 | (8,196) |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | (78,427) | 65,409 | (197,646) |
| Other current assets | (35,230) | (77,510) | - |
| Accounts payable and accrued expenses | 409,369 | (35,505) | 59,412 |
| Unearned franchise fees | (92,031) | (77,392) | (13,157) |
| Income taxes payable | (87,052) | (90,254) | 52,738 |
| Net cash (used in) provided by operating activities | <u>(52,453)</u> | <u>456,294</u> | <u>486,111</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of property and equipment | (9,046) | (61,870) | - |
| Purchases of investments | - | (60,528) | (198,000) |
| Proceeds from sale of property and equipment | 671,313 | - | - |
| Proceeds from sale of investments | 314,749 | - | 95,292 |
| Net cash provided by (used in) investing activities | <u>977,016</u> | <u>(122,398)</u> | <u>(102,708)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of notes payable – related party | (34,254) | (40,162) | (45,156) |
| Repayment of notes payable | (406,107) | (17,532) | (81,757) |
| Advance to parent | (1,300,000) | - | - |
| Distributions | (270,000) | (59,500) | - |
| Capital contribution | 1,160,970 | - | - |
| Net cash used in financing activities | <u>(849,391)</u> | <u>(117,194)</u> | <u>(126,913)</u> |
| NET INCREASE IN CASH | 75,172 | 216,702 | 256,490 |
| CASH BEGINNING OF YEAR | <u>1,188,576</u> | <u>971,874</u> | <u>715,384</u> |
| CASH END OF YEAR | <u><u>\$1,263,748</u></u> | <u><u>\$1,188,576</u></u> | <u><u>\$ 971,874</u></u> |

See accompanying notes to the combined financial statements.

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF BUSINESS

Description of Business

Two Maids Franchising, LLC (the Company) was formed on August 8, 2013 in the State of Alabama. The Company offers franchises in designated territories under the name Two Maids & A Mop for the operation of a residential home cleaning business. The Company provides franchisees with services, equipment and support, who, among other services, conduct the cleaning of residential properties of all types and descriptions throughout the United States. The Company places an emphasis on customer appreciation. The Company also operates the Two Maids & A Mop of Birmingham location, which offers residential cleaning services to those in the Birmingham, Alabama, area.

The following table summarizes the Company's franchises:

| As of December 31, | 2021 | 2020 | 2019 |
|---|-------------|-------------|-------------|
| Franchises sold during the current year | 9 | 12 | 17 |
| Franchised outlets in operation | 90 | 82 | 83 |
| Franchisor and affiliate owned outlets in operation | 1 | 2 | 3 |

Franchise Offered

Two Maids & A Mop is a residential cleaning franchise with the goal of providing consistent, timely and professional services, while emphasizing consistent service, security and appreciation for customers. The Company extends this offering to those who wish to convert their existing cleaning business to a Two Maids & A Mop franchise.

The total investment needed to begin operation of a Two Maids & A Mop franchise is based upon the size of the market. The Company offers small, medium, large and mega territories, depending on the market size households per the 2010 census, with certain other limitations as defined in the Franchise Disclosure Document. The initial franchise fee is due upon execution of the franchise agreement and is nonrefundable.

The Company also offers a Master Franchise Agreement. In certain territories, the Company may utilize an Area Representative to assist in rendering support services for franchisees, including training, opening assistance and ongoing supervision. As compensation for these services, the Company will pay the Area Representative a portion of the franchise and royalty fees paid to the Company by the franchisees.

Principles of Combination

The accompanying combined financial statements include the accounts of Two Maids Franchising, LLC and its affiliate, Two Maids & A Mop of Birmingham, which are under common ownership, control, and management. All significant intercompany balances and transactions have been eliminated in the combination.

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF BUSINESS – CONTINUED

Basis of Accounting

The accompanying combined financial statements of the Company are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Acquisition

On September 10, 2021, Home Franchise Concepts, LLC (HFC, LLC), acquired Two Maids Franchising, LLC. The acquisition resulted in a transfer of 100% ownership to HFC, LLC (Parent), a wholly owned subsidiary of JM Franchise Holdings, Inc., which is a wholly owned subsidiary of JM Family Enterprises, Inc. (Ultimate Parent).

In accordance with applicable accounting literature, the Company has elected to not push down purchase accounting adjustments from the acquisition and all amounts related to purchase accounting are held at the Parent.

Reclassifications

Certain prior period items in the combined financial statements have been reclassified to be comparable with the classification for the year ended December 31, 2021. The reclassifications have no effect on previously reported net income.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term investments with an original maturity date of three months or less, unrestricted cash on deposit and money market funds. The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses related to these balances and believes credit risk to be minimal.

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF BUSINESS – CONTINUED

Accounts Receivable

Accounts receivable represent money due to the Company from franchisees for services rendered, including initial franchise fees, uniform shipping fees and manager and office expenses, as well as amounts due from customers of the Company's cleaning services. The Company extends credit to its franchisees in the ordinary course of business. Accounts receivable are stated at the amount management expects to collect. Management determines the allowance for doubtful accounts based on past credit history with franchisees and their current financial condition. On a continuing basis, management analyzes delinquent receivables, and once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account. The Company performs ongoing credit evaluations of its franchisees' financial conditions and generally requires no collateral from its franchisees. As of December 31, 2021, 2020 and 2019, management did not consider any amounts uncollectible.

Investments

Investments consist of an Insured Deposit Account and equity securities as of December 31, 2020, and certificates of deposits as of December 31, 2019. The Insured Deposit Account and certificates of deposits are valued at cost which approximates fair value. The Company's equity securities are recorded at fair value. The equity securities are revalued at each reporting period with changes in fair value recorded through investment income. The fair value of the securities is determined by quoted market price. Management reviews investments for other-than-temporary impairments on an annual basis and records any impairment as a transfer from unrealized to realized loss on investments.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and include expenditures that substantially increase the useful lives of existing property and equipment. Maintenance, repairs and minor renovations are charged to income as incurred. When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the respective accounts, and any gain or loss on the disposition is credited or charged to income.

The Company provides for depreciation of property and equipment using the straight-line method designed to depreciate costs over estimated useful lives. The cost of leasehold improvements is amortized over the lesser of the lives of the related leases or the estimated useful lives of the assets. Estimated useful lives are as follows:

| Item | Estimated Useful Life |
|-------------------------|------------------------------|
| Leasehold improvements | 5 years |
| Furniture and equipment | 10 years |

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF BUSINESS – CONTINUED

Goodwill

Goodwill represents the excess of purchase price over the fair value of assets acquired. The Company has elected an accounting alternative allowing for the amortization of goodwill, which is being amortized over 10 years.

Long-Lived Assets

Intangible assets, such as property and equipment and goodwill that are subject to amortization, are reviewed for potential impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. During 2021, no events or circumstances indicated that an impairment loss should be recorded.

Income Taxes

The Company is included in the consolidated federal income tax return filed by the Ultimate Parent Company and certain state consolidated and combined income tax returns. In addition, the Company files various state income tax returns on a separate basis. The Company's provision (benefit) for income taxes is computed on a separate company basis for financial reporting purposes and includes an allocation of a benefit by the Parent Company for tax losses generated by the Company, if any, that are utilized by the consolidated group.

Deferred income taxes, net have been provided using the asset and liability method to reflect the effect of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. A valuation allowance has been recognized if it is more likely than not that the deferred tax assets will not be realized.

Advertising and Promotion Costs

The Company expenses advertising costs as incurred. Advertising and promotion expenses totaled \$2,140,197, \$1,924,651 and \$1,805,527 for the years ended December 31, 2021, 2020 and 2019, respectively.

Fair Value of Financial Instruments

The Company uses a three-tier value hierarchy, which classifies the inputs used in measuring fair values, in determining the fair value of the Company's financial assets and financial liabilities. These tiers include: Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. There were no changes in the methods or assumptions used in measuring fair value during the period.

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF BUSINESS – CONTINUED

Fair Value of Financial Instruments – Continued

As of December 31, 2021, 2020 and 2019, the carrying value of financial instruments, such as cash, investments, receivables and payables, approximated their fair values. The carrying amounts of the notes payable and notes payable – related parties approximate their fair value due to market interest rates, which have not significantly changed since the transaction took place.

Contingencies

Certain conditions may exist as of the date of the combined financial statements, which may result in a loss to the Company, which will only be resolved if one or more future events occur or fail to occur. Management and its legal counsel assess such contingencies, and such assessment inherently involves an exercise of judgment. The Company records any such contingent liabilities when the assessment indicates a material loss is both probable and reasonably estimable.

Recent Accounting Pronouncements

In February 2016, the FASB issued an ASU with new guidance intended to increase transparency and comparability among organizations relating to leases. Lessees will be required to recognize a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. The FASB retained a dual model for lease classification, requiring leases to be classified as finance or operating leases to determine recognition in the statements of operations and cash flows; however, substantially all leases will be required to be recognized on the balance sheet. The standards update will also require quantitative and qualitative disclosures regarding key information about leasing arrangements. The standards update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2021, with early adoption permitted. The standard provides for certain practical expedients. The adoption of this standards update is expected to have a material impact on the Company's financial statements as the Company expects to record a significant right-of-use asset and lease obligation upon adoption which will materially increase the Company's total assets and total liabilities that it reports relative to such accounts prior to adoption.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and issued subsequent amendments to the initial guidance: ASU 2018-19, ASU 2019-04 and ASU 2019-05 (collectively Topic 326). Topic 326 requires measurement and recognition of expected credit losses for financial assets held. This ASU is effective for annual reporting periods beginning after December 15, 2022, on a prospective basis. The Company is currently evaluating the impacting of adopting Topic 326 on the financial statements and related disclosures.

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

2. MASTER FRANCHISE RIGHTS

On December 31, 2013, Two Maids Franchising, LLC, Collegiate Cleaning, LLC and CFPB, LLC dba College Hunks Hauling Junk (CHHJ) entered into a Master Franchise Agreement (MFA) and Area Representation Agreement (ARA). The agreement was superseded and replaced by a new Area Development Agreement that extended the Area Developer's right to serve as an independent developer within the territory as well as reserves the rights of the Company and its affiliates to establish and operate Two Maids & A Mop offices or other businesses and the right to grant franchisees the right to establish and operate Two Maids & A Mop franchises or other businesses under specified conditions, whether inside or outside the territory. The agreement expired November 7, 2021 and was not renewed.

3. REVENUE RECOGNITION

On January 28, 2021, the FASB issued ASU 2021-02, which allows a nonpublic company franchisor to use a practical expedient when identifying performance obligations in its contracts with customers. The practical expedient allows the private company franchisor to treat certain preopening services that are provided to the franchisees as distinct from the franchise license. The preopening services are as follows: (a) assistance in the selection of a site, (b) assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural and engineering services and lease negotiation, (c) training of the franchisee's personnel or the franchisee, (d) preparation and distribution of manuals and similar material concerning operations, administration and record keeping (e) bookkeeping, information technology and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate and other taxes or about regulations affecting the franchisee's business (f) inspection, testing and other quality control programs. The amendments in the practical expedient are effective for interim and annual periods beginning after December 15, 2020. The Company has applied the practical expedient retrospectively to all periods presented.

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

3. REVENUE RECOGNITION – CONTINUED

The following table includes the impact on the Company's statement of income for the retrospective adoption of ASU 2021-02 during the year ended December 31, 2020:

| Revenues | As Previously Reported | Increase (Decrease) | As Restated |
|------------------------------------|-----------------------------------|--------------------------------|--------------------|
| Franchise fees | \$ 373,589 | \$ (8,589) | \$ 365,000 |
| Royalties | 1,738,546 | - | 1,738,546 |
| Advertising and marketing revenues | 2,475,969 | - | 2,475,969 |
| Service revenues | 1,074,449 | - | 1,074,449 |
| Territory development fee | 244,375 | (4,755) | 239,620 |
| Other income | 660,646 | (1,994) | 658,652 |
| Total revenues | 6,567,574 | (15,338) | 6,552,236 |
| Operating Expenses | | | |
| Personnel | 2,508,033 | 45,839 | 2,553,872 |
| Referral fees | 52,399 | 223,801 | 276,200 |
| Other operating expenses | 3,347,882 | - | 3,347,882 |
| Total operating expenses | 5,908,314 | 269,640 | 6,177,954 |
| Total Operating Income | 659,260 | (284,978) | 374,282 |
| Other Income | 331,290 | - | 331,290 |
| Provision for income taxes | (124,704) | - | (124,704) |
| Net Income | \$ 865,846 | \$ (284,978) | \$ 580,868 |

The following table includes the impact on the Company's balance sheet as of December 31, 2020, for the retrospective adoption of ASU 2021-02:

| | As Previously Reported | Increase (Decrease) | As Restated |
|--|-----------------------------------|--------------------------------|---------------------|
| Total Assets | \$ 4,608,032 | \$ (1,938,517) | \$ 2,669,515 |
| Total current liabilities | 780,057 | (84,507) | 695,550 |
| Unearned franchise fees | 2,503,522 | (2,503,522) | - |
| Total non-current liabilities | 424,764 | - | 424,764 |
| Members' Capital | 899,689 | 649,512 | 1,549,201 |
| Total Liabilities and Members' Equity | \$ 4,608,032 | \$ (1,938,517) | \$ 2,669,515 |

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

3. REVENUE RECOGNITION – CONTINUED

Revenue Recognition

Revenue is generated through initial franchise fees, territory development fees, website development fees, royalty fees, ad fund fees, marketing fees and service revenues.

Under franchise agreements, the Company provides franchisees with (i) a franchise licenses, which includes a license to use the Company’s intellectual property, and in those markets where the Company manages a marketing fund, advertising and promotion management, (ii) pre-opening services such as site-selection, training and inspections and (iii) on going services, such as development of training material and quality control and inspection. The Company has determined that initial franchise fees, territory development fees and website development fees are distinct from the franchise license. Franchise royalty fees and ad fund fees are based upon a defined percentage of franchise or license store operations and are recognized when earned. Marketing fees are recognized when earned based on a minimum dollar amount. Initial franchise fees, territory development fees and website development fees are payable by the franchisee upon the sale and execution of a franchise agreement. Additionally, under ASU 2021-02, initial franchise fees, territory development fees and website development fees are recognized as upon completion of franchisee store training. Under Topic 606, the previous standard, initial franchise fees, territory development fees and website development fees were recognized as revenue on a straight-line basis over the term of the respective agreement beginning on the store opening date. Service revenues are recognized as the services are provided.

Unearned Franchise Fees

Unearned franchise fees consist of initial franchise fees, territory development fees and website development fees collected, where the Company is still obligated to complete certain performance obligations outlined in the franchise agreement. The initial franchisee fee is typically \$30,000 per location, which is nonrefundable and due upon signing of the franchise agreement. The territory development fees are equal to \$0.10 times the number of 2010 census households in the projected territory and is due upon signing of the franchise agreement. The website development fee is \$7,500 for each franchise location and is due upon signing the franchise agreement.

Unearned franchise fees result from initial franchise fees, territory development fees and website development fees, which are generally recognized upon completion of franchisee store training. The following table reflects the change in deferred revenue for the years ended December 31, 2021, 2020 and 2019:

| | 2021 | 2020 | 2019 |
|--|-------------------|-------------------|-------------------|
| Unearned franchise fees at beginning of year | \$ 244,987 | \$ 322,379 | \$ 335,536 |
| Revenue recognized during the year | (635,902) | (683,755) | (792,111) |
| New deferral due to cash received and other | 543,871 | 606,363 | 778,954 |
| Unearned franchise fees at end of year | <u>\$ 152,956</u> | <u>\$ 244,987</u> | <u>\$ 322,379</u> |

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

4. INVESTMENTS

A summary of the aggregate cost and fair value of investment securities as of December 31, 2021, 2020 and 2019, is as follows:

| | Fair Value Level | 2021 | | 2020 | | 2019 | |
|-------------------------|---------------------|------|------------|------------|------------|-----------|------------|
| | | Cost | Fair Value | Cost | Fair Value | Cost | Fair Value |
| Certificates of deposit | 1 | \$ - | \$ - | \$ - | \$ - | \$202,942 | \$202,942 |
| Insured Deposit Account | 1 | - | - | 173,306 | 173,307 | - | - |
| Equity securities | 1 | - | - | 66,805 | 90,163 | - | - |
| Total | | \$ - | \$ - | \$ 240,111 | \$263,470 | \$202,942 | \$202,942 |

In connection with the acquisition, during 2021, the Company sold all its investments for \$314,749, resulting in a gain of \$51,279.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of December 31, 2021, 2020 and 2019, respectively:

| | 2021 | 2020 | 2019 |
|-------------------------------|------------|------------|------------|
| Land | \$ - | \$ 50,000 | \$ 50,000 |
| Leasehold improvements | 67,035 | 568,463 | 568,463 |
| Furniture and equipment | 117,975 | 122,669 | 60,800 |
| | 185,010 | 741,132 | 679,263 |
| Less accumulated depreciation | 47,704 | 68,095 | 44,711 |
| | \$ 137,306 | \$ 673,037 | \$ 634,552 |

In connection with the acquisition, during 2021, the Company sold land and property and equipment for \$671,313, resulting in a gain of \$159,689.

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

6. GOODWILL

Goodwill and changes in the net carrying amount of goodwill for the years ended December 31, 2021, 2020 and 2019, are as follows:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--------------------------|------------------|-------------------|-------------------|
| Goodwill | \$ 260,000 | \$ 260,000 | \$ 260,000 |
| Accumulated amortization | <u>(162,500)</u> | <u>(136,500)</u> | <u>(110,500)</u> |
| Net goodwill | <u>\$ 97,500</u> | <u>\$ 123,500</u> | <u>\$ 149,500</u> |

Amortization for goodwill over the next five years and thereafter is as follows:

| | <u>Goodwill</u> |
|------|------------------|
| 2022 | \$ 26,000 |
| 2023 | 26,000 |
| 2024 | 26,000 |
| 2025 | 19,500 |
| 2026 | - |
| | <u>\$ 97,500</u> |

Amortization expense totaled \$26,000 for each of the years ended December 31, 2021, 2020 and 2019.

7. INCOME TAXES

The (benefit) provision for income taxes comprises:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|--------------------|-------------------|-------------------|
| Current tax (benefit) provision | | | |
| Federal | \$ (22,489) | \$ 80,369 | \$ 135,171 |
| State | <u>2,771</u> | <u>19,719</u> | <u>55,971</u> |
| Current (benefit) provision for income taxes | <u>(19,718)</u> | <u>100,088</u> | <u>191,142</u> |
| Deferred tax (benefit) provision | | | |
| Federal | (12,429) | 22,098 | (6,523) |
| State | <u>(2,066)</u> | <u>2,518</u> | <u>(1,673)</u> |
| Deferred (benefit) provision for income taxes | <u>(14,495)</u> | <u>24,616</u> | <u>(8,196)</u> |
| Total (benefit) provision for income taxes | <u>\$ (34,213)</u> | <u>\$ 124,704</u> | <u>\$ 182,946</u> |

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

7. INCOME TAXES – CONTINUED

The difference between the Company’s effective income tax rate and the federal statutory rate primarily due to state taxes and permanent differences.

The components of the Company’s deferred tax liabilities are as follows:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|----------------------------|------------------|------------------|------------------|
| Deferred tax liability | | | |
| Property and equipment | \$ 20,123 | \$ 30,982 | \$ 8,883 |
| Intangible assets | (13,878) | 5,191 | 2,674 |
| Unrealized gain | <u>15,433</u> | <u>-</u> | <u>-</u> |
| Net deferred tax liability | <u>\$ 21,678</u> | <u>\$ 36,173</u> | <u>\$ 11,557</u> |

Uncertain Tax Positions

The Company applies the provisions of ASC 740, “Income Taxes”, which contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments.

As of December 31, 2021, the Company had no material unrecognized tax benefits and, therefore, has not recorded a liability for unrecognized tax benefits. Interest and penalties related to unrecognized tax benefits are recognized in provision for income taxes. As of December 31, 2021, no interest and penalties were incurred.

The Company is periodically under federal or state audit for the consolidated, combined, and separate tax returns. No material adjustments have been identified in connection with any ongoing audit. The Company is no longer subject to federal tax audit or, with few exceptions, to state income tax audits for years before 2018.

8. NOTES PAYABLE

Notes payable consist of the following as of December 31, 2021, 2020 and 2019:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------------|-------------------|
| Note payable to bank. Repaid in 2021 in connection with the acquisition. | \$ - | \$ 406,107 | \$ 423,639 |
| Less current portion | <u>-</u> | <u>17,516</u> | <u>19,834</u> |
| Notes payable, net of current portion | <u>\$ -</u> | <u>\$ 388,591</u> | <u>\$ 403,805</u> |

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

9. RELATED PARTY TRANSACTIONS

During 2021, the Company advanced \$1,300,000 to Parent, which is outstanding as of December 31, 2021 and is expected to be collected within one year.

During the year ended December 31, 2015, the Company entered into a promissory note with Two Maids of the Southeast, which was a company with common ownership prior to the acquisition. The note matured, and the Company repaid it in September 2021. As of December 31, 2020 and 2019, amounts outstanding totaled \$34,254 and \$74,416, respectively.

During the years ended December 31, 2021, 2020 and 2019, the Company provided services to one of the Two Maids & A Mop outlets, which WestonSadie, LLC, a related party, acquired in February 2016. In conjunction with those services, WestonSadie, LLC paid the Company various amounts as follows:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|----------------|-------------|-------------|-------------|
| Royalties | \$ - | \$ 69,499 | \$ 70,111 |
| Marketing Fees | - | 23,000 | 24,000 |
| Ad Fund Fees | - | 23,544 | 24,223 |
| Other Services | - | 14,467 | 13,088 |

Accounts receivable totaled \$7,179 and \$4,194 as of December 31, 2020 and 2019, respectively. As a result of the acquisition, WestonSadie is no longer considered a related party. The Company collected all remaining accounts receivable during 2021.

10. DEFINED CONTRIBUTION PLAN

The Company sponsors a 401(k) plan, which covers substantially all employees of the Company. The Company's matching contribution is discretionary, and the plan may be amended or terminated by the Company at its discretion. During the years ended December 31, 2021, 2020 and 2019, the Company made matching contributions totaling \$9,003, \$7,630 and \$7,314, respectively.

11. OPERATING LEASES

For the years ended December 2021, 2020 and 2019, the Company leased office space, and the operating location of its company owned Two Maids & A Mop location under noncancelable leases. The leases provide for a basic rent which increases over the term of the lease. For the years ended December 31, 2021, 2020 and 2019, payments made under these leases totaled \$187,447, \$166,578 and \$105,820, respectively.

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

11. OPERATING LEASES – CONTINUED

As of December 31, 2021, the future minimum lease payments under these noncancelable leases are as follows:

| | | | |
|------------|--|----|-----------|
| | | \$ | |
| 2022 | | | 172,455 |
| 2023 | | | 177,280 |
| 2024 | | | 182,125 |
| 2025 | | | 186,982 |
| 2026 | | | 183,491 |
| Thereafter | | | 315,711 |
| | | | 315,711 |
| | | \$ | 1,218,044 |

12. SUPPLEMENTAL CASH FLOW INFORMATION

| | 2021 | 2020 | 2019 |
|--|------------|------------|------------|
| Cash paid during the year for interest | \$ 9,419 | \$ 20,831 | \$ 28,549 |
| Cash paid during the year for income taxes | \$ 137,061 | \$ 202,699 | \$ 158,157 |

13. LITIGATION

The Company is subject to certain claims, assessments and litigation arising in the normal course of business. In the opinion of management, the ultimate outcome of any such matters would not have a materially adverse effect on the Company's financial position or results of operations.

14. GRANT INCOME

As a response to the COVID-19 outbreak, the U.S. Government responded with relief legislation. Certain legislation, under the CARES Act, authorized emergency loans to business by establishing, and providing for, forgivable bridge loans under the Paycheck Protection Program (PPP). In April 2020, the Company received \$350,000 under the PPP. Under the PPP, the Small Business Administration (SBA) will forgive the proceeds received if eligibility and certain other criteria are met related to the use of funds. The portion of the proceeds received that is not forgiven, if any, is converted to an unsecured term note payable in equal installments, including interest at 1% through April 2022.

TWO MAIDS FRANCHISING, LLC
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

14. GRANT INCOME – CONTINUED

As of December 31, 2020, in the opinion of management the Company had met the eligibility and certain other criteria related to the use of funds, and there was reasonable assurance that full forgiveness would be granted. Accordingly, the Company recognized \$350,000 of proceeds received under the PPP as grant income during the year ended December 31, 2020, which is presented within other income in the statement of operations.

In January 2021, the Company received notification that the SBA approved the forgiveness of the PPP loan for \$352,411, including accrued interest. As a result of the forgiveness, the SBA will have the right to audit the Company's compliance with the PPP loan for a period of up to six years. Any unfavorable outcome results from the SBA's review or audit will be reported once known and may materially impact the Company's financial positions and/or results of future operations.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 23, 2022, the date the combined financial statements were available to be issued.

EXHIBIT C
LIST OF FRANCHISEES

Current Franchises

| Total | Company | Start Date | Owner | Address | City | State | Zip | Phone |
|-------|---|------------|--------------------------------|---------------------------------|-------------------|----------------------|-------|----------------|
| | Alabama | | | | | | | |
| | Two Maids & A Mop of Auburn | 8/27/2017 | BNA Management, LLC | 715 E Glenn Ave | Auburn | Alabama | 36830 | (334) 246-9099 |
| | Two Maids & A Mop of Huntsville | 1/8/2016 | WestonSadie, LLC | 2225 Drake Ave SW Suite 1 | Huntsville | Alabama | 35805 | (256) 883-6243 |
| | Two Maids & A Mop of Birmingham | 10/1/2022 | Madhatters Maids LLC | 376 Park Road | Jasper | Alabama | 35504 | TBD |
| | Two Maids & A Mop of Montgomery | 1/2/2020 | SJT Holdings I, LLC | 7419 Metcalf Ave | Overland Park | Alabama | 66204 | (423) 894-0346 |
| | Two Maids & A Mop of Baldwin County | 11/1/2022 | CSHAA, LLC | 2700 Apalachee Parkway, Suite A | Tallahassee | Alabama | 32301 | TBD |
| 6 | Two Maids & A Mop of Tuscaloosa | 3/9/2021 | Tri-Clean, LLC | 3076 Palisades Ct | Tuscaloosa | Alabama | 35405 | (205) 562-3196 |
| | Arizona | | | | | | | |
| | Two Maids & A Mop of Tempe | 11/11/2020 | Flik's Cleaning Solutions, LLC | 1698 East Iris Drive | Chandler | Arizona | 85286 | (480) 405-6596 |
| 2 | Two Maids & A Mop of Chandler | 4/25/2018 | Sharpline Cleaning, LLC | 1111 N Gilbert Rd | Gilbert | Arizona | 85234 | (480) 550-8282 |
| | Arkansas | | | | | | | |
| 1 | Two Maids & A Mop of Bentonville/Fayetteville | 4/30/2018 | Kevin Knott | 902 SW 2nd St | Bentonville | Arkansas | 72712 | (479) 802-0105 |
| | California | | | | | | | |
| 1 | Two Maids & A Mop of North Orange County | 2/22/2018 | Bus Bittel Holdings, Inc. | 5100 E La Palma Ave | Anaheim | California | 92807 | (714) 462-2620 |
| | Colorado | | | | | | | |
| | Two Maids & A Mop of Aurora | 10/20/2020 | Master's Heart and Hands, LLC | 14901 E. Hampden Av | Aurora | Colorado | 80014 | (720) 458-8988 |
| | Two Maids & A Mop of Boulder | 3/18/2020 | Vision Cleaning Services, LLC | 1600 Range St | Boulder | Colorado | 80301 | (636) 259-2656 |
| | Two Maids & A Mop of Centennial | 8/29/2021 | Slight Edge Cleaning, LLC | 5310 Morning Glory Place | Highland Ranch | Colorado | 80130 | (303) 800-0625 |
| 4 | Two Maids & A Mop of West Denver | 10/15/2022 | Vision Cleaning Services, LLC | 5310 Morning Glory Place | Littleton | Colorado | 80130 | (636) 259-2656 |
| | Connecticut | | | | | | | |
| | Two Maids & A Mop of Stamford | 1/1/2022 | Nazca Services Inc | 29 Circle Road | Scarsdale | Connecticut | 10583 | (203) 998-0988 |
| 2 | Two Maids & A Mop of West Hartford | 12/29/2020 | DT Home Management, Inc. | 11 Tolland Circle | Simsbury | Connecticut | 06070 | (860) 218-9393 |
| | District of Columbia | | | | | | | |
| 1 | Two Maids & A Mop of Washington, DC | 10/26/2016 | K2 Enterprises, LLC | 43130 Amberwood Plaza #125 | Chantilly | District of Columbia | 20152 | (703) 775-4519 |
| | Florida | | | | | | | |
| | Two Maids & A Mop of Gainesville | 8/21/2017 | Curt Richardson | 4908 NW 34th Blvd | Gainesville | Florida | 32605 | (706) 940-7250 |
| | Two Maids & A Mop of Jacksonville | 3/28/2019 | MJL Jacksonville, LLC | 6320 St Augustine Rd | Jacksonville | Florida | 32217 | (912) 233-7558 |
| | Two Maids & A Mop of Pasco County | 11/25/2019 | TM Pasco, LLC | 1927 Passero Ave | Lutz | Florida | 33559 | (813) 683-4300 |
| | Two Maids & A Mop of South Brevard | 8/7/2017 | ASC Southern Group, LLC | 305 East Dr | Melbourne | Florida | 32904 | (321) 327-1944 |
| | Two Maids & A Mop of Orange County | 1/12/2016 | Anthony Truong | 5742 Old Cheney Hwy | Orlando | Florida | 32807 | (407) 440-4074 |
| | Two Maids & A Mop of Oviedo | 6/25/2021 | Truong's Holdings, Inc. | 34 Westminster Drive | Palm Coast | Florida | 32164 | (407) 603-8001 |
| | Two Maids & A Mop of Panama City | 9/18/2018 | Brian Stahl and Laura Stahl | 10100 Hutchison Blvd | Panama City Beach | Florida | 32407 | (850) 588-4417 |
| | Two Maids & A Mop of Bradenton/Sarasota | 1/24/2018 | Queen Maids of Florida, LLC | 1920 Northgate Blvd | Sarasota | Florida | 34234 | (941) 315-5262 |
| | Two Maids & A Mop of Tallahassee | 2/18/2015 | Curt Richardson | 414 E 7th Ave | Tallahassee | Florida | 32303 | (706) 940-7250 |
| | Two Maids & A Mop of Pensacola | 11/1/2022 | CSHAA, LLC | 2700 Apalachee Parkway, Suite A | Tallahassee | Florida | 32301 | TBD |

| Total | Company | Start Date | Owner | Address | City | State | Zip | Phone |
|-------|--|------------|--|--|------------------|---------------|-------|----------------|
| | Two Maids & A Mop of Fort Walton Beach | 11/1/2022 | CSHAA, LLC | 2700 Apalachee Parkway, Suite A | Tallahassee | Florida | 32301 | TBD |
| | Two Maids & A Mop of Tampa | 11/27/2018 | Joe Stan, LLC | 1515 E 9th Ave | Tampa | Florida | 33605 | (813) 379-9900 |
| | Two Maids & A Mop of Clearwater/St. Petersburg | 1/1/2019 | Joe Stan, LLC | 1515 E 9th Ave | Tampa | Florida | 33605 | (813) 379-9900 |
| | Two Maids & A Mop of Venice | 11/14/2022 | Hoffer Cleaning LLC | 11410 Fort Lauderdale Place | Venice | Florida | 34293 | (509) 998-3530 |
| 15 | Two Maids & A Mop of Miami Beach | 10/17/2022 | Acqua Smart LLC | 304 Indian Trace, Ste. 626 | Weston | Florida | 33326 | (549) 899-6541 |
| | | | | | | | | |
| | Georgia | | | | | | | |
| | Two Maids & A Mop of Fulton County | 8/24/2019 | THWG Investments, LLC | 11940 Alpharetta Hwy | Alpharetta | Georgia | 30009 | (470) 273-5199 |
| | Two Maids & A Mop of Athens | 4/29/2016 | Derek Hall | 435 Hawthorne Ave | Athens | Georgia | 30606 | (706) 389-4822 |
| | Two Maids & A Mop of Woodstock | 4/22/2021 | THWG Investments, LLC | 3014 Skyland Drive | Atlanta | Georgia | 30341 | (678) 810-1117 |
| | Two Maids & A Mop of Augusta | 9/2/2020 | BNA Management, LLC | 401 Shartom Drive Unit 400 | Augusta | Georgia | 30907 | (334) 246-9099 |
| | Two Maids & A Mop of Columbus and Phenix City | 10/10/2016 | CHFJ, LLC | 1018 Peachtree Dr | Columbus | Georgia | 31906 | (706) 940-7250 |
| | Two Maids & A Mop of Cumming | 8/25/2021 | Cleaning Masters-Cleaning Services Corp. | 104 Colony Park Drive Suite 300 | Cumming | Georgia | 30040 | (470) 253-9081 |
| | Two Maids & A Mop of Douglasville | 3/31/2022 | Avialdo Cleaning Services LLC | 8330 Office Park Drive | Douglasville | Georgia | 30134 | (661) 593-8417 |
| | Two Maids & A Mop of Brunswick | 2/22/2022 | Katherine M. Britt and Chad A. Mixon | 186 South Macon Street | Jesup | Georgia | 31545 | (912) 385-6159 |
| | Two Maids & A Mop of Cobb County | 12/1/2022 | Amtul Mujeeb Akbar | 5415 Sugarloaf Parkway, Suite 1108 #6420 | Lawrenceville | Georgia | 30043 | (205) 586-3272 |
| | Two Maids & A Mop of Peachtree City | 10/5/2019 | BCNB Management, LLC | 277 GA-74 | Peachtree City | Georgia | 30269 | (334) 246-9099 |
| 11 | Two Maids & A Mop of Savannah | 9/2/2015 | The Lewellen Group, Inc. | 101 N Gamble Rd | Savannah | Georgia | 31405 | (912) 233-7558 |
| | | | | | | | | |
| | Illinois | | | | | | | |
| | Two Maids & A Mop of Naperville | 3/6/2017 | BrossO, Inc. | 1707 Quincy Ave | Naperville | Illinois | 60540 | (630) 381-1515 |
| | Two Maids & A Mop of Peoria | 8/18/2017 | Shane Mitchell | 3917R N Sheridan Rd | Peoria | Illinois | 61614 | (309) 431-1122 |
| 3 | Two Maids & A Mop of North ChicagoL27 | 6/19/2017 | David Reynolds | 150 N Fairway Dr | Vernon Hills | Illinois | 60061 | (847) 447-6655 |
| | | | | | | | | |
| | Kansas | | | | | | | |
| 1 | Two Maids & A Mop of Overland Park | 3/1/2020 | SJT Holdings I, LLC | 7419 Metcalf Ave | Overland Park | Kansas | 66204 | (423) 894-0346 |
| | | | | | | | | |
| | Kentucky | | | | | | | |
| 1 | Two Maids & A Mop of Lexington | 1/31/2017 | SJT Holdings I, LLC | 3120 Pimlico Pkwy | Lexington | Kentucky | 40517 | (423) 894-0346 |
| | | | | | | | | |
| | Louisiana | | | | | | | |
| | Two Maids & A Mop of Baton Rouge | 10/6/2015 | Joseph Cox and Kelli Cox | 11347 Cedar Park Ave | Baton Rouge | Louisiana | 70809 | (225) 400-9534 |
| 2 | Two Maids & A Mop of Mandeville | 8/6/2021 | LM2B Enterprises, LLC | 1417 Trout Drive | Panama City | Louisiana | 32408 | (985) 612-7660 |
| | | | | | | | | |
| | Maryland | | | | | | | |
| | Two Maids & A Mop of Rockville | 3/14/2017 | K2 Enterprises, LLC | 43130 Amberwood Plaza #125 | Chantilly | Maryland | 20152 | (240) 335-8346 |
| | Two Maids & A Mop of Columbia | 6/16/2022 | K2 Enterprises, LLC | 43130 Amberwood Plaza #125 | Chantilly | Maryland | 20152 | (651) 341-9207 |
| 3 | Two Maids & A Mop of Frederick | 1/1/2022 | ZFBhatti, Inc. | 1007 Inkberry Way | Frederick | Maryland | 21703 | (240) 651-6940 |
| | | | | | | | | |
| | Massachusetts | | | | | | | |
| | Two Maids & A Mop of Newton | 4/16/2021 | Maid for You, Inc. | 253 Riverview Avenue | Newton | Massachusetts | 02466 | (617) 631-9913 |
| 2 | Two Maids & A Mop of New Bedford | 6/1/2021 | Dirty Works Productions, Inc. | 73 East Briggs Road | Westport | Massachusetts | 02790 | (508) 689-9192 |
| | | | | | | | | |
| | Michigan | | | | | | | |
| | Two Maids & A Mop of South Oakland | 8/14/2020 | Two Larks Incorporated | 6421 Inkster Rd, Ste 102 | Bloomfield Hills | Michigan | 48301 | (248) 654-5544 |
| | Two Maids & A Mop of Sterling | 4/16/2019 | Northwoods Missions, | 44637 N Gratiot Ave | Clinton | Michigan | 48036 | (586) 759-6990 |

| Total | Company | Start Date | Owner | Address | City | State | Zip | Phone |
|-------|--|------------|----------------------------------|-------------------------------|-------------------|----------------|-------|----------------|
| | Heights | | LLC | | Township | | | |
| 3 | Two Maids & A Mop of Troy | 4/3/2020 | KP2 Services, LLC | 1976 Star Batt Dr | Rochester Hills | Michigan | 48309 | (248) 654-5565 |
| | Minnesota | | | | | | | |
| | Two Maids & A Mop of Hennepin County | 12/21/2016 | RMS Enterprises, LLC | 1882 Berkshire Ln N | Plymouth | Minnesota | 55441 | (763) 560-1071 |
| | Two Maids & A Mop of Woodbury | 11/22/2021 | Philo Enterprises LLC | 4405 Beard Avenue North | Robbinsdale | Minnesota | 55422 | (651) 764-6162 |
| 3 | Two Maids & A Mop of Blaine-Coons Rapids | 12/29/2018 | North Metro Maids, Inc. | 3470 Lexington Ave N | Shoreview | Minnesota | 55126 | (651) 728-5566 |
| | Mississippi | | | | | | | |
| | Two Maids & A Mop of Tupelo | 5/14/2021 | Jackson Cleaning Group, LLC | 3491 Bluecutt Road | Columbus | Mississippi | 39705 | (662) 729-4024 |
| 2 | Two Maids & A Mop of Jackson | 2/20/2017 | Mac Holdings, LLC | 409 Briarwood Dr | Jackson | Mississippi | 39206 | (601) 419-3888 |
| | Missouri | | | | | | | |
| | Two Maids & A Mop of West St. Louis | 12/26/2017 | Jordan Black | 18118 Chesterfield Airport Rd | Chesterfield | Missouri | 63005 | (636) 259-2656 |
| 2 | Two Maids & A Mop of St. Charles County | 12/26/2017 | Jordan Black | 18118 Chesterfield Airport Rd | Chesterfield | Missouri | 63005 | (636) 259-2656 |
| | Nevada | | | | | | | |
| 1 | Two Maids & A Mop of Reno | 7/1/2021 | Treyn Cleaning NNV, LLC | 7629 Rhinestone Circle | Reno | Nevada | 89511 | (775) 460-4068 |
| | New Hampshire | | | | | | | |
| 1 | Two Maids & A Mop of Manchester | 12/31/2020 | JTG Enterprise, LLC | 2 Arlington St | Manchester | New Hampshire | 03103 | (603) 471-3552 |
| | New Jersey | | | | | | | |
| 1 | Two Maids & A Mop of Westfield | 5/31/2017 | Vincent Corso and Danielle Corso | 560 Springfield Ave | Westfield | New Jersey | 07090 | (908) 873-6799 |
| | New York | | | | | | | |
| 1 | Two Maids & A Mop of White Plains | 2/2/2017 | Alpaca Services Inc. | 220 Battle Ave | White Plains | New York | 10606 | (914) 902-8777 |
| | North Carolina | | | | | | | |
| | Two Maids & A Mop of Charlotte | 1/13/2016 | Manifest Happy, LLC | 3440 St Vardell Ln | Charlotte | North Carolina | 28217 | (704) 504-1177 |
| | Two Maids & A Mop of Raleigh | 8/13/2021 | LM2B Enterprises, LLC | 1417 Trout Drive | Panama City | North Carolina | 32408 | (919) 875-2111 |
| | Two Maids & A Mop of Durham | 7/5/2022 | LM2B Enterprises, LLC | 1417 Trout Drive | Panama City Beach | North Carolina | 32408 | (850) 819-3649 |
| | Two Maids & A Mop of Winston-Salem | 4/22/2018 | Todd Scott and Crystal Scott | 3909 West Point Blvd | Winston-Salem | North Carolina | 27103 | (336) 448-4640 |
| 5 | Two Maids & A Mop of High Point | 4/4/2022 | G2M&M, LLC | 424 Hollinswood Avenue | Winston-Salem | North Carolina | 27103 | (336) 448-4640 |
| | Ohio | | | | | | | |
| 1 | Two Maids & A Mop of Cincinnati | 7/1/2022 | SJT Holdings I, LLC | 1705 Blairmont Drive | Lebanon | Ohio | 37087 | (615) 504-7878 |
| | South Carolina | | | | | | | |
| | Two Maids & A Mop of Greenville | 12/5/2022 | Calliope Ventures LLC | 112 Wrenwood Drive | Coppell | South Carolina | 75019 | (714) 496-0868 |
| | Two Maids & A Mop of Hilton Head | 4/7/2021 | Dirty Doodles, LLC | 21 Mathews Drive | Hilton Head | South Carolina | 29926 | (843) 603-8571 |
| 3 | Two Maids & A Mop of Columbia | 11/4/2019 | Brian Kroll | 1055 Sunset Blvd | West Columbia | South Carolina | 29169 | (803) 630-5806 |
| | Tennessee | | | | | | | |
| | Two Maids & A Mop of Chattanooga | 11/21/2014 | SJT Holdings I, LLC | 6347 E Brainerd Rd | Chattanooga | Tennessee | 37421 | (423) 894-0346 |
| | Two Maids & A Mop of Bartlett | 1/24/2022 | Kincy Enterprises, LLC | 9228 Durhamshire Drive | Cordova | Tennessee | 38016 | (901) 881-0990 |
| | Two Maids & A Mop of Knoxville | 9/25/2015 | MTKY Enterprises, LLC | 8044 Ray Mears Blvd | Knoxville | Tennessee | 37919 | (423) 894-0346 |
| 4 | Two Maids & A Mop of Nashville | 11/21/2014 | SJT Holdings I, LLC | 388 Harding Pl | Nashville | Tennessee | 37087 | (423) 894-0346 |
| | Texas | | | | | | | |

| Total | Company | Start Date | Owner | Address | City | State | Zip | Phone |
|-------|--|------------|------------------------------------|---------------------------------|----------------|------------|-------|----------------|
| | Two Maids & A Mop of Northwest San Antonio | 5/1/2022 | Alamo Management LLC | 1020 South Hampton Place | Birmingham | Texas | 35242 | (205) 999-5931 |
| | Two Maids & A Mop of Cypress | 11/3/2020 | Danfure, Inc. | 9808 Whithorn Drive | Cypress | Texas | 77095 | (281) 907-8999 |
| | Two Maids & A Mop of Dallas County | 12/10/2019 | BCNB Management, LLC | 1555 W Mockingbird Ln | Dallas | Texas | 75235 | (334) 246-9099 |
| | Two Maids & A Mop of Houston | 4/16/2019 | Roberto Davila III | 1414 S Loop W | Houston | Texas | 77054 | (832) 404-2426 |
| | Two Maids & A Mop of Pearland | 9/10/2019 | Bogle Enterprise, LLC | 10606 Hempstead Road | Houston | Texas | 77092 | (281) 404-3319 |
| | Two Maids & A Mop of Cleburne | 9/19/2022 | Gerardo Sanchez and Corina Sanchez | 505 Daffodil Lane | Mansfield | Texas | 76063 | TBD |
| | Two Maids & A Mop of Fort Worth | 6/1/2022 | Trinity Cleaners, LLC | 6910 Baker Boulevard | Richland Hills | Texas | 76118 | (817) 209-9739 |
| | Two Maids & A Mop of Round Rock | 3/28/2018 | BOI Residential, Inc. | 707 East Main Street | Round Rock | Texas | 78664 | (512) 677-6577 |
| | Two Maids & A Mop of Spring/The Woodlands | 10/7/2019 | HM Residential Services, LLC | 26009 Budde Road, Suite 400 | Spring | Texas | 77380 | (281) 636-3290 |
| | Two Maids & A Mop of Sugar Land | 12/2/2018 | Noori, LLC | 13017 Jess Pirtle Blvd | Sugar Land | Texas | 77478 | (281) 213-5333 |
| 11 | Two Maids & A Mop of Waco/Temple | 8/24/2020 | Patton Services, LLC | 3008 Chevy Circle | Temple | Texas | 76504 | (254) 342-3422 |
| | | | | | | | | |
| | Virginia | | | | | | | |
| | Two Maids & A Mop of Northern Virginia | 10/26/2016 | K2 Enterprises, LLC | 5702 General Washington Dr | Alexandria | Virginia | 22312 | (703) 775-4519 |
| | Two Maids & A Mop of Chesapeake/Norfolk | 8/24/2020 | Sheridan Services, Inc. | 1545 Crossways Blvd Ste 250 | Chesapeake | Virginia | 23320 | (757) 379-5050 |
| | Two Maids & A Mop of Manassas | 8/29/2018 | Pro Home Cleaning, LLC | 9271/73 Corporate Dr | Manassas | Virginia | 20110 | (703) 659-6455 |
| | Two Maids & A Mop of Richmond | 9/16/2015 | Goins2Clean, LLC | 6740 Forest Hill Ave | Richmond | Virginia | 23235 | (804) 320-0066 |
| 5 | Two Maids & A Mop of Virginia Beach | 2/17/2017 | DDR Sheridan Corp. | 1620 Centerville Tpke Suite 122 | Virginia Beach | Virginia | 23464 | (757) 379-5050 |
| | | | | | | | | |
| | Washington | | | | | | | |
| 1 | Two Maids & A Mop of Spokane | 3/4/2018 | M68 Holdings, LLC | 225 E 3rd Ave | Spokane | Washington | 99201 | (509) 228-3699 |
| | | | | | | | | |
| | Wisconsin | | | | | | | |
| | Two Maids & A Mop of West Milwaukee | 8/21/2020 | Two Clean Group, LLC | 2345 Silvernail Rd | Pewaukee | Wisconsin | 53072 | (262) 518-7500 |
| 2 | Two Maids & A Mop of Green Bay | 4/28/2022 | NGSM Holdings, LLC | 8522 E. Woodland Park | Spokane | Wisconsin | 33217 | (920) 305-7532 |
| | | | | | | | | |
| 101 | Total | | | | | | | |

Not Yet Operational as of 12/31/2022

| Total | Company | Start Date | Owner | Address | City | State | Zip | Phone |
|-------|--|------------|------------------------------|----------------------------|---------------|------------|-------|----------------|
| | Arizona | | | | | | | |
| | Two Maids & A Mop of Mesa | 2/13/2023 | Sharpline Cleaning, LLC | 1111 North Gilbert Road | Gilbert | Arizona | 85234 | (480) 510-1615 |
| 2 | Two Maids & A Mop of Apache Junction | TBD | Sharpline Cleaning, LLC | 1111 North Gilbert Road | Gilbert | Arizona | 85234 | (480) 510-1615 |
| | | | | | | | | |
| | California | | | | | | | |
| | Two Maids & A Mop of Coastal Orange County | TBD | Bus Bittel Holdings, Inc. | 5100 E La Palma Ave | Anaheim | California | 92807 | (714) 462-2620 |
| 2 | Two Maids & A Mop of South Orange County | TBD | Bus Bittel Holdings, Inc. | 5100 E La Palma Ave | Anaheim | California | 92807 | (714) 462-2620 |
| | | | | | | | | |
| | Illinois | | | | | | | |
| 1 | Two Maids & A Mop of Arlington Heights | 6/15/2023 | TM20221202 /Zorig Avenue LLC | 1305 Madison Drive | Buffalo Grove | Illinois | 60089 | (773) 742-0542 |
| | | | | | | | | |
| | Maryland | | | | | | | |
| 1 | Two Maids & A Mop of North Prince George's | TBD | K2 Enterprises, LLC | 43130 Amberwood Plaza #125 | Chantilly | Maryland | 20152 | (651) 341-9207 |
| | | | | | | | | |
| | Michigan | | | | | | | |
| 1 | Two Maids & A Mop of Ann Arbor | 2/20/2023 | Ann Arbor Maids LLC | 1209 Lark Street | Lake Orion | Michigan | 48360 | TBD |

| Total | Company | Start Date | Owner | Address | City | State | Zip | Phone |
|-------|--|------------|--|--|--------------|----------------|-------|----------------|
| | Minnesota | | | | | | | |
| | Two Maids & A Mop of Carver | 10/1/2023 | Ryan Schutz | 3673 Lexington Avenue North, Ste. H-2 #323 | Arden Hills | Minnesota | 55126 | (615) 485-8681 |
| 2 | Two Maids & A Mop of Eagan | 10/1/2023 | Ryan Schutz | 3673 Lexington Avenue North, Ste. H-2 #323 | Arden Hills | Minnesota | 55126 | (651) 485-8681 |
| | New Jersey | | | | | | | |
| 1 | Two Maids & A Mop of Essex County | TBD | Vincent Corso and Danielle Corso | 609 Downer Street | Westfield | New Jersey | 07090 | TBD |
| | North Carolina | | | | | | | |
| 1 | Two Maids & A Mop of Huntersville | 1/26/2023 | Deepak Mehra and Arathi Dara | 10215 Fairbourne Court | Charlotte | North Carolina | 28269 | (203) 550-3441 |
| | Ohio | | | | | | | |
| 1 | Two Maids & A Mop of West Chester | 5/14/2023 | 3IS, LLC | 7347 Susan Springs Drive | West Chester | Ohio | 45069 | TBD |
| | Texas | | | | | | | |
| | Two Maids & A Mop of Collin County | TBD | BCNB Management, LLC | 1029 South Hampton Place | Birmingham | Texas | 35242 | (334) 246-9099 |
| | Two Maids & A Mop of McAllen | 6/16/2023 | Ruben Pena and Marlen Pena | 2520 Frontera Rd | McAllen | Texas | 78504 | (956) 371-6966 |
| 3 | Two Maids & A Mop of Conroe | 5/14/2023 | Irish Mist Investments LLC | 1730 Opal Trail | Willis | Texas | 77378 | TBD |
| | Washington | | | | | | | |
| 1 | Two Maids & A Mop of Tacoma | 5/14/2023 | Dana Carlisle and Julian White | 4907 Main Street #419 | Tacoma | Washington | 98407 | TBD |
| | Wisconsin | | | | | | | |
| | Two Maids & A Mop of South Milwaukee | 1/7/2023 | GS Family Solutions | 8235 Parkridge Lane | Greendale | Wisconsin | 53129 | TBD |
| | Two Maids & A Mop of Central Milwaukee | 6/1/2023 | Stephen Waclawski and Brittney Waclawski | 2648 Lefebber Avenue | Wauwatosa | Wisconsin | 53213 | (262) 894-0878 |
| 3 | Two Maids & A Mop of North Milwaukee | 6/1/2023 | Stephen Waclawski and Brittney Waclawski | 2648 Lefebber Avenue | Wauwatosa | Wisconsin | 53213 | (262) 894-0878 |

19 Total

EXHIBIT D

LIST OF TERMINATED OR TRANSFERRED FRANCHISEES

Terminated Franchises

| Total | Status | Company | End Date | Owner | City | State | Zip | Phone |
|-------|--------------------|--------------------------------------|-----------|----------------------------|----------|--------------|-------|----------------|
| | | | | | | | | |
| | | Ohio | | | | | | |
| 1 | H - Mutual Release | Two Maids & A Mop of Dublin | 4/1/2022 | 2 Dubs, Inc. | Dublin | Ohio | 43016 | (614) 401-8188 |
| | | | | | | | | |
| | | Pennsylvania | | | | | | |
| 1 | H - Mutual Release | Two Maids & A Mop of Delaware County | 4/8/2022 | Stefan DeTemple | Media | Pennsylvania | 19063 | (484) 460-2002 |
| | | | | | | | | |
| | | Texas | | | | | | |
| 1 | H - Mutual Release | Two Maids & A Mop of Katy | 5/6/2022 | Barbara Janovsky | Katy | Texas | 77449 | (281) 769-7307 |
| | | | | | | | | |
| | | Utah | | | | | | |
| 1 | H - Mutual Release | Two Maids & A Mop of West Jordan | 8/31/2022 | Intellectual Preserve, LLC | Herriman | Utah | 84096 | (801) 804-5224 |

4 Total

Transferred Franchises

| Total | Status | Company | End Date | Owner | City | State | Zip | Phone |
|-------|----------------------|--|-----------|---|-------------------|----------------|-------|----------------|
| | | | | | | | | |
| | | Alabama | | | | | | |
| 1 | G - Transfer 1. Owne | Two Maids & A Mop of Baldwin County | 11/1/2022 | TM20150828 / Coastal Franchise Group, LLC | Daphne | Alabama | 36526 | (251) 308-5400 |
| | | | | | | | | |
| | | Florida | | | | | | |
| | G - Transfer 1. Owne | Two Maids & A Mop of Fort Walton Beach | 11/1/2022 | TM20150828 / Coastal Franchise Group, LLC | Fort Walton Beach | Florida | 32548 | (850) 664-6243 |
| 2 | G - Transfer 1. Owne | Two Maids & A Mop of Pensacola | 11/1/2022 | TM20150828 / Coastal Franchise Group, LLC | Pensacola | Florida | 32504 | (850) 429-1969 |
| | | | | | | | | |
| | | Georgia | | | | | | |
| 1 | G - Transfer 1. Owne | Two Maids & A Mop of Cobb County | 12/1/2022 | TM20190824 / THWG Investments, LLC | Marietta | Georgia | 30067 | (678) 801-7066 |
| | | | | | | | | |
| | | Ohio | | | | | | |
| 1 | G - Transfer 1. Owne | Two Maids & A Mop of Cincinnati | 7/1/2022 | TM20210526 / JMJT Holdings, Inc. | Cincinnati | Ohio | 45242 | (513) 314-7665 |
| | | | | | | | | |
| | | South Carolina | | | | | | |
| 1 | G - Transfer 1. Owne | Two Maids & A Mop of Greenville | 12/5/2022 | TM20160222 / Maid Service, LLC | Greenville | South Carolina | 29609 | (864) 626-3343 |
| | | | | | | | | |
| | | Texas | | | | | | |
| | G - Transfer 1. Owne | Two Maids & A Mop of Fort Worth | 6/1/2022 | TM20150202 / Edward J. Proctor | Fort Worth | Texas | 76118 | (817) 284-0030 |
| 2 | G - Transfer 1. Owne | Two Maids & A Mop of Northwest San Antonio | 5/1/2022 | TM20181119 / Co Legacy, Inc. | San Antonio | Texas | 78249 | (210) 876-3656 |

8 Total

EXHIBIT E

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

| STATE | ADDRESS | PHONE |
|--|---|--------------|
| California - Los Angeles Department of Financial Protection and Innovation | 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov | 213-576-7500 |
| California - Sacramento | 2101 Arena Blvd Sacramento, CA 95814-4017 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov | 916-445-7205 |
| California - San Diego | 1350 Front Street, Room 2034 San Diego, CA 92101-3697 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov | 619-525-4233 |
| California - San Francisco | One Sansome Street, Suite 600 San Francisco, CA 94104-4428 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov | 415-972-8565 |
| Hawaii - Commissioner of Securities | 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 | 808-586-2722 |
| Illinois - Attorney General | 500 South Second Street Springfield, IL 62706 | 217-782-4465 |
| Indiana - Secretary of State | 302 W. Washington Street Room E-111 Indianapolis, IN 46204 | 317-232-6681 |
| Maryland - Administrator: Office of the Attorney General Securities Division | 200 St. Paul Place, 20th Floor Baltimore, MD 21202-2020 | 410-576-6360 |

| STATE | ADDRESS | PHONE |
|--|--|----------------------------------|
| Agent for Service of Process: Maryland Securities Commissioner | 200 St. Paul Place Baltimore, MD 21202-2020 | |
| Michigan - Department of Commerce, Corporations and Securities Bureau | 525 W. Ottawa Street Lansing, MI 48913 | 517-373-7117 |
| Minnesota - Minnesota Commissioner of Commerce | 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 | 651-539-1600 |
| New York Administrator: New York State Department of Law Investor Protection Bureau Agent for Service of Process: Secretary of State | 28 Liberty Street, 21 st Floor New York, NY 10005 99 Washington Avenue Albany, NY 1223 | 212-416-8222 212-416-8211 |
| North Dakota Administrator: North Dakota Securities Department Agent for Service of Process: Securities Commissioner | 600 East Boulevard Avenue, State Capitol, 5th Floor, Dept 414 Bismarck, ND 58505-0510 | 701-328-4712 |
| Oregon | Labor & Industries Building Salem, OR 97310 | 503-378-4387 |
| Rhode Island - Department of Business Regulation | 1511 Pontiac Avenue Cranston, RI 02920 | 401-462-9587 |
| South Dakota - Director of Division of Securities | 124 S. Euclid Ave., Suite 104 Pierre, SD 57501-3185 | 605-773-4823 |

| STATE | ADDRESS | PHONE |
|--|---|--------------|
| Virginia - Clerk of the State Corporation Commission | 1300 E. Main Street, 1 st Floor Richmond, VA 23219-3630 | 804-371-9051 |
| Washington - Director of Dept. of Financial Institutions | 150 Israel Road, SW Tumwater, WA 98501 | 360-902-8760 |
| Wisconsin | 345 W. Washington Ave., 4th Floor Madison, WI 53703 | 608-266-8557 |

EXHIBIT F

CONFIDENTIAL OPERATIONS MANUAL TABLE OF CONTENTS

TWO MAIDS® Operations Manual

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Chapter 2 The Franchise
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Chapter 4 Personnel Management
Chapter 5 Training Manager's Guide
Chapter 6 The TWO MAIDS® Cleaning System
Chapter 7 Pricing
Chapter 8 Sales and Marketing
Chapter 9 Operations
Chapter 10 Customer Service
Chapter 11 Safety Manual
Chapter 12 Unit Level Economics

Total Pages228

EXHIBIT G

CONSENT TO TRANSFER AND ASSUMPTION OF FRANCHISE AGREEMENT

**CONSENT TO TRANSFER AND
ASSUMPTION OF FRANCHISE AGREEMENT**

This Consent to Transfer and Assumption of Franchise Agreement (“Consent and Assumption”) is entered into by and among Two Maids Franchising, LLC, an Alabama limited liability company (“Two Maids”), _____ (“Existing Franchisee”), and _____ (“New Franchisee”).

WHEREAS, Two Maids and Existing Franchisee presently are parties to that certain Franchise Agreement, dated _____ (“Franchise Agreement”), pursuant to which Two Maids franchised Existing Franchisee the right to operate a business (“Franchised Business”) including the Marks of Two Maids (“Franchise”) in the territory known as TWO MAIDS of _____ (“Territory”).

WHEREAS, with Two Maids' consent, Existing Franchisee is transferring the Franchise to New Franchisee and New Franchisee is accepting the Franchise in accordance with the obligations set forth in the Franchise Agreement, including, but not limited to, the obligations regarding assignment set forth in paragraph 9.2 of the Franchise Agreement, which are hereby expressly incorporated and made a part of this Consent and Assumption.

NOW, THEREFORE, in consideration of the foregoing and of the covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Existing Franchisee shall transfer the Franchise to New Franchisee on or about _____ (“Transfer Date”) subject to the provisions of paragraph 3, below, and paragraph 9.2 of the Franchise Agreement.

2. Existing Franchisee will transfer physical possession to New Franchisee of all items required by the Franchise Agreement, including, without limitation, (i) all books, manuals, financial records, receipts, invoices, and documents relating to the Franchised Business; and (ii) all other documents, property and other objects containing the TWO MAIDS® Marks. New Franchisee has reviewed the Confidential Operating Manual and agrees that it shall apply fully to its operation of the Franchised Business. New Franchisee agrees to abide by all other manuals and guidelines, present and future, of Two Maids, including, but not limited to, those pertaining to advertising.

3. [Intentionally omitted]

4. If New Franchisee has not already done so to the satisfaction of Two Maids, New Franchisee shall comply with the training requirements set forth in the Franchise Agreement by attending the next available training program offered by Two Maids for new franchisees.

5. Concurrently upon the Transfer Date New Franchisee shall become a franchisee of

Two Maids under the Franchise Agreement and Existing Franchisee shall immediately cease operating under the Franchise Agreement. Existing Franchisee shall thereupon comply with all provisions in the Franchise Agreement concerning termination set forth in Article 12 thereof, including, but not limited to, ceasing all use of the TWO MAIDS® Marks.

6. As between Existing Franchisee and Two Maids, and with the exception of the rights and obligations set forth in Article 12 of the Franchise Agreement (which is incorporated herein by reference), the franchise relationship created by the Franchise Agreement is hereby terminated and superseded by this Consent and Assumption and in all respects having been assumed by New Franchisee as of the Transfer Date. Existing Franchisee hereby waives all rights to relief from forfeiture and acknowledges that there is no subsisting franchise agreement between Two Maids and existing Franchisee.

7. Existing Franchisee shall sign all documentation deemed necessary by Two Maids to transfer the Franchise to New Franchisee.

8. New Franchisee shall sign Two Maids' current form of franchise agreement for a new ten (10) year term. Upon signing of the current form of franchise agreement by New Franchisee, the Franchise Agreement shall be terminated and superseded by the franchise agreement signed pursuant to this Section 8.

9. (a) As consideration for Two Maids and New Franchisee to enter into this Consent and Assumption, Existing Franchisee shall refrain from, either directly or indirectly, for [*itself or himself or herself or themselves*] or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other entity, within the Territory, and from the date of this Agreement through [*two years from the Transfer Date*]:

- (i) Diverting or attempting to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or doing or performing, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the TWO MAIDS® Marks and the System (as that term is defined in the Franchise Agreement); or
- (ii) Within, or within a 25 mile radius of, the Territory or the territory of any TWO MAIDS® business in existence or under development as at the Transfer Date, owning, maintaining, engaging in, or having any interest in any business (including any business operated by Existing Franchisee prior to entry into this Agreement) that derives revenues from the direct or indirect retail sale of residential or commercial cleaning services or other products or services similar to those sold by Franchisor or any of its franchisees.

(b) The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Consent and Assumption. If all or any portion of a covenant in Paragraph 9(a) is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Two Maids is a party, Existing

Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Paragraph.

(c) The parties understand and acknowledge that Two Maids shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraph 9(a) or any portion thereof effective immediately upon receipt by Existing Franchisee of written notice thereof from Two Maids, and Existing Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

(d) Paragraph 9(a) shall not apply to ownership by Existing Franchisee of less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

10. New Franchisee shall resolve any problems or complaints raised by customers of Existing Franchisee with the same high standards of customer service, and in the same fashion, as New Franchisee responds to problems or complaints raised by customers of New Franchisee and shall not resolve such problems or complaints in a manner that is less advantageous to the customers of Existing Franchisee than the manner in which New Franchisee resolves problems or complaints from New Franchisee's own customers.

11. New Franchisee acknowledges that it has received the Confidential Operating Manual and other books and records of Existing Franchisee and has undertaken an independent investigation of the Franchised Business.

12. Existing Franchisee releases, indemnifies and agrees to hold harmless Two Maids in respect of any liabilities which may arise as a result of this transfer.

13. Failure to comply with any of the provisions of this Consent and Assumption shall constitute a material breach hereof and shall entitle Two Maids to any of the remedies provided in this Consent and Assumption or the Franchise Agreement, or as may be available at law or in equity.

14. Except as previously provided herein, as among the undersigned parties, each shall bear their respective costs and attorneys' fees incurred in connection with this Consent and Assumption, and events preceding its negotiation and signing.

15. In granting its consent to this Consent and Assumption, Two Maids has elected not to exercise its right of first refusal as provided in paragraph 9.3 of the Franchise Agreement. Notwithstanding the foregoing, however, the Existing Franchisee shall have a period of 90 days after the date of signing of this Consent and Assumption to complete the transfer of the Franchise and the Existing Franchisee shall again be required to comply with Article 9 of the Franchise Agreement before the transfer can be effected.

16. Subject to applicable state law and with the express exception of any liability under

the Maryland Franchise Registration and Disclosure Law, in consideration for this Consent and Assumption, Existing Franchisee, for itself, its successors, assigns, and anyone claiming through or under it, hereby remises, releases, acquits and forever discharges Two Maids, and its predecessors, successors, assigns, heirs, executors and administrators (as the case may be), and its past, present and future associates, owners, stockholders, agents, directors, officers, partners, employees, attorneys, accountants and representatives of and from any and all manner of action or actions, cause or causes of action, in law or in equity, arbitrations, suits, debts, agreements, promises, liabilities, claims, demands, damages, loss, cost or expense, known or unknown, fixed or contingent, which Existing Franchisee has or may hereafter have against Two Maids by reason of any matter, cause or thing whatsoever, from the beginning of time to the date hereof, including all matters, causes or things whatsoever, that were or have been or could have in any way been alleged in any pleading filed in any arbitration proceeding or suit, which are related to the Franchise Agreement, except for those matters expressly excepted herein.

17. Existing Franchisee and New Franchisee have had adequate opportunity to obtain the advice of legal counsel prior to signing this Consent and Assumption. Existing Franchisee executes this Consent and Assumption voluntarily, with full knowledge of its significance, and with the express intention of effecting the extinguishment of all obligations, except as expressly excepted herein.

18. Except as expressly stated to the contrary herein, any dispute arising out of this Consent and Assumption shall be resolved pursuant to the provisions contained in Article 11 of the Franchise Agreement.

19. Although the Franchise Agreement provides that no interest in the Franchise Agreement can be transferred without the prior written consent of Two Maids, New Franchisee acknowledges that Two Maids does not represent or warrant that Existing Franchisee has not made any unauthorized prior transfers or otherwise has any interest free and clear to anything being transferred now. Two Maids advises New Franchisee to conduct its own investigation to confirm that Existing Franchisee has the right to transfer the Franchise, and that Existing Franchisee has not made any transfer without consent from Two Maids.

20. Two Maids will be provided with a copy of the written sales agreement made by and between the Existing Franchisee and New Franchisee.

21. This Consent and Assumption may be signed in counterparts, each of which shall be deemed an original and all of which shall constitute a single document. Each of the signatories below expressly covenants that he, she or it has the authority to enter into this Consent and Assumption.

IN WITNESS WHEREOF, the parties hereto have duly signed this Consent and Assumption on the dates set forth below, it being effective upon the latest of those dates.

CAUTION. THIS CONSENT AND ASSUMPTION CONTAINS IMPORTANT TERMS. READ BEFORE SIGNING.

Dated: _____

TWO MAIDS FRANCHISING, LLC

By: _____
Paul Ebert, President

Dated: _____

EXISTING FRANCHISEE

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Dated: _____

NEW FRANCHISEE(S)

By: _____
Name: _____
Title: _____

EXHIBIT H

VETERANS ADDENDUM TO FRANCHISE AGREEMENT

VETERANS ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement (this “*Addendum*”) is entered into as of _____, 20____, (“*Effective Date*”), between Two Maids Franchising, LLC, an Alabama limited liability company (“*Franchisor*”), and _____, a(n) _____ (“*Franchisee*”), to amend a Franchise Agreement intended to bear the same date as this Addendum (the “*Franchise Agreement*”), for a Territory in the state of _____ known as TWO MAIDS of _____ (“*Territory*”).

This Addendum amends some of the provisions of the Franchise Agreement to reflect the agreement between the parties as to fees payable under the Franchise Agreement. Any capitalized terms that are defined in the Franchise Agreement are used in this Addendum as defined in the Franchise Agreements.

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows:

1. **Initial Franchise Fee.** Section 4.1 of the Franchise Agreement is amended as follows:

Concurrently with Franchisee’s signing of this Agreement, Franchisee will pay to Franchisor an “Initial Franchise Fee” of \$16,958. Franchisee will receive the TWO MAIDS® Start-Up Package (listed in Schedule 3 to this Agreement) when the Initial Franchise Fee is paid in full. The Initial Franchise Fee is payable in a lump sum in lawful money of the United States of America upon signing of this Agreement by Franchisee. The Initial Franchise Fee is not refundable.

2. **Territory Fee.** Section 4.2 of the Franchise Agreement is amended as follows:

Concurrently with Franchisee’s signing of this Agreement, if Franchisee is purchasing the Territory from Franchisor (rather than an existing franchisee) Franchisee also will pay Franchisor a Territory Fee of \$34,000. The Territory Fee is payable in a lump sum, all in lawful money of the United States of America, upon signing of this Agreement by Franchisee. The Territory Fee is not refundable.

3. **Reaffirmation.** Except as specifically modified by this Addendum, all terms and provisions of the Franchise Agreements are reaffirmed in their entirety.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed on or as of the dates indicated below:

FRANCHISOR
TWO MAIDS FRANCHISING, LLC

Date: _____

By: _____
Paul Ebert, President

Sign here if Franchisee is an individual:

FRANCHISEE

Date: _____

Name: _____

Sign here if Franchisee is a company:

FRANCHISEE

Company Name: _____

Date: _____

By: _____

Name: _____

Title: _____

EXHIBIT I

SECURED PROMISSORY NOTE

SECURED PROMISSORY NOTE

Date: _____
US\$ _____

_____, _____

FOR VALUE RECEIVED, the undersigned (hereinafter "Obligor"), hereby promises to pay to the order of TWO MAIDS FRANCHISING, LLC, a limited liability company organized under the laws of Alabama (hereinafter "Secured Party"), in such coin or currency of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, the principal sum of U.S. \$ _____, together with interest from and after the date hereof on the unpaid principal balance outstanding at the rate of 10% per annum.

This Secured Promissory Note (the "Note") is the Secured Promissory Note referred to in, and is issued pursuant to, that certain Security Agreement entered into by Obligor in favor of Secured Party, dated as of even date with the date hereof (hereinafter, as amended from time to time, the "Security Agreement"), and is entitled to all of the benefits and security of the Security Agreement. All of the terms, covenants and conditions of the Security Agreement are hereby made a part of this Note and are deemed incorporated herein in full. All capitalized terms used herein, unless otherwise specifically defined in this Note, shall have the meanings ascribed to them in the Security Agreement.

In no event whatsoever shall the aggregate of all amounts deemed interest under this Note and charged or collected hereunder exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. If any provisions of this Note are in contravention of any such law, such provisions shall be deemed amended to conform thereto. Interest hereunder shall be calculated daily and shall be computed on the actual number of days elapsed over a year of 360 days.

For so long as no Event of Default shall have occurred the principal amount and accrued interest of this Note shall be due and payable on the dates and in the manner hereinafter set forth:

- (a) Principal and interest shall be due and payable monthly commencing on _____, 20___, and continuing on the first day of each month thereafter to and including the first day of _____ 20___, in installments of \$ _____ each; and
- (b) Notwithstanding the foregoing, the entire unpaid principal balance and accrued interest on this Note shall be due and payable immediately upon any acceleration of the Obligations pursuant to Section 6.2 of the Security Agreement or upon the purchase by Obligor of another HOME FRANCHISE CONCEPTS® brand franchise from any source.

Obligor may prepay this Note in whole or in part from time to time without penalty, but any principal payment must be accompanied by all interest then accrued, if any. Any partial

payments will be applied to discharge the principal sum payments in the inverse order in which any payments would otherwise become due. Additionally, Obligor may terminate the Security Agreement by paying in full all the Obligations due to Secured Party under this Note and as otherwise due to Secured Party under the Security Agreement, in cash.

Upon the occurrence of an Event of Default, Secured Party shall have all of the rights and remedies set forth in Section 6.2 of the Security Agreement.

Time is of the essence of this Note. To the fullest extent permitted by applicable law, Obligor, for itself and its legal representatives, successors and assigns, expressly waives presentment, demand, protest, notice of dishonor, notice of non-payment, notice of maturity, notice of protest, presentment for the purpose of accelerating maturity, diligence in collection, and the benefit of any exemption or insolvency laws.

Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or remaining provisions of this Note. No delay or failure on the part of Secured Party in the exercise of any right or remedy hereunder shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise by Secured Party of any right or remedy preclude any other right or remedy. Secured Party, at its option, may enforce its rights against any collateral securing this Note without enforcing its rights against Obligor, any guarantor of the indebtedness evidenced hereby or any other property or indebtedness due or to become due to Obligor. Obligor agrees that, without releasing or impairing Obligor's liability hereunder, Secured Party may at any time release, surrender, substitute or exchange any collateral securing this Note and may at any time release any party primarily or secondarily liable for the indebtedness evidenced by this Note.

This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, except that for purposes of the usury laws (and determining the maximum rate of interest allowable), this Note shall be governed by and construed and enforced in accordance with the laws of the state of Obligor's residence.

IN WITNESS WHEREOF, Obligor has caused this Note to be duly executed and delivered in _____, _____, on the date first above written.

Signature

Print Name

EXHIBIT J
GENERAL SECURITY AGREEMENT

GENERAL SECURITY AGREEMENT

This General Security Agreement dated as of _____ is entered into by _____ and _____ (collectively, "Pledgor") in favor of TWO MAIDS FRANCHISING, LLC, a limited liability company organized under the laws of Alabama ("Secured Party").

WITNESSETH

WHEREAS, Pledgor has issued that certain Secured Promissory Note (the "Note") in favor of Secured Party, dated as of _____, pursuant to which Secured Party has or is about to make certain financial accommodations to Pledgor; and

WHEREAS, Secured Party has conditioned its providing said financial accommodations to Pledgor on Pledgor's granting a security interest in substantially all of its assets in favor of Secured Party to secure Pledgor's obligations to Secured Party under the Note;

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

SECTION 1. DEFINITIONS

All terms used herein which are defined in Article 1 or Article 9 of the Code (as hereinafter defined) shall have the meanings ascribed thereto in the Code unless otherwise defined in this Agreement. All references to Pledgor and Secured Party pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the term "including" is not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 7.3. Any accounting term used herein unless otherwise defined in this Agreement shall have the meanings customarily given to such term in accordance with GAAP. For purposes of this Agreement, the following terms shall have the respective meanings given to them below:

1.1. Accounts

"Accounts" shall mean all present and future rights of Pledgor to payment for goods sold or leased or for services rendered, which are not evidenced by instruments or chattel paper, and whether or not earned by performance.

1.2. Code

"Code" means the California Uniform Commercial Code.

1.3. Equipment

"Equipment" shall mean all of Pledgor's now owned and hereafter acquired equipment, machinery, computers and computer hardware and software (whether owned or licensed), vehicles, tools, furniture, fixtures, all attachments, accessions and property now or hereafter affixed thereto or used in connection therewith, and substitutions and replacements thereof, wherever located.

1.4. Event of Default

"Event of Default" shall have the meaning set forth in Section 6.1 hereof.

1.5. Financing Agreements

"Financing Agreements" shall mean, collectively, this Agreement and all notes, guarantees, security agreements and other agreements, documents and instruments now or at any time hereafter executed or delivered by Pledgor in connection with this Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.6. GAAP

"GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Boards which are applicable to the circumstances as of the date of determination consistently applied.

1.7. Inventory

"Inventory" shall mean all of Pledgor's now owned and hereafter existing or acquired raw materials, work in process, finished goods and all other inventory of whatsoever kind or nature, wherever located.

1.8. Note

"Note" shall have the meaning set forth in the recitals hereto, as the same now exists and may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.9. Obligations

"Obligations" shall mean any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Pledgor to Secured Party or its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under the Note, this Agreement or otherwise, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Note, this Agreement or after the commencement of any case with respect to Pledgor under the United States Bankruptcy Code or any similar statute (including the payment of interest and other amounts which would accrue and become due but for the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Secured Party.

1.10. Person or person

"Person" or "person" shall mean any individual, sole proprietorship, limited liability company or partnership, partnership, corporation (including any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), business trust, unincorporated association, joint stock corporation, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

1.11. Records

"Records" shall mean all of Pledgor's present and future books of account of every kind or nature, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data relating to the Collateral or any account debtor, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of Pledgor with respect to the foregoing maintained with or by any other person).

SECTION 2. GRANT OF SECURITY INTEREST

To secure payment and performance of all Obligations, Pledgor hereby grants to Secured Party a continuing security interest in, a lien upon, and a right of set off against, and hereby assigns to Secured Party as security, the following property and interests in property, whether now owned or hereafter acquired or existing, and wherever located (collectively, the "Collateral"):

- (a) all Accounts,
- (b) all present and future contract rights, general intangibles (including tax and duty

refunds, registered and unregistered patents, franchises, licenses, trademarks, service marks, copyrights, trade names, applications for the foregoing, trade secrets, goodwill, processes, drawings, blueprints, customer lists, licenses, whether as franchisor or franchisee, choses in action and other claims and existing and future leasehold interests in equipment, real estate and fixtures), chattel paper, documents, instruments, letters of credit, bankers' acceptances and guaranties,

- (c) all present and future monies, securities, credit balances, deposits, deposit accounts and other property of Pledgor now or hereafter held or received by or in transit to any depository or other institution from or for the account of Pledgor whether for safekeeping, pledge, custody, transmission, collection or otherwise, and all present and future liens, security interests, rights, remedies, title and interest in, to and in respect of Accounts and other Collateral, including:
 - (i) rights and remedies under or relating to guaranties, contracts of suretyship, letters of credit and credit and other insurance related to the Collateral,
 - (ii) rights of stoppage in transit, replevin, repossession, reclamation and other rights and remedies of an unpaid vendor, lienor or secured party,
 - (iii) goods described in invoices, documents, contracts or instruments with respect to, or otherwise representing or evidencing, Accounts or other Collateral, including returned, repossessed and reclaimed goods, and
 - (iv) deposits by and property of account debtors or other persons securing the obligations of account debtors.
- (d) all Inventory,
- (e) all Equipment,
- (f) all Records, and
- (g) all products and proceeds of the foregoing, in any form, including insurance proceeds and any claims against third parties for loss or damage to or destruction of any or all of the foregoing.

SECTION 3. COLLATERAL COVENANTS

3.1. Accounts Covenants

- (a) Secured Party shall have the right at any time or times, in Secured Party's name or in the name of a nominee of Secured Party, to verify the validity, amount or any other matter relating to any Account or other Collateral, by mail, telephone, facsimile transmission or otherwise.

- (b) Pledgor shall deliver or cause to be delivered to Secured Party, with appropriate endorsement and assignment, with full recourse to Pledgor, all chattel paper and instruments which Pledgor now owns or may at any time acquire immediately upon Pledgor's receipt thereof, except as Secured Party may otherwise agree.
- (c) Secured Party may, at any time or times that an Event of Default exists or has occurred and is continuing,
 - (i) notify any or all account debtors that the Accounts have been assigned to Secured Party and that Secured Party has a security interest therein and Secured Party may direct any or all accounts debtors to make payment of Accounts directly to Secured Party,
 - (ii) extend the time of payment of, compromise, settle or adjust for cash, credit, return of merchandise or otherwise, and upon any terms or conditions, any and all Accounts or other obligations included in the Collateral and thereby discharge or release the account debtor or any other party or parties in any way liable for payment thereof without affecting any of the Obligations,
 - (iii) demand, collect or enforce payment of any Accounts or such other obligations, but without any duty to do so, and Secured Party shall not be liable for its failure to collect or enforce the payment thereof nor for the negligence of its agents or attorneys with respect thereto and
 - (iv) take whatever other action Secured Party may deem necessary or desirable for the protection of its interests. At any time that an Event of Default exists or has occurred and is continuing, at Secured Party's request, all invoices and statements sent to any account debtor shall state that the Accounts and such other obligations have been assigned to Secured Party and are payable directly and only to Secured Party and Pledgor shall deliver to Secured Party such originals of documents evidencing the sale and delivery of goods or the performance of services giving rise to any Accounts as Secured Party may require.

3.2. Inventory Covenants

With respect to the Inventory:

- (a) Pledgor shall at all times maintain inventory records reasonably satisfactory to Secured Party, keeping correct and accurate records itemizing and describing the kind, type, quality and quantity of Inventory, Pledgor's cost therefor and daily withdrawals therefrom and additions thereto,
- (b) Pledgor shall conduct a physical count of the Inventory at least once each year, but

at any time or times as Secured Party may request on or after an Event of Default, and promptly following such physical inventory shall supply Secured Party with a report in the form and with such specificity as may be reasonably satisfactory to Secured Party concerning such physical count,

- (c) Pledgor shall not remove any Inventory from the locations set forth or permitted herein, without the prior written consent of Secured Party, except for sales of Inventory in the ordinary course of Pledgor's business and except to move Inventory directly from one location set forth or permitted herein to another such location,
- (d) upon Secured Party's request, Pledgor shall, at its expense, no more than once in any twelve (12) month period, but at any time or times as Secured Party may request on or after an Event of Default, deliver or cause to be delivered to Secured Party written reports or appraisals as to the Inventory in form, scope and methodology acceptable to Secured Party and by an appraiser acceptable to Secured Party, addressed to Secured Party or upon which Secured Party is expressly permitted to rely,
- (e) Pledgor shall produce, use, store and maintain the Inventory, with all reasonable care and caution and in accordance with applicable standards of any insurance and in conformity with applicable laws (including, but not limited to, the requirements of the Federal Fair Labor Standards Act of 1938, as amended and all rules, regulations and orders related thereto),
- (f) Pledgor assumes all responsibility and liability arising from or relating to the production, use, sale or other disposition of the Inventory,
- (g) Pledgor shall not sell Inventory to any customer on approval, or any other basis which entitles the customer to return or may obligate Pledgor to repurchase such Inventory,
- (h) Pledgor shall keep the Inventory in good and marketable condition, and
- (i) Pledgor shall not, without prior written notice to Secured Party, acquire or accept any Inventory on consignment or approval.

3.3. Equipment Covenants

With respect to the Inventory:

- (a) Upon Secured Party's request, Pledgor shall, at its expense, at any time or times as Secured Party may request on or after an Event of Default, deliver or cause to be delivered to Secured Party written reports or appraisals as to the Equipment in form, scope and methodology acceptable to Secured Party and by appraiser acceptable to Secured Party,

- (b) Pledgor shall keep the Equipment in good order, repair, running and marketable condition (ordinary wear and tear excepted),
- (c) Pledgor shall use the Equipment with all reasonable care and caution and in accordance with applicable standards of any insurance and in conformity with all applicable laws,
- (d) the Equipment is and shall be used in Pledgor's business and not for personal, family, household or farming use,
- (e) Pledgor shall not remove any Equipment from the locations set forth or permitted herein, except to the extent necessary to have any Equipment repaired or maintained in the ordinary course of the business of Pledgor or to move Equipment directly from one location set forth or permitted herein to another such location and except for the movement of motor vehicles used by or for the benefit of Pledgor in the ordinary course of business,
- (f) the Equipment is now and shall remain personal property and Pledgor shall not permit any of the Equipment to be or become a part of or affixed to real property, and
- (g) Pledgor assumes all responsibility and liability arising from the use of the Equipment.

3.4. Power of Attorney

Pledgor hereby irrevocably designates and appoints Secured Party (and all persons designated by Secured Party) as Pledgor's true and lawful attorney-in- fact, and authorizes Secured Party, in Pledgor's or Secured Party's name, to:

- (a) at any time an Event of Default or event which with notice or passage of time or both would constitute an Event of Default exists or has occurred and is continuing:
 - (i) demand payment on Accounts or other proceeds of Inventory or other Collateral,
 - (ii) enforce payment of Accounts by legal proceedings or otherwise,
 - (iii) exercise all of Pledgor's rights and remedies to collect any Account or other Collateral,
 - (iv) sell or assign any Account upon such terms, for such amount and at such time or times as the Secured Party deems advisable,
 - (v) settle, adjust, compromise, extend or renew an Account,

- (vi) discharge and release any Account,
 - (vii) prepare, file and sign Pledgor's name on any proof of claim in bankruptcy or other similar document against an account debtor,
 - (viii) notify the post office authorities to change the address for delivery of Pledgor's mail to an address designated by Secured Party, and open and dispose of all mail addressed to Pledgor, and
 - (ix) do all acts and things which are necessary, in Secured Party's determination, to fulfill Pledgor's obligations under this Agreement and the other Financing Agreements and
- (b) at any time to:
- (i) take control in any manner of any item of payment or proceeds thereof,
 - (ii) have access to any lockbox or postal box into which Pledgor's mail is deposited,
 - (iii) endorse Pledgor's name upon any items of payment or proceeds thereof and deposit the same in the Secured Party's account for application to the Obligations,
 - (iv) endorse Pledgor's name upon any chattel paper, document, instrument, invoice, or similar document or agreement relating to any Account or any goods pertaining thereto or any other Collateral, and
 - (v) sign Pledgor's name on any verification of Accounts and notices thereof to account debtors, and
 - (vi) execute in Pledgor's name and file any UCC financing statements or amendments thereto. Pledgor hereby releases Secured Party and its officers, employees and designees from any liabilities arising from any act or acts under this power of attorney and in furtherance thereof, whether of omission or commission, except as a result of Secured Party's own gross negligence or willful misconduct as determined pursuant to a final non-appealable order of a court of competent jurisdiction.

3.5. Right to Cure

Secured Party may, at its option,

- (a) cure any default by Pledgor under any agreement with a third party or pay or bond on appeal any judgment entered against Pledgor,
- (b) discharge taxes, liens, security interests or other encumbrances at any time levied on or existing with respect to the Collateral and
- (c) pay any amount, incur any expense or perform any act which, in Secured Party's judgment, is necessary or appropriate to preserve, protect, insure or maintain the Collateral and the rights of Secured Party with respect thereto. Secured Party may add any amounts so expended to the Obligations and charge Pledgor's account therefor, such amounts to be repayable by Pledgor on demand. Secured Party shall be under no obligation to effect such cure, payment or bonding and shall not, by doing so, be deemed to have assumed any obligation or liability of Pledgor.

Any payment made or other action taken by Secured Party under this Section shall be without prejudice to any right to assert an Event of Default hereunder and to proceed accordingly.

3.6. Access to Premises

From time to time as requested by Secured Party, at the cost and expense of Pledgor,

- (a) Secured Party or its designee shall have complete access to all of Pledgor's premises during normal business hours and after notice to Pledgor, or at any time and without notice to Pledgor if an Event of Default exists or has occurred and is continuing, for the purposes of inspecting, verifying and auditing the Collateral and all of Pledgor's books and records, including the Records, and
- (b) Pledgor shall promptly furnish to Secured Party such copies of such books and records or extracts therefrom as Secured Party may request, and
- (c) Secured Party shall have the right to use during normal business hours such of Pledgor's personnel, equipment, supplies and premises as may be reasonably necessary for the foregoing and if an Event of Default exists or has occurred and is continuing for the collection of Accounts and realization of other Collateral.

SECTION 4. REPRESENTATIONS AND WARRANTIES

Pledgor hereby represents and warrants to Secured Party the following (which shall survive the execution and delivery of this Agreement):

4.1. Chief Executive Office; Collateral Locations

The chief executive office of Pledgor and Pledgor's Records concerning Accounts are

located only at the address set forth below and its only other places of business and the only other locations of Collateral, if any, are the addresses provided by Pledgor to Secured Party in writing prior to the date hereof, subject to the right of Pledgor to establish new locations in accordance with Section 5.1 below.

4.2. Priority of Liens; Title to Properties

The security interests and liens granted to Secured Party under this Agreement and the other Financing Agreements constitute valid and perfected first priority liens and security interests in and upon the Collateral subject only to the liens indicated on Schedule 4.2 hereto. Pledgor has good and marketable title to all of its properties and assets subject to no liens, mortgages, pledges, security interests, encumbrances or charges of any kind, except those granted to Secured Party and such others as are specifically listed on Schedule 4.2 hereto.

4.3. Accuracy and Completeness of Information

All information furnished by or on behalf of Pledgor in writing to Secured Party in connection with this Agreement or any of the other Financing Agreements or any transaction contemplated hereby or thereby, is true and correct in all material respects on the date as of which such information is dated or certified and does not omit any material fact necessary in order to make such information not misleading. No event or circumstance has occurred which has had or could reasonably be expected to have a material adverse affect on the business, assets or prospects of Pledgor, which has not been fully and accurately disclosed to Secured Party in writing.

4.4. Survival of Warranties; Cumulative

All representations and warranties contained in this Agreement or any of the other Financing Agreements shall survive the execution and delivery of this Agreement and shall be deemed to have been made again to Secured Party on the date of any additional borrowing or other credit accommodation under any amendment, restatement, modification or substitution of the Note and shall be conclusively presumed to have been relied on by Secured Party regardless of any investigation made or information possessed by Secured Party. The representations and warranties set forth herein shall be cumulative and in addition to any other representations or warranties which Pledgor shall now or hereafter give, or cause to be given, to Secured Party.

SECTION 5. AFFIRMATIVE AND NEGATIVE COVENANTS

5.1. New Collateral Locations

Pledgor may open any new location within the continental United States provided Pledgor:

- (a) gives Secured Party ten (10) days prior written notice of the intended opening of any such new location and

- (b) executes and delivers, or causes to be executed and delivered, to Secured Party such agreements, documents, and instruments as Secured Party may deem reasonably necessary or desirable to protect its interests in the Collateral at such location, including UCC financing.

5.2. Insurance

Pledgor shall, at all times, maintain with financially sound and reputable insurers insurance with respect to the Collateral against loss or damage and all other insurance of the kinds and in the amounts customarily insured against or carried by corporations of established reputation engaged in the same or similar businesses and similarly situated. Said policies of insurance shall be satisfactory to Secured Party as to form, amount and insurer. Pledgor shall furnish certificates, policies or endorsements to Secured Party as Secured Party shall require as proof of such insurance, and, if Pledgor fails to do so, Secured Party is authorized, but not required, to obtain such insurance at the expense of Pledgor. All policies shall provide for at least thirty (30) days prior written notice to Secured Party of any cancellation or reduction of coverage and that Secured Party may act as attorney for Pledgor in obtaining, and at any time an Event of Default exists or has occurred and is continuing, adjusting, settling, amending and canceling such insurance. Pledgor shall cause Secured Party to be named as a loss payee and an additional insured (but without any liability for any premiums) under such insurance policies and Pledgor shall obtain non-contributory lender's loss payable endorsements to all insurance policies in form and substance satisfactory to Secured Party. Such lender's loss payable endorsements shall specify that the proceeds of such insurance shall be payable to Secured Party as its interests may appear and further specify that Secured Party shall be paid regardless of any act or omission by Pledgor or any of its affiliates. At its option, Secured Party may apply any insurance proceeds received by Secured Party at any time to the cost of repairs or replacement of Collateral or to payment of the Obligations, whether or not then due, in any order and in such manner as Secured Party may determine or hold such proceeds as cash collateral for the Obligations.

5.3. Costs and Expenses

Pledgor shall pay to Secured Party on demand all costs, expenses, filing fees and taxes paid or payable in connection with the preparation, negotiation, execution, delivery, recording, administration, collection, liquidation, enforcement and defense of the Obligations, Secured Party's rights in the Collateral, this Agreement, the other Financing Agreements and all other documents related hereto or thereto, including any amendments, supplements or consents which may hereafter be contemplated (whether or not executed) or entered into in respect hereof and thereof, including, but not limited to:

- (a) all costs and expenses of filing or recording (including all filing taxes and fees, documentary taxes, intangibles taxes and mortgage recording taxes and fees, if applicable, payable in connection any and all financing statements or fixture filings necessary to perfect and continue perfected Secured Party's security interests in the Collateral),
- (b) all title insurance and other insurance premiums, appraisal fees and search fees,

- (c) costs and expenses of preserving and protecting the Collateral,
- (d) costs and expenses paid or incurred in connection with obtaining payment of the Obligations, enforcing the security interests and liens of Secured Party, selling or otherwise realizing upon the Collateral, and otherwise enforcing the provisions of this Agreement and the other Financing Agreements or defending any claims made or threatened against Secured Party arising out of the transactions contemplated hereby and thereby (including preparations for and consultations concerning any such matters), and
- (e) the fees and disbursements of counsel (including legal assistants) to Secured Party in connection with any of the foregoing.

5.4. Further Assurances

At the request of Secured Party at any time and from time to time, Pledgor shall, at its expense, at any time or times duly execute and deliver, or cause to be duly executed and delivered, such further agreements, documents and instruments, and do or cause to be done such further acts as may be necessary or proper to evidence, perfect, maintain and enforce the security interests and the priority thereof in the Collateral and to otherwise effectuate the provisions or purposes of this Agreement or any of the other Financing Agreements. Where permitted by law, Pledgor hereby authorizes Secured Party to execute and file one or more UCC financing statements signed only by Secured Party.

SECTION 6. EVENTS OF DEFAULT AND REMEDIES

6.1. Events of Default

The occurrence or existence of any of the following events (each an "Event of Default") shall occur and be continuing:

- (a) The Pledgor shall fail to pay any installment of principal or interest or any other amount payable under the Note when due; or
- (b) Any representation or warranty made by the Pledgor herein or by the Pledgor (or any of its officers) in connection with the Financing Agreements shall prove to have been incorrect in any material respect when made; or
- (c) The Pledgor shall fail to perform or observe any term, covenant or agreement contained in this Agreement on its part to be performed or observed; or
- (d) The Pledgor shall default in the performance of or compliance with any term contained in any Financing Agreement other than this Agreement and such

default shall not have been remedied or waived within any applicable grace period; or

- (e) The Pledgor shall
 - (i) fail to pay any principal of, or premium or interest on, any indebtedness, the aggregate outstanding principal amount of which is at least \$10,000 (excluding indebtedness evidenced by the Note), when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness, or
 - (ii) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such indebtedness or material to the performance, business, property, assets, condition (financing or otherwise) or prospects of the Pledgor when required to be performed or observed, and such failure shall continue after the applicable grace period, if any, specified in such agreement or instrument; or
- (f)
 - (i) the Pledgor shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Pledgor shall make a general assignment for the benefit of its creditors; or
 - (ii) there shall be commenced against the Pledgor any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unhandled for a period of thirty (30) days; or
 - (iii) there shall be commenced against the Pledgor any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within thirty

(30) days from the entry thereof; or

- (iv) the Pledgor shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) and (iii) above; or (v) the Pledgor shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or
- (g) One or more judgments or decrees shall be entered against the Pledgor involving in the aggregate a liability (not paid or fully covered by insurance or reserves) equal to or greater than \$5,000 and all such judgments or decrees shall not have been vacated, discharged, or stayed or bonded pending appeal within thirty (30) days from the entry thereof; or
- (h) There shall be instituted against the Pledgor any proceeding for which forfeiture of any property is a potential penalty and such proceeding remains undismissed, undischarged or unbonded for a period of thirty (30) days from the date the Pledgor knows of such proceeding.

6.2. Remedies

- (a) At any time an Event of Default exists or has occurred and is continuing, Secured Party shall have all rights and remedies provided in this Agreement, the other Financing Agreements, the Code and other applicable law, all of which rights and remedies may be exercised without notice to or consent by Pledgor, except as such notice or consent is expressly provided for hereunder or required by applicable law. All rights, remedies and powers granted to Secured Party hereunder, under any of the other Financing Agreements, the Code or other applicable law, are cumulative, not exclusive and enforceable, in Secured Party's discretion, alternatively, successively, or concurrently on any one or more occasions, and shall include the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by Pledgor of this Agreement or any of the other Financing Agreements. Secured Party may, at any time or times, proceed directly against Pledgor to collect the Obligations without prior recourse to the Collateral.
- (b) Without limiting the foregoing, at any time an Event of Default exists or has occurred and is continuing, Secured Party may, in its discretion and without limitation,
 - (i) accelerate the payment of all Obligations and demand immediate payment thereof to Secured Party (provided that, upon the occurrence of any Event of Default described in Section 6.1(f), all Obligations shall automatically become immediately due and payable),

- (ii) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral,
 - (iii) require Pledgor, at Pledgor's expense, to assemble and make available to Secured Party any part or all of the Collateral at any place and time designated by Secured Party,
 - (iv) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral,
 - (v) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other disposition thereof or for any other purpose,
 - (vi) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including entering into contracts with respect thereto, public or private sales at any exchange, broker's board, at any office of Secured Party or elsewhere) at such prices or terms as Secured Party may deem reasonable, for cash, upon credit or for future delivery, with the Secured Party having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of Pledgor, which right or equity of redemption is hereby expressly waived and released by Pledgor. If any of the Collateral is sold or leased by Secured Party upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Secured Party. If notice of disposition of Collateral is required by law, ten (10) days prior notice by Secured Party to Pledgor designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and Pledgor waives any other notice. In the event Secured Party institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, Pledgor waives the posting of any bond which might otherwise be required.
- (c) Secured Party may apply the cash proceeds of Collateral actually received by Secured Party from any sale, lease, foreclosure or other disposition of the Collateral to payment of the Obligations, in whole or in part and in such order as Secured Party may elect, whether or not then due. Pledgor shall remain liable to Secured Party for the payment of any deficiency with interest at the highest

rate provided for in the Note and all costs and expenses of collection or enforcement, including attorneys' fees and legal expenses.

SECTION 7. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW

7.1. Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver

- (a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of California (without giving effect to principles of conflicts of law), except, that the laws of Pledgor's state of residence will apply to any determination of the maximum interest rate payable or the existence of usury.
- (b) Pledgor irrevocably consents and submits to the non-exclusive jurisdiction of the Superior Court of the State of California, County of Los Angeles and the United States District Court for the Central District of California and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected or related or incidental to the dealings of Pledgor and Secured Party in respect of this Agreement or the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agrees that any dispute with respect to any such matters shall be heard only in the courts described above (except that Secured Party shall have the right to bring any action or proceeding against Pledgor or its property in the courts of any other jurisdiction which Secured Party deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Pledgor or its property).
- (c) Pledgor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth on the signature pages hereof and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at Secured Party's option, by service upon Pledgor in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, Pledgor shall appear in answer to such process, failing which Pledgor shall be deemed in default and judgment may be entered by Secured Party against Pledgor for the amount of the claim and other relief requested.
- (d) PLEDGOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER

THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF PLEDGOR AND SECURED PARTY IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. PLEDGOR HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT PLEDGOR OR SECURED PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF PLEDGOR AND SECURED PARTY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

- (e) Secured Party shall not have any liability to Pledgor (whether in tort, contract, equity or otherwise) for losses suffered by Pledgor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Secured Party that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Secured Party shall be entitled to the benefit of the reputable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement and the other Financing Agreements.

7.2. Waiver of Notices

Pledgor hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonor with respect to any and all instruments and commercial paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to the Obligations, the Collateral and this Agreement, except such as are expressly provided for herein. No notice to or demand on Pledgor which Secured Party may elect to give shall entitle Pledgor to any other or further notice or demand in the same, similar or other circumstances.

7.3. Amendments and Waivers

Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party. Secured Party shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party. Any such waiver

shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party of any right, power or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise.

7.4. Indemnification

Pledgor shall indemnify and hold Secured Party, and its directors, agents, employees and counsel, harmless from and against any and all losses, claims, damages, liabilities, costs or expenses imposed on, incurred by or asserted against any of them in connection with any litigation, investigation, claim or proceeding commenced or threatened related to the negotiation, preparation, execution, delivery, enforcement, performance or administration of this Agreement, any other Financing Agreements, or any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including amounts paid in settlement, court costs, and the fees and expenses of counsel. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section may be unenforceable because it violates any law or public policy, Pledgor shall pay the maximum portion which it is permitted to pay under applicable law to Secured Party in satisfaction of indemnified matters under this Section. The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the other Financing Agreements. All of the foregoing costs and expenses shall be part of the Obligations and secured by the Collateral.

SECTION 8. MISCELLANEOUS

8.1 Notices

- (a) All notices, requests and demands hereunder shall be in writing and made to Secured Party at Two Maids Franchising, LLC, c/o 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, and to Pledgor at the address set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision, and
- (b) deemed to have been given or made: if delivered in person, immediately upon delivery; if by facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by certified mail, return receipt requested, five (5) days after mailing.

8.2 Partial Invalidity

If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as

shall be permitted by applicable law.

8.3 Successors

This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Pledgor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and its successors and assigns, except that Pledgor may not assign its rights under this Agreement, the other Financing Agreements and any other document referred to herein or therein without the prior written consent of Secured Party.

8.4 Entire Agreement

This Agreement, the other Financing Agreements, any supplements hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith represents the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

IN WITNESS WHEREOF, Pledgor and Secured Party have caused these presents to be duly executed as of the day and year first above written.

Secured Party:
TWO MAIDS FRANCHISING, LLC

By: Paul Ebert, President

Pledgor:

Sign here: _____

Print Name: _____

Sign here: _____

Print Name: _____

Address of Pledgor's Offices:

EXHIBIT K

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE (this “**Assignment**”) is made, entered into and effective as of the effective date of the Lease (as defined herein below), by, between and among **TWO MAIDS FRANCHISING, LLC**, an Alabama limited liability company with its principal business address located at 505 20th Street North, Suite 975, Birmingham, AL 35203 (“**Franchisor**”, “**we**,” “**us**” or “**our**”), and _____ whose current principal place of business is _ (“**Franchisee**”, “**you** or “**your**”).

BACKGROUND INFORMATION

We entered into that certain Franchise Agreement (the “**Franchise Agreement**”) dated as of _____, 20____ with you, pursuant to which you plan to own and operate a TWO MAIDS® franchise located at that certain office location approved by us pursuant to the Franchise Agreement between you and us dated _____, 20____ (the “**Approved Office Location**” or “**Site**”). In addition, pursuant to that certain Lease Agreement (the “**Lease**”), you have leased or will lease certain space containing the TWO MAIDS® Franchise described therein from _____ (the “**Lessor**”). The Franchise Agreement requires you to deliver this Assignment to us as a condition to the grant of a franchise.

We and you agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information.
2. **Incorporation of Terms:** Terms not otherwise defined in this Assignment have the meanings as defined in the Lease.
3. **Indemnification of Us:** You agree to indemnify and hold us and our affiliate, if any, and our respective members, directors, officers and representatives harmless from and against any and all losses, liabilities, liabilities arising from labor and employment law violations, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.
4. **Assignment:** You grant to us a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Approved Office Location and the franchise relating to the TWO MAIDS® Franchise, and all of your rights, title and interest in and to the Lease as collateral for the payment of any obligation, liability or other amount owed by you or your affiliates (if permitted by us) to the Lessor arising under the Lease and for any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by you under the terms of the Lease, or, in the event we make any payment to the Lessor as a result of your breach of the Lease, then such payment by us, or such breach or default by you, will at our option be deemed to be an immediate default under the Franchise Agreement, and we will be entitled to the

possession of the Site and to all of your rights, title and interest in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any of our other rights or remedies under any other Agreements or under other applicable laws or equities. This Assignment will constitute a lien on your interest in and to the Lease until satisfaction in full of all amounts owed by you to us. In addition, our rights to assume all obligations under the Lease provided in this Assignment are totally optional on our part. You agree to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by us to perfect or document the interests and assignments granted herein.

5. **No Subordination:** You will not permit the Lease to become subordinate to any lien without first obtaining our written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for your operations on the Site and the agreements and other instruments referenced herein. You will not terminate, modify or amend any of the provisions or terms of the Lease without our prior written consent. Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void.

6. **Exercise of Remedies:** In any case of default by you under the terms of the Lease or under the Franchise Agreement, we will be entitled but not obligated to exercise any one or more of the following remedies:

- (a) to take possession of the Approved Office Location, or any part thereof, personally, or by our agents or attorneys;
- (b) to, without notice and with or without process of law, enter upon and take maintain possession of all or any part of the Approved Office Location, together with all your furniture, fixtures, inventory, books, records, papers and accounts;
- (c) to exclude you, your agents or employees from the Approved Office Location;
- (d) as your attorney-in-fact or in our own name, and under the powers herein granted, to hold, operate, manage and control the TWO MAIDS[®] Franchised Business and conduct the business, if any thereof, either personally or by our agents, with full power to use such measures, legally rectifiable, as we may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to us to exercise each and every right or the rights, privileges and powers herein granted at any and all times hereafter;
- (e) to cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;
- (f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious; and

- (g) to insure and reinsure the same for all risks incidental to our possession, operation and management thereof; and/or
- (h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of your rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of your default under the Lease.

7. **Power of Attorney:** You do hereby irrevocably appoint us as your true and lawful attorney-in-fact in your name and stead and hereby authorize us, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions as we may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as we would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon us pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our written consent.

8. **Election of Remedies:** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to us and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the parties but are deemed an additional remedy and are cumulative with the remedies therein and elsewhere granted to us, all of which remedies are enforceable concurrently or successively. No exercise by us of any of the rights hereunder will cure, waive or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by us will be construed as a waiver of any of our rights and remedies and no waiver by us of any such rights and remedies will be construed as a waiver by us of any future rights and remedies.

9. **Binding Agreements:** This assignment and all provisions are binding upon the parties, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words “we”, “us” or “our” or “you” and “your” includes all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate or other legal entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder or member authorizations and approvals.

10. **Assignment to Control.** This Assignment governs and controls over any conflicting provisions in the lease.

11. **Attorney’s Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its reasonable attorneys’ fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing Party.

12. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment is to be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

“YOU”:

“US”

TWO MAIDS FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE is accepted and agreed to by:

“Lessor”

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT L

LOCAL ADVERTISING SERVICES PROGRAM AGREEMENT

LOCAL ADVERTISING SERVICES AGREEMENT

THIS LOCAL ADVERTISING SERVICES AGREEMENT (this “Agreement”) is entered into as of _____, 20__ by and between TWO MAIDS FRANCHISING, LLC (“Franchisor”) and _____ (“Franchisee”).

RECITALS

- A. Franchisee and Franchisor are parties to a franchise agreement dated _____ (the “Franchise Agreement”).
- B. Pursuant to the Franchise Agreement, Franchisor provides a Local Advertising Services Program (the “Program”).
- C. Pursuant to the Franchise Agreement, Franchisee is required to participate in the Program.

Any capitalized terms not otherwise defined in this Agreement shall bear the meaning ascribed to that term in the Franchise Agreement.

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

AGREEMENT

1. **Term.** Unless sooner terminated as provided herein, the term of this Agreement will be coterminous with the Franchise Agreement.
2. **Local Advertising Service Program Fees.** Franchisee shall pay to Franchisor a local advertising management service fee (“Management Fee”) in the amount set forth from time to time in the Manual for its services under this Agreement. The current Management Fee is the greater of \$300 per month or 10% of the cost of advertising placed. The Management Fee is payable at the same time and in the same manner as the Royalty payable under the Franchise Agreement. Franchisor reserves the right to change the direction and allocation of the Advertising Fee to reflect changes in the cost of design, production, purchasing costs, and anticipated profit. Franchisor also reserves the right to modify the method and timing of payment of the Advertising Fee.
3. **Local Advertising Marketing Spend.** Franchisee shall invest at least the amount specified in the Manuals on local advertising under the Program. If Franchisee wishes to change the amount to be spent under the Program, Franchisee will give Franchisor written notice of such change by the 15th calendar day of the month prior to the month such change is to take effect. If Franchisee does not provide notice to Franchisor by the 15th of the month, the local advertising marketing spend will remain unchanged for the following month.
4. **Franchisor’s Obligations.** If Franchisee is current in its obligations to Franchisor, Franchisor or its delegate shall produce, direct and execute local advertising initiatives, which may include digital advertising mediums, direct mail, and other digital or non-digital mediums. In

addition, Franchisee may request that Franchisor produce additional advertising on Franchisee's behalf. Franchisee will pay Franchisor's then-current rates for additional advertising produced pursuant to this section.

5. **Termination.** This Agreement shall automatically terminate upon the termination or expiration of the Franchise Agreement. A default under this Agreement constitutes a default under the Franchise Agreement. In addition to the foregoing, if Franchisor, in its sole business judgment, determines that there is a more effective method of advertising for the System, Franchisor shall have the right to discontinue the Program and terminate this Agreement by providing written notice to Franchisee.

6. **Mailing Lists and Delivery.** Franchisor may develop a direct mail campaign as a component of the Program. In addition to Franchisor's own scheduling software-generated database systems, Franchisor may obtain mailing lists and identify qualified households from third-party data compilation and demographic information service provider(s) that Franchisor selects. Franchisor makes no representation or warranty regarding the accuracy of any such mailing lists or demographic information related to qualified households, which Franchisor uses to perform its obligations hereunder. Further, Franchisor is unable to represent or warrant that the actual direct mail produced by it on Franchisee's behalf and delivered to the United States Postal Service (or other mail delivery service specified by Franchisor) will be delivered by the postal carrier to qualified households in Franchisee's Territory.

7. **Assignment.** This Agreement is fully assignable by Franchisor. This Agreement may not be assigned by Franchisee without the prior written consent of Franchisor.

8. **Miscellaneous.** The choice of law, choice of forum/venue and dispute resolution provisions set forth in the Franchise Agreement apply to the parties' dealings under this Agreement.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

FRANCHISEE

TWO MAIDS FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT M

NATIONAL SALES CENTER AGREEMENT

NATIONAL SALES CENTER AGREEMENT

THIS NATIONAL SALES CENTER AGREEMENT (this "Agreement") is entered into as of _____, 20__ by and between TWO MAIDS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee").

RECITALS

- A. Franchisee and Franchisor are parties to a franchise agreement dated _____ (the "Franchise Agreement").
- B. Pursuant to the Franchise Agreement, Franchisor provides a National Sales Center.
- C. Franchisee wishes to utilize the National Sales Center.

Any capitalized terms not otherwise defined in this Agreement shall bear the meaning ascribed to that term in the Franchise Agreement.

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

AGREEMENT

1. **Term.** Unless sooner terminated as provided herein, the term of this Agreement will be coterminous with the Franchise Agreement.

National Sales Center Fees. Franchisee shall pay to Franchisor a National Sales Center Fee in the amount of \$200 per month for every \$1,250 of work scheduled for the immediately preceding month.

If Franchisor adds additional available services to the National Sales Center, Franchisor will have the right to increase the National Sales Center Fee by \$200 for every \$1,250 of work scheduled. Franchisee will have the opportunity to accept or reject such additional services in its discretion.

2. **Franchisor's Obligations.** If Franchisee is current in its obligations to Franchisor, the National Sales Center shall solicit customer leads and schedule work on behalf of Franchisee or, if Franchisee utilized the National Sales Center to solicit, but not schedule, leads, refer such leads to Franchisee. Franchisor does not guarantee any volume of leads to be generated by the National Sales Center.

3. **Termination.** This Agreement shall automatically terminate upon the termination or expiration of the Franchise Agreement. In addition, Franchisor shall have the right to terminate this Agreement if Franchisee is in default under any of the terms and conditions of the Franchise Agreement, or under any of the terms and conditions of this Agreement, and such default continues for a period of ten (10) days after written notice to Franchisee. Further, a default under this Agreement constitutes a default under the Franchise Agreement. In addition to the foregoing, if

Franchisor, in its sole business judgment, determines that there is a more effective method of advertising for the System, Franchisor shall have the right to discontinue the Local Advertising Services Program and terminate this Agreement by providing written notice to Franchisee. Franchisee may discontinue utilization of the National Sales Center at any time on thirty (30) days' written notice to Franchisor.

4. **Assignment.** This Agreement is fully assignable by Franchisor. This Agreement may not be assigned by Franchisee without the prior written consent of Franchisor.

5. **Miscellaneous.** The choice of law, choice of forum/venue and dispute resolution provisions set forth in the Franchise Agreement apply to the parties' dealings under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

FRANCHISEE

TWO MAIDS FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT N
MASTER SERVICES AGREEMENT

MASTER SERVICES AGREEMENT

This Master Services Agreement (this “**Agreement**”) dated as of [date] (the “**Effective Date**”), is by and between Two Maids Franchising, LLC, an Alabama limited liability company, with offices at 505 20th Street North, Suite 975, Birmingham, Alabama 35203 (“**TMF**”) and [name of Franchisee], a [state] [type of entity], with offices located at [address of Franchisee] (“**Franchisee**”).

RECITALS

- A. TMF and Franchisee are parties to a franchise agreement dated [date] (“**Franchise Agreement**”) pursuant to which TMF granted Franchisee the right, title and interest to operate a TWO MAIDS[®] franchised business, utilizing TMF’s trademarks, service marks and system in connection therewith.
- B. TMF has entered into or will enter into contracts (“**Contracts**”) with national accounts (“**National Accounts**”). The Contracts provide that TMF will provide certain services to National Accounts (collectively, the “**Contract Services**”) to: (a) properties owned, controlled or managed by the National Account; or (b) properties for which the National Account is obligated to provide the Contract Services (in addition, perhaps, to other services).
- C. TMF subcontracts with TMF’s participating franchisees to provide some or all of the Contract Services for a National Account property on behalf of TMF (a “**Subcontract**”).
- D. Franchisee shall have the discretion to accept or reject a Subcontract from TMF on a case by case basis.
- E. If Franchisee accepts a Subcontract from TMF to service a National Account, such Subcontract will incorporate by reference this MSA and the applicable work order or purchase order (“**Work Order**”), which will include specific terms and conditions (“**Terms and Conditions**”) stating the scope of work, location of the property, fee arrangements and other matters specific to the work.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be mutually bound, agree as follows:

AGREEMENT

1. **Payments.**

1.1 Payments. The amount and timing of the payments due to Franchisee from TMF pursuant to a Work Order are conditioned upon prior payment to TMF by the National Account for such

work. Franchisee will be paid no later than thirty (30) days after payment has been received by TMF. If TMF is paid less than the full amount owed to it from the National Account for the work, Franchisee will receive a pro-rata partial payment based upon an equitable allocation of the payment received by TMF. Franchisee will likewise equitably share pro-rata in any additional partial or final payment received by TMF for the work. If there is a dispute between Franchisee and TMF regarding the amounts of the partial or final payments, TMF will make the final decision, exercised in good faith.

1.2 Right of Setoff. TMF shall be entitled to retain from the funds payable to Franchisee pursuant to a Work Order for a National Account:

(a) all or any portion of the monies owing to TMF from Franchisee which are currently due and payable. TMF will deliver to Franchisee a written statement showing the amount of funds paid to it by TMF and the application of those funds to Franchisee's indebtedness to TMF;

(b) monies to pay any of Franchisee's obligations for items required under this Agreement, or a Work Order; and

(c) refunds or other payment due from Franchisee to a customer or other third party which TMF deems necessary or prudent to maintain the good will and reputation of the Franchised Business (as defined in the Franchise Agreement).

2. **Performance.**

2.1 Quality. Franchisee agrees to perform all work in a good and workmanlike manner and in accordance with the description and specifications set out in the Terms and Conditions and the Work Order.

2.2 Identification as Franchisee. At the time of Franchisee's first contact with the representative of the National Account Franchisee will identify itself as an independently owned and operated franchise of TMF.

2.3 Service Standards. Franchisee agrees to perform the work in accordance with the service standards set out in: (a) the Franchise Agreement; (b) this Agreement; and (c) the Work Order, including the Terms and Conditions. In the event of a conflict amongst these standards, Franchisee shall abide by the strictest standard.

2.4 Termination. Franchisee agrees that Franchisee will terminate immediately all work being performed by Franchisee pursuant to any Work Order upon receipt of notification to terminate from TMF, whether or not the notification to terminate was given for cause. Upon receipt of a notification to terminate, Franchisee will remove all personnel, equipment, and materials from the work site immediately. Any payment for partial performance of the work shall be determined by TMF in good faith. If there is a dispute between Franchisee and TMF regarding the amount of the payment for partial performance, TMF will make the final decision in good faith.

2.5 Assignment and Subcontract. Franchisee will not assign or subcontract any work to be performed by Franchisee pursuant to a Work Order unless Franchisee receives prior written approval and consent to the subcontract from TMF, which approval or consent may be withheld,

delayed or conditioned in TMF's sole discretion.

3. **Regulatory Compliance.** Franchisee agrees to perform all of the work in strict compliance with all local, state and federal governmental rules, regulations, ordinances, statutes and other requirements ("Regulations") applicable to the work, including but not limited to OSHA.

4. **Insurance.** Franchisee will maintain insurance coverage including, but not limited to, Comprehensive General Liability, statutory Worker's Compensation which, if applicable, must include every person performing services pursuant to the Work Order, Automobile Liability and contractual liability, all in amounts specified in the Work Order, including the Terms and Conditions, and shall cause certificates of insurance in forms satisfactory to TMF and the National Account to be issued prior to commencement of the work. The Terms and Conditions of the Work Order or Purchase Order may require additional insurance coverage and may set minimum limits on the insurance coverage. The certificates shall provide that the insurance policies may not be changed or cancelled until 30 days after written notice thereof has been delivered to TMF and the National Account. Policy renewals shall be provided no later than 30 days prior to the expiration of the existing insurance coverage. All liability policies will list TMF as an additional insured. If the National Account requires that Franchisee maintain Employment Practices Liability insurance, TMF will be named as Co-Defendant. The Commercial General Liability policy shall contain a waiver of subrogation in TMF's favor and will be primary and non-contributory to any insurance TMF might carry.

5. **Indemnification.** Franchisee agrees to defend, indemnify and hold harmless TMF and the National Account, and all of their respective officers, directors, shareholders, employees, agents, successors and assigns ("Indemnified Parties") from and against any and all claims, suits, losses, causes of action, damages, liabilities, and expenses of any kind whatsoever, including without limitation, all expenses of litigation and arbitration, court costs, and reasonable attorney's fees arising on account of or in connection with injuries to or the death of any person whomsoever, claims for damages from any third party, or any and all damages to property (including the loss of use thereof), regardless of possession or ownership, from which injuries, death, or damages arise, or which are in any manner connected with, the work performed by or for Franchisee under this Agreement, or a Work Order, including the Terms and Conditions, or caused in whole or in part by the acts or omissions or presence of Franchisee or any of Franchisee's employees, agents, representatives, subcontractors or suppliers. The indemnification obligations contained herein shall not be limited by any limitation on the amount or type of damages, compensation, or benefits payable by or for Franchisee under worker's compensation acts, disability benefit acts or employee benefit acts and shall extend to and include any actions brought by or in the name of any of Franchisee's employees or any third party with whom Franchisee may have contracted.

Franchisee further agrees to defend, indemnify and hold harmless the Indemnified Parties from any and all claims, losses, demands, causes of action, damages or liabilities, including but not limited to reasonable attorney's fees and court costs which may be asserted against the Indemnified Parties, or any one or more of them, resulting from, arising out of, or occurring in connection with Franchisee's failure, or the failure of any subcontractor or supplier with whom Franchisee has contracted to perform any of the work, to perform all work required by the Work Order, the Terms and Conditions, or this Agreement.

6. **National Accounts.**

6.1 **Identification.** TMF may notify Franchisee whenever a Contract with a National Account and TMF is in effect. The method for delivering the notice shall be selected by TMF and shall be reasonably calculated to provide actual notice to Franchisee.

6.2 **No Solicitation or Work.** When a National Account is so identified, Franchisee agrees that it will not solicit work from such National Account, its customers, or any local operation (including a franchise) of such National Account without the prior written consent of TMF. In addition, Franchisee agrees that it will not perform any work for a National Account or any local operation (including franchisee) of such National Account except pursuant to a Work Order from TMF or with the written consent of TMF.

7. **Documentation, Books and Records.** Timely, accurate, and complete supporting documentation is an integral part of the Contract Services provided for any National Account. All supporting documentation must be submitted within 48 hours of completion of the job for a National Account. Any delay in submitting documentation will delay payment. In addition to strictly adhering to documentation and reporting standards as required, Franchisee agrees to keep and maintain for at least three (3) years after completion of the work accurate records (“National Account Records”) of all sales and services provided to or for a National Account. At TMF’s request Franchisee will provide to TMF and/or TMF copies of the National Account Records identified by TMF. Franchisee will maintain its records in a manner that will allow Franchisee to search and copy its records in the name of either the National Account or TMF.

8. **Publicity.** Franchisee agrees to submit to TMF all advertising, sales promotion and other publicity matters relating to any work for a National Account if TMF’s or the National Account’s (or an affiliate, parent company or subsidiary thereof) names are mentioned or language is used from which the connection to TMF or the National Account may be reasonably inferred or implied. Franchisee further agrees not to publish or use such advertising, sales promotion or publicity matter without the prior written consent of TMF or the National Account named or identified therein. Franchisee further agrees that it and/or its employees may be identified in any publicity matters relating to any work for a National Account.

9. **Mediation and Arbitration.** Any controversy or claim arising out of or relating to this Agreement or breach thereof, which cannot be settled by the contesting parties hereto, shall be subject to the dispute resolution provisions set forth in the Franchise Agreement.

10. **Term of Agreement; Amendment.** The terms and provisions of this Agreement shall run coterminously with the Franchise Agreement. In the event of a termination of the Franchise Agreement for any reason, this Agreement shall automatically terminate as of the same date.

11. **Severability.** Should any provision of this Agreement be declared invalid or illegal by any federal, state, county, or municipal government, such invalidity or illegality shall not affect the other provisions hereof, and the remainder of the provisions hereof shall remain in full force and effect and shall be construed in all respects as if such invalid or illegal provisions were omitted.

12. **Confidentiality of Information.** Franchisee agrees to sign and deliver to TMF or National Account any confidentiality and/or non-disclosure agreement requested by either of them.

Franchisee further agrees to abide by the terms and provisions of such confidentiality and/or non-disclosure agreement.

13. **Miscellaneous Provisions.** Franchisee agrees that it will inform TMF promptly but not later than three (3) business days after receipt of or becoming aware of any claims, demands, disputes, disagreements or suits filed against Franchisee by a National Account with respect to a Work Order.

14. **No Third Party Beneficiaries.** This Agreement is not intended to confer any benefits upon any third party and is not intended to confer any third-party beneficiary rights to enforce the Contract or any rights or remedies under the Agreement.

15. **Entirety of Agreement; Modification.** This Agreement: (a) supersedes all prior agreements with respect to the subject matter hereof and fully sets forth the understanding of the parties with respect thereto; (b) shall not be modified except by the mutual agreement of the parties as evidenced by a writing signed by both parties; and (c) shall be interpreted in accordance with the laws of the State of Alabama.

16. **Relationship of the Parties.** The relationship between the parties is that of independent contractors. The details of the method and manner for performance of the Contract Services by Franchisee shall be under its own control, TMF being interested only in the results thereof. Franchisee shall be solely responsible for supervising, controlling and directing the details and manner of the completion of the Contract Services. Nothing in this Agreement shall give the TMF the right to instruct, supervise, control, or direct the details and manner of the completion of the Contract Services. The Contract Services must meet the National Account's final approval and shall be subject to the National Account's general right of inspection throughout the performance of the Contract Services and to secure satisfactory final completion. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever.

17. **Counterparts.** This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same instrument. A signed copy of this Agreement delivered by email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective date by their respective duly authorized officers.

FRANCHISEE:

By: _____

Name:

Its:

TWO MAIDS FRANCHISING, LLC

By: _____

Paul Ebert, President

EXHIBIT O
STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below.

| State | Effective Date |
|--------------|-----------------------|
| California | Pending |
| Hawaii | Pending |
| Illinois | Pending |
| Indiana | Pending |
| Maryland | Pending |
| 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.

EXHIBIT P

RECEIPTS

RECEIPT (YOUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The franchisor is Two Maids Franchising, LLC, located at 505 20th Street, Suite 975, Birmingham, AL 35203. Its telephone number is (205) 870-8643.

If Two Maids Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that we give you this disclosure document at the first personal meeting. Michigan requires that we give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. 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 any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Two Maids Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit F. We authorize the agents listed in Exhibit F to this disclosure document to receive service of process for us.

The name, principal business address and telephone number of each franchise seller offering the franchise: Shawna Bergstrom, Aaron Cady, Bryan Cranfill, Craig Green, Lisa McGill, Troy Molen, Ralph Rooney, Jessica Sproule and Jonathan Thiessen, 19000 MacArthur Blvd., Suite 100, Irvine, CA 92612, (866) 813-9211; and _____.

Issuance Date: April 3, 2023

On _____, I received a disclosure document dated April 3, 2023, that included the following exhibits:

- | | |
|---|---|
| A: Franchise Agreement, State Addendum and Schedules | H: Veterans Addendum to Franchise Agreement |
| B: Financial Statements | I: Secured Promissory Note |
| C: List of Franchisees | J: General Security Agreement |
| D: List of Terminated or Transferred Franchises | K: Conditional Assignment and Assumption of Lease |
| E: State Franchise Administrators and Agents for Service of Process | L: Local Advertising Services Program Agreement |
| F: Operations Manual Table of Contents | M: National Sales Center Agreement |
| G: Consent to Transfer and Assumption of Franchise Agreement | N: Master Services Agreement |
| | O: State Effective Dates |
| | P: Receipts |

Signature of Prospective Franchisee

Print Name of Prospective Franchisee

You should retain this dated and signed Receipt for your records.

RECEIPT (OUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The franchisor is Two Maids Franchising, LLC, located at 505 20th Street, Suite 975, Birmingham, AL 35203. Its telephone number is (205) 870-8643.

If Two Maids Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that we give you this disclosure document at the first personal meeting. Michigan requires that we give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. 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 any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Two Maids Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit F. We authorize the agents listed in Exhibit F to this disclosure document to receive service of process for us.

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| E: State Franchise Administrators and Agents for Service of Process | L: Local Advertising Services Program Agreement |
| F: Operations Manual Table of Contents | M: National Sales Center Agreement |
| G: Consent to Transfer and Assumption of Franchise Agreement | N: Master Services Agreement |
| | O: State Effective Dates |
| | P: Receipts |

Signature of Prospective Franchisee

Print Name of Prospective Franchisee

You should return this dated and signed Receipt to Jonathan Thiessen at 19000 MacArthur Blvd, Suite 100, Irvine, CA 92612, (949) 404 1100, Jonathan.Thiessen@gohfc.com