

FRANCHISE DISCLOSURE DOCUMENT



AdvantaClean Systems, LLC
A North Carolina Limited Liability Company
110 N. Freeport Parkway, Suite 140
Coppell, TX 75019
Phone: (877) 800-2382
Email: franchise@advantaclean.com
Website: www.advantacleanfranchise.com

As an ADVANTACLEAN® franchisee, you will offer restoration and remediation services in residential and commercial properties.

The total investment necessary to begin operation of an ADVANTACLEAN® franchise ranges from \$116,880 - \$197,400. This includes \$84,900 - \$86,400 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jonathan Thiessen, 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, (949) 404 1100, jonathan.thiessen@gohfc.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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, NW, 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: March 18, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
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 C and D.
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 an 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 B 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 ADVANTACLEAN® 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 an ADVANTACLEAN® franchisee?	Item 20 or Exhibits C and D list 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 E.

Your state may also 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 California or Texas. 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 California or Texas than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **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.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

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

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

- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, 670 Law Building, Lansing, MI 48913, (517) 373-7117.

TABLE OF CONTENTS

ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
ITEM 2. BUSINESS EXPERIENCE	4
ITEM 3. LITIGATION	6
ITEM 4. BANKRUPTCY	7
ITEM 5. INITIAL FEES.....	7
ITEM 6. OTHER FEES.....	8
ITEM 7. ESTIMATED INITIAL INVESTMENT.....	11
ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	14
ITEM 9. FRANCHISEE’S OBLIGATIONS.....	19
ITEM 10. FINANCING	20
ITEM 11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER.....	21
SYSTEMS, AND TRAINING	21
ITEM 12. TERRITORY	30
ITEM 13. TRADEMARKS	33
ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	35
ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL.....	35
OPERATION OF THE FRANCHISED BUSINESS	35
ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	36
ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	36
THE FRANCHISE RELATIONSHIP.....	36
ITEM 18. PUBLIC FIGURES.....	39
ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS.....	39
ITEM 20. OUTLETS AND FRANCHISEE INFORMATION	45
ITEM 21. FINANCIAL STATEMENTS.....	53
ITEM 22. CONTRACTS.....	53
ITEM 23. RECEIPTS	54

STATE SPECIFIC ADDENDA

EXHIBITS:

- A: Franchise Agreement, State Addendum and Schedules
 - 1. Personal Guaranty
 - 2. Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names
 - 3. Electronic Funds Withdrawal Authorization
 - 4. Site Selection Addendum
- B: Financial Statements
- C: List of Franchisees
- D: List of Terminated or Transferred Franchises
- 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: Master Services Agreement
- L: Collateral Assignment of Lease
- M: State Effective Dates
- N: Receipts

FRANCHISE DISCLOSURE DOCUMENT

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

In this disclosure document, “we,” “us,” “ACS” and/or “our” all refer to AdvantaClean Systems, LLC, the franchisor. “You” or “your” refer to the person who buys the ADVANTACLEAN® franchise. If you are a company, “you” or “your” includes your owners.

Franchisor, Parents, and Affiliates

Franchisor

We conduct business under the name ADVANTACLEAN®. Our principal address is 110 N. Freeport Parkway, Suite 140, Coppell, Texas 75019. We are a North Carolina limited liability company. Prior to December 31, 2018, we operated as a corporation, AdvantaClean Systems, Inc. AdvantaClean Systems, Inc. was formerly known as LCR Advantage Systems, Inc. until we changed our name to AdvantaClean Systems, Inc. in July 2003. LCR Advantage Systems, Inc. was incorporated in North Carolina on June 8, 2000. We have been offering franchises for businesses that perform restoration and remediation services in residential and commercial properties under ADVANTACLEAN® trademark since 2006. We previously offered and sold regional developer franchises from 2009 through 2014. We no longer offer new regional developer franchises, and while we do not expect or intend to do so in the future, we reserve the right to do so through a separate disclosure document. We briefly 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 we ceased offering and selling these franchises. We do not engage in any other business activities and, apart from the abovementioned “AdvantaClean Air” offering, have not offered franchises in any other line of business.

Parents

We have five parents. Our immediate parent is Home Franchise Concepts, LLC (“HFC”), and our ultimate parent is JM Family Enterprises, Inc. (“JMF”). JMF controls HFC through JM Family 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 offer 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®. Other than the foregoing, 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. It has never offered franchises in other lines of business.

Our affiliate, HFC KTU LLC ("KTU"), a franchisor of kitchen and bathroom improvement and remodeling businesses, was organized as a Delaware limited liability company on December 7, 2020 and began offering KITCHEN TUNE-UP® and BATH TUNE-UP® franchises in January 2021. KTU's predecessor, DCHFamily, Inc. f/k/a KTU Worldwide, Inc. ("KTUW") began offering KITCHEN TUNE-UP® franchises in 1998. KTU has never offered franchises in other lines of business.

Our affiliate, Two Maids Franchising, LLC ("TMF"), a franchisor of residential cleaning service businesses, was organized as an Alabama limited liability company on August 14, 2013 and began offering TWO MAIDS & A MOP® franchises in August 2013. It 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 our 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 ACGD, none of our affiliates have never operated a business of the type we franchise, nor have they offered franchises of the type we franchise.

The principal business address of BB, OS, ADC, APM, BBCS and OPS is 19000 MacArthur Boulevard, Suite 100, California 92612. LCR’s and ACER’s principal business address is 110 N. Freeport Parkway, Suite 140, Coppell, Texas 75019. KTU’s principal business address is 14 S Main Street, Suite C, Aberdeen, South Dakota 57401. TMF’s principal business address is 505 20th Street North, Suite 975, Birmingham, Alabama 35203. 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 listed in Exhibit E.

The Business We Offer

ADVANTACLEAN® franchises (“Franchised Businesses”) specialize in offering and selling restoration and remediation services (“Restoration and Remediation Services”) that make residential and commercial buildings within a defined protected territory (“Protected Territory”) clean, safe, healthy and energy efficient. Restoration and Remediation Services include: (i) cleaning, sealing and maintenance of air ducts, dryer vents, coils and ventilation systems; (ii) mold remediation, microbial sampling, testing and indoor air quality assessments; (iii) optional performance of emergency mitigation, cleaning and restoration services for properties damaged by water, fire and other approved property damage events (subject to your meeting our qualification criteria); (iv) a variety of solutions that improve the condition and performance of basements, crawlspaces and attics; (v) moisture control, waterproofing, dehumidification, ventilation, and other related products and services that improve the condition and performance of those areas; (vi) radon measurement and mitigation; and (vii) other products, services and events that we may approve and modify from time to time (collectively, the “Approved Products and Services”). You do not need any specific prior experience in these areas of service to operate the Franchised Business.

You will offer Restoration and Remediation Services to the general public, which will include residential and commercial properties. The market for Approved Products and Services is well

developed, and there will be competition from other national and regional chains and local businesses that offer the same or similar services within the Protected Territory you are granted. Certain Restoration and Remediation Services are seasonal or in the nature of natural disaster emergency response and may be affected by climate, weather or other environmental conditions.

Industry Specific Regulations

The Franchised Business will be subject to varying laws and regulations in your state, county, and/or municipality regarding the operation of an establishment that offers and sells products and services which are the same as or similar to the Approved Products and Services, which may include laws related to specialty licensing requirements to access and/or clean HVAC systems, mold remediation and similar projects, and/or licenses or certifications associated with demolition of building materials and lead-based paint. The Franchised Business will be subject to federal, state and local Occupational Safety and Health Administration (OSHA) and Environmental Protection Agency (EPA) regulations, and you must strictly comply with all federal, state, and local regulations regarding disposal of waste products, unused and reclaimed chemicals, and pollutants. Some states have laws requiring the licensing of contractors. It is your sole responsibility to investigate these licensing/certification requirements, as well as any other laws or regulations (federal, state or local), that might apply to the operation of the Franchised Business and the offer and sale of the Approved Products and Services. You are advised to examine these laws and regulations before purchasing a franchise from us.

You must investigate all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, with an attorney and financial advisor before purchasing a franchise from us. It is solely your responsibility to investigate these laws and regulations, and you alone are responsible for compliance. We have not researched any of these laws or regulations to determine their specific applicability to your Franchised Business. Applicable laws and regulations are subject to change.

ITEM 2. BUSINESS EXPERIENCE

AdvantaClean Systems, LLC:

Steve Willis – President

Steve Willis has been our President since July 2021. From March 2017 until July 2021, Mr. Willis was Managing Director for milliCare Floor and Textile Care in Spartanburg, SC.

Jim Thoma – VP of Operations

Jim Thoma has been our VP of Operations since April, 2023. He had been the General Manager of our company-owned operations from April 2022 until October 2022 and Project Manager for LSR from October 2022 until March 2023. From May 2020 until April 2022, Mr. Thoma was Vice President of Contents at Paul Davis Restoration of Northern Metroplex, in Dallas, Texas. From September 2018 until May 2020, Mr. Thoma was General Manager of Paul Davis, Northern Metroplex, in Dallas, Texas.

Courtney Caldwell – Director of Marketing

Courtney Caldwell has been our Director of Marketing since May 2022. She holds the same position with LSR. From July 2017 until April 2022, Ms. Caldwell was Director of Branding and Communications for milliCare Floor and Textile Care in Spartanburg, SC.

Becky Lewis – Director of Programs and Administration

Becky Lewis has been our Director of Programs and Administration since September 2021. She holds the same position with LSR. From March 2017 until September 2021 Ms. Lewis was Franchise Development Manager and Project Manager for milliCare Floor and Textile Care in Spartanburg, SC.

Steve Hurte – Technical Director

Steve Hurte has been our Technical Director since February 2021. He holds the same position with LSR. Prior to assuming this role, Mr. Hurte was one of our Regional Operations Managers from May 2017 until February 2021.

Home Franchise Concepts, 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. Prior to joining HFC, Mr. Skehan was President – North America of Krispy Kreme, Incorporated in Charlotte, North Carolina from November 1, 2017 to July 31, 2022.

Jonathan Thiessen – Chief Development Officer

Jonathan Thiessen has been Chief Development Officer of HFC since January 2019.

Jennie Amante – Executive Vice President and General Counsel

Jennie Amante has been HFC's Executive Vice President and Secretary since December 2015. She has been General Counsel for HFC since October 2004.

Heather Cates – Chief Marketing Officer

Heather Cates has been HFC's Chief Marketing Officer since April 1, 2021. Prior to assuming this role, Ms. Cates was BB's Senior Marketing Director 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.

Amir Yeganehjoo – Chief Financial Officer

Amir Yeganehjoo has been HFC's Chief Financial Officer 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 December 2019 until September 2020, Senior Director, Corporate Finance with Gamestop Corp. in Grapevine, Texas from May 2019 to December 2019 and Director, FP&A and Financial Strategy with Gamestop Corp. in Grapevine, Texas from August 2017 to November 2019.

ITEM 3. LITIGATION

Governmental Actions

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.

Litigation Against Franchisees in the Last Fiscal Year

Suits to Collect Royalty Payments and Fees

AdvantaClean Systems, LLC v. Jason Wright, Case No. 01-cv-2023-903258.00, Filed September 15, 2023, Circuit Court of Jefferson County, Alabama, Birmingham Division.

Suits to Enforce Non-Competition Covenant

AdvantaClean Systems, LLC v. Jim Dundon Inspection Services, LLC, Civil Action No. 3:23-cv-828-MOC-SCR Filed December 4, 2023, U.S. District Court for the Western District of North Carolina.

AdvantaClean Systems, LLC v. Edmondson Enterprises, LLC, Civil Action No. 3:23-cv-1654 Filed July 26, 2023, U.S. District Court for the Northern District of Texas.

AdvantaClean Systems, LLC v. JDG Environmental, LLC, Civil Action No. 3:23-cv-1655-X, Filed August 22, 2023, U.S. District Court for the Northern District of Texas.

AdvantaClean Systems, LLC v. Healthy Indoor Environmental Solutions, Incorporated, Civil Action No. 3:23-cv-00829 Filed December 4, 2023, U.S. District Court for the Western District of North Carolina Charlotte Division.

Other than the six actions, there is no litigation required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

You will pay us an Initial Franchise Fee of \$5,000 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 \$4,250. There is no Initial Franchise Fee payable under a subsequent franchise agreement.

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, 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, the Additional Territory Fee will be \$32,000. Otherwise, for any subsequent franchise agreement and territory, the Additional Territory Fee will be the same as the then-current Initial Territory Fee.

Prior to opening, you must purchase from us the required equipment, products and services package, which includes items such as vehicle wrap, dehumidifiers, air movers, air scrubbers, negative air machines, and other equipment and supplies related to the operation of your franchise (the "Initial Equipment Package"). The price of the Initial Equipment Package is \$39,900 plus applicable sales tax and shipping charges. Shipping will be invoiced separately once supplier has shipped equipment. Franchisee is responsible for filing and payment of any and all sales, use and excise taxes on the Initial Equipment Package to any state, county, municipal, or other governmental agency or subdivision which may have jurisdiction over the Territory. Payment for the Initial Equipment Package must be received by us at least 30 days prior to the start of training.

You may send additional persons to Initial Training with our approval. If you do so, you must pay us \$1,500 per additional person.

None of the fees described in this Item are refundable under any circumstances.

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ITEM 6. OTHER FEES

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Royalty ²	You must pay the greater of: (a) 8.0% - 5.0% of your bank deposits for the immediately preceding month (2.0% for re-construction and non-core services that are subcontracted) or (b) \$500 per month for the first year and \$1,000 per month thereafter.	Bank deposits 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, or the next business day if the 15 th falls on a weekend or public holiday.	See note 2.
National Advertising Fund Payment	You must pay the greater of 1% of your bank deposits for the immediately preceding month or \$500.	Same as royalty.	See Item 11.
Technology Fee ³	Currently \$600 per month for first territory; \$250 for second and subsequent contiguous territories. Additional non-contiguous territories then-current fee for a first territory.	Same as royalty.	Intended to partially reimburse us for costs of technology platforms and tech support.
Additional Email Account Fees	Your principals each receive a free basic email account. Additional email accounts requested by you are charged at \$25 per additional account per year.	Invoiced in December for payment in January on same date as Royalty.	Email accounts added during the year invoiced pro-rata as added.
Training for Additional Personnel	First two attendees are free. We may charge up to \$150 per day per person for additional attendees we approve. You are responsible for costs of travel, accommodation and some meals for additional attendees.	One week before training begins. Travel, accommodation, and meals are due as required by service providers.	
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.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
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 corporation or similar entity that you control.
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 listed 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 or Late Payment Fee	Currently \$300, subject to change.	On due date of Royalty, National Advertising 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 \$750 plus travel, accommodation and some meals. Fee will vary depending on venue and location but will not exceed \$2,000 annually.	Same as royalty. Paid in monthly installments in advance. Travel, accommodation and meals are due as required by service providers.	Attendance at Convention is mandatory. You will be charged for one attendee even if you do not attend.
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 \$500 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 travel expenses for your employee.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
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 continuing royalties, National Advertising Fees and any other ongoing fees directly from your bank account. All fees are nonrefundable. All fees in our current offering are uniformly imposed. We do not have any franchisor-owned outlets but if we do in the future, such outlets will not have controlling

voting power on any fees imposed by cooperatives.

2. You must pay us a blended rate Royalty calculated each month equal to:

Monthly Royalty	Bank Deposits for YTD
8.0%	0 - \$350,000
7.0%	\$350,000.01 - \$750,000
6.0%	\$750,000.01 - \$1,000,000
5.0%	\$1,000,001 and above
2.0%	Non-Core Subcontracted Services*

*Non-Core Subcontracted Services are services other than Restoration and Remediation Services (as defined in Item 1) that are performed by others you subcontract based on a traditional overhead and profit markup, for example, reconstruction services. Documentation we specify must be provided to us upon request.

Bank deposits include the total of your deposits for each separate franchised territory you own and include deposits from sales in Gray Areas and other franchisees' territories (such as permitted under the franchise agreement when responding to natural disasters). If you have more than one franchise agreement with this Royalty schedule, deposits are averaged across all of your territories for purposes of this calculation. For example, if you have two territories, the bank deposits for both of your territories are added together and divided by two to arrive at the average deposits for each territory.

You must pay us the greater of: (a) the monthly Royalty as calculated above or (b) \$500 per month for the first year and \$1,000 per month thereafter for each of your territories.

ITEM 7. ESTIMATED INITIAL INVESTMENT

ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ¹	\$5,000	Lump sum or financed through us	When you sign the franchise agreement.	Us
Initial Territory Fee ²	\$40,000	Lump sum or partially financed through us	When you sign the franchise agreement	Us
Travel and Living Expenses While Training ³	\$1,000 - \$1,500 per person	As incurred	During training	Restaurants and other third parties

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
In-Person Training for Additional Personnel (\$150 per person per day) ⁴	\$0 - \$1,500	Lump sum	On week before training begins	Us
Supplies, Equipment and Inventory Package ⁵	\$39,900	Lump sum or financed	Prior to start of training	Us
Vehicle ⁶	\$0 - \$49,000	As arranged	Prior to start of training	Vendor
Real Estate Rent and Security Deposits ⁷	\$1,000 - \$5,000	Lump sum	At the signing of lease	Landlord
Technology Systems Package ⁸	\$0 - \$3,000	As Incurred	Prior to start of training	Vendors
Office Equipment, Furniture and Supplies ⁹	\$400 - \$1,000	As Incurred	As Incurred	Vendors
Credit Card Processing Technology	\$30 - \$500	Lease, finance or lump sum	Upon opening	Vendor
Auto Insurance ¹⁰	\$1,800 - \$3,500	Lump sum or monthly installments	Before opening and during the year	Insurance company or broker
Commercial General Liability, Contractor's Environmental Liability, Professional Liability, Contractor's Equipment, Employment Practices, Workers' Compensation, Property Insurance ¹⁰	\$3,000 - \$4,000	Lump sum or monthly installments	Before opening	Insurance company or broker
Contractor's License and Bonds ¹¹	\$0 - \$1,500	Lump sum	As required by applicable law	Bonding or insurance company, Government agencies
Licenses and Certifications ¹²	\$1,000 - \$3,000	As incurred	As incurred	Government agencies, and/or vendors
Professional Fees	\$750 - \$2,000	As incurred	As incurred	Attorney, accountant and business advisor
Initial Marketing	\$8,000 - \$12,000	As incurred	As incurred	Vendors
Additional Funds – Before Opening and First 3 months ¹³	\$15,000 - \$25,000	As incurred	As incurred	Various

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
TOTAL ¹⁴	\$116,880 - \$197,400			

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 1,000 to 1,500 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 \$32,000, for a total of \$72,000. 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.
3. 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.
4. Subject to space availability, we will allow additional people associated with you to attend Academy training at your request. We do not charge for the Academy training for you or your manager and one other attendee, but may charge a training fee of up to \$150 per day for additional trainees. The high estimate assumes one additional attendee.
5. We will provide you with your Supplies, Equipment and Inventory Package, but we strongly recommend and expect that you obtain leasing or financing for this Package from a third party. We do not provide any financing in connection with this Package, nor do we have a designated or approved financing provider. The Supplies, Equipment and Inventory package will include items such as dehumidifiers, air movers, air scrubbers, negative air machines, and other equipment and supplies related to the operation of your franchise. Your actual payments will depend on your credit worthiness, as determined by the lender or supplier, and the lease or finance options you select. Tax and freight charges associated with delivery of the Package may vary.
6. This is a commercial vehicle, typically a work van, that is upfitted to our system standards and specifications for operation in connection with the AdvantaClean Business. Our low estimate assumes you lease the vehicle with a \$0 down lease. Our high estimate assumes you will pay for your Vehicle in cash, which will cost approximately \$49,000. If you choose to lease or finance the purchase of your Vehicle, your actual payments will depend on your credit worthiness, as determined by the lender or supplier, and the lease options you select. You should not purchase your Vehicle for cash unless you will still have at least that same amount available as additional working capital to operate your business. From time to time your affiliation with HFC may allow for discounts on your Vehicle and our

recommendation is to check with your Regional Operations Manager before purchasing or leasing.

7. You will need an office/warehouse location by the first anniversary of your Operating Date with sufficient space, initially between 1,000 and 1,500 square feet. Rent may vary depending on location, size, length of lease and general market conditions. Lease security deposits will vary depending upon a number of different factors, such as occupancy rate, length of lease, personal vs. corporate signature, and your personal financial history. Our high and low estimates represent three months' rent of commercial space between 1,500 and 2,000 square feet. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.
8. You must purchase the Technology System comprised of the computer hardware and software we designate for use in connection with your Franchised Business prior to commencing operations. You must purchase the components of the Technology System from third-party suppliers. The Technology System includes: (i) a business-class laptop computer with performance capabilities sufficient to run all of the software required to operate your Franchised Business; (ii) a laser printer meeting our standards and specifications; (iii) most current versions of QuickBooks online, Microsoft Office and antivirus software; (iv) one tablet with internet access and a smartphone. See Item 8 for additional information on our computer hardware and software requirements. Our low estimate assumes that you already have the required Technology System, and the high estimate assumes you will need to purchase all of the components. We expect that you will obtain financing or leasing from a third party. Franchisee can acquire leasing on their own for said package. See Item 11 of this disclosure document for additional information.
9. You are required to establish a functional office with a desk, file cabinet, chairs, miscellaneous office supplies, etc. We estimate that your office equipment, furniture and supplies will cost between \$400 and \$1,000, depending on what items you already have that are available for use.
10. See Item 8 for insurance requirements.
11. Only required in states that require a contractor's license. You should ensure you can meet the experience requirement to obtain a contractor's license if one is required in your state. If not, you will need to hire or contract with someone who does.
12. You must acquire a general business license, any specialty licenses required by your state or federal agency, and any third-party certifications required by us. You should ensure you can meet the experience requirement to obtain any specialty licenses. If not, you will need to hire or contract with someone who does.
14. This category estimates an additional cash reserve available to cover initial operating expenses during the first three months of operation. The amount of additional funds that you may need varies based on a variety of factors, including whether you choose to have an office outside your home, the number of employees you choose to hire and the salary and other benefits you choose to pay, gasoline purchases and vehicle maintenance expenses, the extent to which you are actively involved in operating your business, your skill, experience and business acumen, local competition, local economic conditions (including rent and wage scales and the cost of supplies), and the actual sales levels that you reach during the initial 3-month period. We have based this estimate on the experience of our United States franchisees. The "Additional Funds" category is not the only source of cash, but is in addition to cash flow from operations. We cannot estimate your cash flow from operations and encourage you to contact our existing franchisees to evaluate this on your own.
15. These estimates are based on our experience in offering and selling franchises since 2006, as well as the experience of our existing franchisees and estimates we have received from third-party vendors.

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”) and various other confidential manuals, writings, and other information prepared by us for your use in operating the Franchised Business. We may periodically change our standards and specifications at our sole discretion, and you must comply with all changes.

Approved Products and Services

All vehicles, supplies, equipment and inventory 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.

We reserve the right to require you to purchase certain items necessary to establish and operate your Franchised Business in accordance with our standards and specifications from us, our Affiliate or approved suppliers.

You must offer for sale all of the Approved Products and Services that we designate as mandatory and only the Approved Products and Services. You may not offer any other products or services for sale without having received our prior written authorization. You must at all times maintain sufficient levels of inventory as specified in the Manual, to adequately satisfy consumer demand. You must offer, use and sell all private label products which we may now or in the future designate for sale by System franchisees.

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.

Some suppliers may provide us with test equipment for use in our training center, advertise in our newsletters, and may also sponsor events and/or rent booth space at our Annual Convention or regional meetings.

Designated and Approved Suppliers

You must purchase from us certain supplies and restoration equipment, and inventory required for the initial establishment of your Franchised Business. We strongly recommend and expect that you enter into a leasing arrangement with a third party for your commercial van and certain other equipment/supplies you must purchase from us, and your payments made in connection with these financed or leased items will be paid to that third-party financing/leasing provider and not us or our Affiliate.

We are the only approved supplier for your initial purchase of the following items: (i) all restoration (drying, dehumidification, deodorization, etc.) equipment and certain other supplies necessary to operate the Franchised Business and offer and sell the Approved Products and Services; and (ii) other materials and merchandise bearing the Proprietary Marks. Following your initial

purchase of the aforementioned items from us, you may purchase these items from our approved suppliers, and you may purchase merchandise with our Proprietary Marks from us or a local vendor.

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase product samples and other supplies, services, computer hardware and software, and other equipment from us or from approved or designated suppliers that we will specify, from time to time, in the Manual and otherwise in writing. We, our Affiliate or a designated third party may be one of several, or the only, approved supplier of any item. We reserve the right to require you to purchase any products and services, including equipment, supplies, computer hardware and software, directly from us or our Affiliate. We and our Affiliate have the right to realize a profit or otherwise derive revenue on any products or services that we, our Affiliate or our approved suppliers supply and/or provide to you.

We may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that you are 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 our proprietary standards and specifications or private label goods that we have authorized and prescribed for sale by System Franchised Businesses. You recognize that such products and services are essential to the operation of your Franchised Business and to the System generally. Your failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System and may result in other System Franchised Businesses' inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay System Suppliers as and when due.

We estimate that 70% to 80% of your purchases and leases in establishing the Franchised Business and 10% to 20% of your total purchases and leases in operating the Franchised Business will be subject to the restrictions described above.

You must use products purchased from us or approved suppliers solely in connection with the operation of your Franchised Business and not for any competitive business purpose.

Ownership Interest in Suppliers; Revenue Derived from Franchisee Purchases

Our Affiliate, ACER, is an approved supplier of rental equipment to our franchisees. Apart from ACER, neither we, our other Affiliates nor any of our officers currently own an interest in any of our third party approved suppliers.

We may retain rebates or marketing allowances (collectively, "Allowances") we receive from suppliers. We may use all Allowances received for any purpose that we and our affiliates deem appropriate. For the year ended December 31, 2023 we received Allowances of \$36,259, or 0.8% of our total revenues of \$4,738,121.

We and our Affiliates reserve the right to derive revenue from the required purchases you make from us and our Affiliates. During our fiscal year ending December 31, 2023, we derived \$100,710 from required franchisee purchases, or 2.1% of our total revenue of \$4,738,121 during that fiscal year. During our fiscal year ending December 31, 2023, LCR derived \$46,407, or 1.0% of our total revenue of \$4,738,121 from our franchisees' required purchases over its past fiscal year.

Alternative Product or Supplier Approval

We approve suppliers on a case by case basis. Approved suppliers are listed in the Manual. We approve suppliers after careful review of the quality of the products they provide to us and our franchisees. In deciding whether to approve suppliers, we consider reputation, product quality, prices, consistency, reliability, financial capability of the supplier, labor and customer relations, frequency and cost of delivery, delivery network capability, standards of service, including prompt attention to complaints, and other criteria. We may also condition approval of suppliers on the willingness of the supplier to provide discounts to us and/or our franchisees, to contribute to advertising costs, to pay us rebates or to make other financial concessions. If you would like us to consider another supplier, you or the supplier must submit to us a written request for approval and you or the supplier must provide us with samples of the supplier's products or work. We will review the supplier and notify you and the supplier whether we will approve it as an additional supplier. We expect to complete a review of a proposed new supplier within 30 days after receiving all necessary information and materials. We reserve the right to charge a reasonable fee for evaluating a supplier. We do not furnish our standards and specifications to you or suppliers as we deem them confidential.

If we revoke our approval of a supplier, we will do so in writing.

We do not provide any material benefit to you if you buy from sources we approve, but we may default you under your Franchise Agreement based on your failure to make required purchases from our approved suppliers or otherwise in accordance with our standards and specifications.

Approved Location

You must operate your AdvantaClean Business from a leased office/warehouse located within the Protected Territory and which meets our standards and specifications, by the first anniversary of your Operating Date. You will need approximately 1,000 to 1,500 square feet, which includes office space and storage space for the equipment and inventory.

We must approve any proposed location prior to you entering into any lease for the proposed location. You must secure the Approved Location within one hundred eighty (180) days of executing the Franchise Agreement in the event in you have not already obtained our approval prior to executing the Franchise Agreement. We may provide you with standards and specifications for the design and layout of the premises of the Approved Location.

Advertising and Promotional Materials

We must approve all self-generated advertising materials prior to publication or use.

Insurance

You must purchase and maintain, at your own expense, insurance covering the operation and location of your AdvantaClean Business as we may require. You must purchase the required insurance at least 30 days before opening your AdvantaClean Business or upon signing a lease for the Approved Location. The limits described in the paragraph below are the minimum amounts that

you are required to purchase. If you sign a lease or contract that requires a higher amount than provided below, then you must obtain the higher level of coverage under the terms of the lease or contract. If you sign a lease or contract that does not require as much coverage, you must still purchase enough insurance to meet our requirements.

Presently, our insurance requirements are as follows: (i) Commercial General Liability insurance in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate limit per location, which will include products and completed operations coverage, personal and advertising injury, fire damage liability and medical payments coverage; and it will be provided on an occurrence form; (ii) Automobile Liability and Physical Damage insurance in the amount of \$1,000,000 Combined Single Limit coverage for all owned, non-owned and hired vehicles and include physical damage coverage with deductibles not higher than \$1,000 for comprehensive and collision damage; (iii) Contractor's Equipment Floater insurance to cover the mobile equipment used in your Franchised Business; (iv) Employment Practices Liability insurance in the amount of \$250,000 aggregate including third party endorsement and naming Franchisor as Co-Defendant; (v) Workers' Compensation and Employer's Liability statutory coverage and Employer's Liability insurance in the amount of \$1,000,000 by accident, \$1,000,000 by disease-policy limit, \$1,000,000 by disease each accident; (vi) Contractor's Environmental Liability insurance in the amount of \$1,000,000 to cover environmental claims, including mold; (vii) Contractor's Professional Liability insurance in the amount of \$1,000,000 to cover errors and omissions claims; (viii) Property Insurance for one hundred percent (100%) of the replacement cost of your business personal property; and, notwithstanding the foregoing, (ix) you may, but are not required to, obtain Umbrella Liability insurance to be excess over Commercial General Liability, Automobile Liability and Employer's Liability. Also, the Contractor's Pollution (Section 9.1.6) and Professional Liability policies (Sections 9.1.6 and 9.1.7, respectively) may be combined with the Commercial General Liability policy. We also recommend, but do not require, that you obtain cyber insurance.

We must approve all insurance carriers 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 Reports. Our acceptance of an insurance carrier does not constitute our representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. You must carry insurance required by the lease of your Approved Location or by any of your lenders or equipment lessors and such workers' compensation insurance as may be required by applicable law. You must deliver a certificate of insurance to us at least 20 days before opening your Franchised Business and 10 days before any renewal of the required policies as evidence that all insurance requirements have been met. All insurance policies you hold will be primary to any policy or policies held by us or our affiliates.

All liability policies will list us as an additional insured except the Employment Practices Liability policy will provide us coverage. 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 we might carry. We reserve the right to modify required insurance coverage during the course of your franchise agreement based on changes in risk factors for which you will comply upon written notice from us.

Computer Hardware and Software

You must purchase any computer hardware, software and peripherals that meet our System standards and specifications. See Item 11 of this disclosure document for additional information

regarding our computer hardware and software purchasing requirements.

Purchasing and Distribution Cooperatives; Rebate Programs

We currently do not have any purchasing or distribution cooperatives, however we reserve the right to establish these types of cooperatives in the future. We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchises. There are currently no purchasing or distribution cooperatives for Franchised Businesses.

ITEM 9. FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	3.2	Items 7, 11 and 12
b. Pre-opening purchases/ leases	3.2, 8.1(a), 8.9	Items 7 and 8
c. Site development and other pre-opening requirements	3.2, 8.1, 8.5(a), 8.8, 8.9	Items 6, 7, 8 and 11
d. Initial and ongoing training	7	Item 11
e. Opening	8.1(a)	Items 11
f. Fees	4, 5.2, 7.3, 7.10, 8.1(c), 8.2(c)(i), 0, 9.1(b)(vii), 10.6, 11.4	Items 5, 6, 7, and 11
g. Compliance with standards and policies/ operations manual	3.4, 6.2, 6.7, 6.8, 7.2, 8	Item 8 and 11
h. Trademarks and proprietary information	6, 7, 8.4(f), 8.5, 8.17, 8.22	Items 13 and 14
i. Restrictions on products/ services offered	8.2, 0	Item 8, 12 and 16
j. Warranty and customer service requirements	8.1	Item 15

	Obligation	Section in Franchise Agreement	Disclosure Document Item
k.	Territorial development and sales quotas	Not Applicable	Items 12 and 17
l.	Ongoing product/ service purchases	8.1, 8.2, 0	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	3.4, 5.2, 8.1	Items 6, 8 11, 12
n.	Insurance	8.9	Items 7 and 8
o.	Advertising	4.4, 8.6	Items 6 and 11
p.	Indemnification	13.3	Item 6
q.	Owners' participation/ management/ staffing	8.1	Items 11 and 15
r.	Records and reports	8.10	Item 6
s.	Inspections and audits	8.10	Items 6 and 11
t.	Transfer	9	Item 17
u.	Renewal	5.2	Item 17
v.	Post term obligations	12	Item 17
w.	Noncompetition covenants	8.14	Item 17
x.	Dispute Resolution	11	Item 17

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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	Minimum Down Payment	Term (months)	Rate of Interest Plus Finance Charge	Monthly Payment	Prepay Penalty	Liability Upon 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 Obligations

Before you open your AdvantaClean Business, we will provide you with the following assistance:

1. Define your Protected Territory (Franchise Agreement, § 1.17).
2. Provide Site selection assistance for your Approved Location, if you have not already obtained an agreed upon Approved Location (Franchise Agreement, § 3.2, Schedule 4).
3. Allow you to use our Marks (Franchise Agreement § 6.1).

4. As discussed in Item 11, provide an initial training program (Franchise Agreement § 7.1).
5. Provide you with our list of all Approved Products and Services, items and equipment needed to open your AdvantaClean Business, along with our proprietary list of Approved Suppliers for those items (as applicable). (Franchise Agreement, § 7.4). We do not provide you with these items or any other equipment, signs, fixtures, opening inventory or supplies directly. You purchase these items from Approved Suppliers. We provide you with written specifications for some items of equipment.
6. Grant and provide you access to our Manual, which includes access to our confidential and proprietary information, including our standards and specifications. You must operate the AdvantaClean 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 any Manual without our consent. (Franchise Agreement, §§ 7.2 and 8.5). The table of contents for our Operations Manual as of the Issuance Date of this Disclosure Document is attached as Exhibit F. The Operations Manual contains 108 pages.
7. Provide you proprietary information for use in connection with the training of your staff. (Franchise Agreement, § 7.2).
8. Supply you with those items and services you are required to purchase from us or our Affiliate, provided you pay for these items prior to, or upon delivery (as we may require). (Franchise Agreement, § 7.4).
9. Provide you with a dedicated phone number which you must use in connection with your AdvantaClean Business and in all marketing items. (Franchise Agreement, § 8.8).
10. Provide you with assistance in coordinating a lead generation program and the other pre-opening and opening services as we deem appropriate in our discretion. (Franchise Agreement, § 7.5).
11. Conduct a launch visit shortly after the opening of your AdvantaClean Business. (Franchise Agreement, § 7.5).

Site Selection and Time to Opening

We require that you find a commercial office/warehouse located within the Protected Territory, which meets our standards and specifications by the first anniversary of your Operating Date. We have thirty (30) days to approve or disapprove the site as a location for the Franchised Business. We will approve the site if it meets our standards and specifications. Your failure to obtain a site for the Franchised Business that meets our standards and specifications within the above timeframe will constitute a default under the Franchise Agreement and may result in the termination of the Franchise Agreement. You will need approximately 1,000 to 1,500 square feet, which includes office space and storage space for the equipment and inventory. We may (but are under no obligation to): (i) provide you with standards and/or guidelines for your office/warehouse location; and/or (ii) otherwise assist you in locating a suitable location to operate your AdvantaClean Business.

(Franchise Agreement, § 3.2).

We estimate that it will take between 90 and 180 days for you to commence operations of your AdvantaClean Business and complete our Initial Training Program and otherwise comply with all of your other pre-opening obligations under your Franchise Agreement. The actual length of this period will depend upon factors such as whether you can acquire acceptable financing arrangements, our training schedules, and time necessary to obtain zoning permits, licenses, and variances in your area.

Post-Opening Obligations

After you open your AdvantaClean Business, we will provide you with the following assistance:

1. Police the Marks and distinguishing characteristics as necessary (in our sole discretion) to protect the System (Franchise Agreement § 6.6).
2. Train you and/or your staff as we develop new products, services and methods (Franchise Agreement § 7.9).
3. Make our representatives available to you during normal business hours for consultation and guidance with respect to the operation and management of the Franchised Business (Franchise Agreement § 7.7).
4. At your request, we will make additional or refresher on-site training available at your expense as we deem appropriate, at the rate of \$500 per day plus travel and living expenses (Franchise Agreement § 7.8).
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 and products, sales techniques, performance standards, and marketing programs (Franchise Agreement § 7.10).
6. Establish and maintain a website that provides information about the ADVANTACLEAN® System and identifies you and our other franchisees (Franchise Agreement § 8.15).
7. Operate a toll-free telephone number to be displayed on the ADVANTACLEAN® website that customers call for routing to the appropriate franchisee (Franchise Agreement § 8.8).
8. We may establish and administer our CRM System, including Telematics/GPS and our Call Center, as we deem advisable to manage prospective and existing AdvantaClean customers and route/assign work orders/inquiries as we deem necessary in our sole discretion. (Franchise Agreement, §§ 8.1(c) and 8.4).
9. We will administer and maintain our National Advertising Fund as described in further detail below. (Franchise Agreement, § 4.4).

We do not have any obligation to assist you in establishing prices, such as setting minimum and/or maximum prices at which you must sell products and services.

You will agree in your Franchise Agreement that we are not joint employers of your employees and other personnel. We do not and will not share or codetermine any of your employees' essential terms and conditions of employment. More specifically, in no case do we have any authority to determine or set your employees': (1) wages, benefits, and other compensation; (2) hours of work and scheduling; (3) the assignment of duties to be performed; (4) the supervision of the performance of duties; (5) work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) the tenure of employment, including hiring and discharge; and/or (7) working conditions related to the safety and health of employees. You alone have sole authority to determine any or all of your employees' essential terms and conditions of employment.

Advertising

You must pay the greater of 1% of your Gross Revenue for the immediately preceding month or \$500 each month to the National Advertising Fund. This amount may be increased at any time, but cannot exceed 2% of your Gross Revenue (Franchise Agreement § 4.4(a)).

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(e) and (f)).

The money in the National Advertising Fund is used primarily for local, regional and national advertising, to enhance the ADVANTACLEAN® image, and to develop marketing support (Franchise Agreement § 4.4).

During the year ending December 31, 2023, we spent the national advertising fund as follows:

- 10% Production (website maintenance, content creation, new technology platforms)
- 52% Media Placement and SEO (digital advertising, email marketing, social media, local pay-per-click support)
- 18% Other (analytics tools, call tracking)
- 20% Administrative

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 ADVANTACLEAN® 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. We recommend you invest at least 8% - 10% of your Gross Revenue in local advertising (Franchise Agreement § 8.3(a)). 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. We are not required to spend any amount on local advertising in your Territory.

We have a Franchise Advisory Council currently consisting of 5 franchisee representatives across the United States. This number may change as the number of franchisees increases. 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 ADVANTACLEAN® 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(j)). The National Advertising Fund is not in a trust, fiduciary relationship, or any other similar special arrangement.

Upon your written 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(l)). 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 § 6.8).

Computer and Software

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (a) a compatible computer system that complies with our standards and specifications and is capable of operating financial and other business software; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; and (d) Internet access mode and bandwidth (collectively, the “Computer System”). (Franchise Agreement, § 8.4).

Presently, you are required to purchase the Technology Systems Package, which includes the computer hardware that meets our Computer System standards and specifications. We also have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and/or tools that you must use, including our CRM software and ProfitKeeper (collectively, the “Required Software”), field operations software tools which may change from time to time (collectively, the “Required Software Tools”), which you must license from us; and (b) updates, supplements, modifications, or enhancements to the Required Software and the Required Software Tools, which you must install. At our request, you must purchase or lease, and thereafter maintain, the hardware necessary to support Required Software and the Required Software Tools. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. Annual costs to make such repairs and install such additions, changes, modifications, substitutions, and/or replacements will range from \$0 to \$3,000. There are no contractual limitations on the frequency or cost of required upgrades. Since computer technology is evolving rapidly, it is difficult to predict the extent of required upgrades or your estimated costs.

The CRM System is a proprietary integrated customer and business management system, which includes customized software, which facilitates the flow of business-related information between the Franchisor, the Franchisee, and the Franchisee’s customers. The CRM System will be managed and maintained by either the Franchisor, a third-party company selected by the Franchisor, or a combination of both. (Franchise Agreement, § 8.4(a)).

We may modify the specifications and the components of the Computer System from time to time, and may require you to obtain specified computer hardware and/or software, including a license to use proprietary software developed by us or others, as well as service and support contracts for the hardware and software. The Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System. The estimated cost of purchasing the Computer System is

approximately \$0 to \$3,000. We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the AdvantaClean Business to us. (Franchise Agreement, § 8.4).

We have the right to independently access, monitor, and retrieve any data you input or collect electronically, including access to your Computer System or for any other purpose we deem necessary. You must deliver to us all access codes, static internet protocol (“IP”) addresses and other information to facilitate our access to the data within 30 days of opening the AdvantaClean Business (Franchise Agreement, § 8.4).

We are the sole owners of all databases, lists, templates, programs and any other software components that have been created and/or customized by or for us using the CRM System, Computer System and/or Required Software and/or Required Software Tools (collectively, the “Proprietary Software”). In the future, we may customize the Proprietary Software and create programs that conduct other activities. You are required to obtain the computer hardware that is necessary to implement the Proprietary Software and comply with all of our specifications and standards as provided in the Manual. This Proprietary Software will be our proprietary product and the information collected from it will be our confidential information. (Franchise Agreement, § 8.4).

You are required to participate in any System-wide computer network, intranet system, extranet system or community portal that we implement and may be required to use the computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) to complete initial or ongoing training as we designate. You must use the computer network, intranet system or extranet system that strictly complies with the standards, protocols, and restrictions provided in the Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. You will be solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described above. (Franchise Agreement, § 8.4)

Training and Certifications

Training and certifications consist of two phases: (1) third party industry certifications; and (2) Academy training. The following third party industry certification classes and completion of associated tests are a prerequisite to attending Academy training.

THIRD PARTY INDUSTRY CERTIFICATIONS

Subject	Hours of In-Person Classroom or Online Training	Hours of On-the-Job Training	Location
Micro Asbestos Awareness	2	0	Online

Subject	Hours of In-Person Classroom or Online Training	Hours of On-the-Job Training	Location
OSHA 10 Construction Safety	10	0	Online
Lead Awareness	4	0	Online
IICRC Water Damage Restoration Technician (WRT)	24	0	Online and Various Third Party Locations
TOTAL	40	0	

TRAINING PROGRAM

Subject	Hours of In-Person Classroom or Virtual Training	Hours of Hands on Training	Location
Sanitization/Disinfecting	1	1	Coppell, TX
Mold Remediation	4	8	Coppell, TX
Duct Cleaning	4	4	Coppell, TX
JobScoping Tools/Estimating/Xactimate	3	4	Coppell, TX
National Accounts	1	0	Coppell, TX

Subject	Hours of In-Person Classroom or Virtual Training	Hours of Hands on Training	Location
Technology Platforms	2	4	Coppell, TX
Call Center Operations	1	0	Coppell, TX
Local Area Marketing	4	0	Coppell, TX
Selling the AdvantaClean® Way	4	0	Coppell, TX
Owner’s Perspective	2	0	Coppell, TX
Additional Service Lines	1	0	Coppell, TX
Small Business Management	4	0	Coppell, TX
TOTAL	31	21	

Academy training lasts for 10-12days and is conducted both virtually and in person at the HFC Experience Center in Coppell, Texas. The classroom and hands-on training conducted in the HFC Experience Center currently lasts for 52 hours spread over 7 days. Our current curriculum is shown in the table above but is subject to change at any time without notice.

We conduct the Academy training program 4 to 6 times per year depending on whether at least two prospective franchisees wish to attend.

Our training program is supervised by Jim Thoma, our VP of Operations since April 2023 and Steve Hurte, our Technical Director since February, 2021. Mr. Hurte previously held the positions with us of Regional Operations Manager since May 2017 and Project Manager for LCR since August 2009. The training modules are presented by employees and/or third party certified partners with at least five years of industry experience.

In addition to the above pre-opening training, you are required to complete the AMRT certification course offered through the IICRC and the NADCA – ASCS certification within 6 months of opening or prior to performing commercial air duct cleaning and/or commercial mold remediation projects, whichever is the earlier.

For your first franchise agreement with us, training for up to two people is provided without charge. We provide you with a travel reimbursement paid by ACH for \$1,000 towards your travel, accommodation, meals and other incidental costs of attending training. Any such costs in excess of \$1,000 are payable by you.

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. We will train one additional person at the same training session as the original trainee at no additional charge. Additional people may attend either the same or later in-person training sessions, subject to class availability, by paying a charge of \$150 per person per day. You must also pay all other costs associated with in-person training, including lodging and airfare, 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. Initial training is conducted as needed, usually every other month.

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.

ITEM 12. TERRITORY

Approved Location

You must operate your AdvantaClean Business from an Approved Location, which must be a leased commercial office/warehouse. Your Approved Location will need approximately 1,000 to 1,500 square feet of secure storage for the office and equipment and inventory. Your Approved Location must be within the Protected Territory granted to you under the Franchise Agreement. You may not relocate your AdvantaClean Business without our written consent, which we will not unreasonably withhold provided that the new location meets our then-current criteria for an Approved Location.

Protected 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. The size of your Protected Territory may vary from other System franchisees based on the location and demographics surrounding your Premises. Typically, a Protected Territory will consist of a minimum

population of 200,000, depending upon geography, demographics, and other factors. The demographics, geography, and other factors we use in defining your Territory are based upon information provided to us by third-party sources that we select in our sole discretion.

While you will not receive any exclusive rights to provide our Approved Products and Services within your Protected Territory, your Protected Territory will be protected in that we will not sell another AdvantaClean franchise that provides the same/competing services within your Protected Territory. The Call Center will generally route appointments in your Protected Territory to you, but appointments are not guaranteed to be assigned to you. Circumstances where appointments in your Protected Territory may be routed to other franchisees instead of, or in addition to, you include: (i) where the work is in the nature of an emergency and (a) you do not respond to the assignment within a time period appropriate under the circumstances, or (b) you are not able to perform the required services for the customer within an appropriate time period; (ii) the work is of such a large scope, complexity and/or commercial nature that your business alone is not capable of performing the work; or (iii) a portion of the Protected Territory has been subjected to a natural disaster or catastrophe.

You may not intentionally direct your advertising or marketing at customers in other franchisees' territories. You must obtain our prior written approval before selling products or services in unassigned Gray Area outside your assigned Protected 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 it or any part of it 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.

The size of your Protected Territory and/or continuation of your Franchise Agreement is not dependent upon your achieving any sales quotas, market penetrations or other contingencies.

National Accounts

We and our Affiliate have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services to any entity that owns or otherwise has responsibility for a building or common services in more than one location whose business is not confined to one particular franchisee's territory, regardless of the contract amount of the services to be performed (a "National Account"). We or any party we may designate shall have the right to perform the services for the National Account within your Protected Territory. Any dispute as to whether a particular customer or account is a National Account will be determined by us, and our determination will be final and binding. You are not entitled to any right to compensation or consideration for work performed by others in your Protected Territory for National Accounts. If we or our Affiliate authorize you to perform work for a National Account, you must enter into our then-current form of Master Services Agreement.

Rights Reserved By Us

We and our affiliates also reserve the exclusive right to: (i) establish and operate, and license third parties the right to establish and operate, other AdvantaClean Businesses using the Proprietary Marks and System at any location outside of the Protected Territory; (ii) acquire, be acquired, merge

with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by your AdvantaClean Business, within or outside your Protected Territory; (iii) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the AdvantaClean Business under marks other than the Proprietary Marks at any location; (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited under your Franchise Agreement; (v) have LCR provide support to you and your AdvantaClean Business and/or perform work within the Protected Territory, including the provision of labor, materials, equipment, and project management on projects in the Protected Territory, as well as charge you its then-current fee to provide such services; (vi) designate and service National Accounts; (vii) service, route, and/or assign any and all customer work orders and inquiries received through our CRM System and/or Call Center; and (viii) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System to engage in any other activities not expressly prohibited under your Franchise Agreement.

Moreover, in the event of a natural disaster or other similar catastrophic situation, as we determine in our sole discretion, LCR and other AdvantaClean Businesses may be permitted to provide support to you and/or perform work in the Protected Territory, including the provision of labor, materials, equipment, and project management on projects in the Protected Territory, and you will not be entitled to any proceeds from the provision of these services performed by third parties within the Protected Territory.

Alternate Channels of Distribution

We, our affiliates, or third parties may distribute our and our affiliates' products and services in your Protected Territory, including those already developed and those yet to be developed, through alternate channels of distribution that we may choose. These 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 we deem appropriate. This does not give you the right to: (i) to distribute such products or services; or (ii) to share in any of the proceeds that a party received through these alternate channels.

Call Center and Servicing Customers Within in Your Territory


Under the Franchise Agreement, you must ensure that all initial calls made to your AdvantaClean Business are forwarded to our System-wide Call Center, which is part of our proprietary CRM System. We reserve the right to outsource our Call Center services. Once a customer's call is routed to our Call Center and we have set up an assignment, we will route that customer's work to you if the customer's location (where the work will be performed) is within your Protected Territory, unless: (i) we determine that the work is in the nature of an emergency and (a) you do not respond to the work assigned to you within a time period we deem appropriate under the circumstances, or (b) you are not able to perform the required services for the customer within a time period we deem appropriate in our sole discretion; (ii) the work is of such a large scope and/or commercial nature that we determine, in our sole discretion, that your AdvantaClean Business is not capable of performing the work requested in accordance with our System standards and specification and/or the prevailing standard of care in the industry for the type of work requested (in

which case we may route the work to you and additional franchisees, or other franchisees, or our affiliate, for completion); or (iii) the work is mistakenly routed to another franchisee or affiliate-owned business due to either the customer providing incorrect information to our Call Center representative or an inadvertent error on the part of the Call Center representative when taking the information from the customer; or (iv) you are not operating the AdvantaClean Business in compliance with the Franchise Agreement; or (v) an area that includes your Protected Territory has been subjected to a disaster or catastrophe as determined solely by us.

It is important for us to have the right to route customers from our Call Center as described in this Item so that we can protect the integrity and goodwill of our System, and also account for inadvertent mistakes by our customers and our Call Center. You do not have any right to share in the Gross Revenue generated from customers that are serviced within your Territory unless your AdvantaClean Business is assigned and subsequently services that customer.

ITEM 13. TRADEMARKS

You will have the limited right to use the following Proprietary Marks that are registered with the United States Patent and Trademark Office (“USPTO”), as well as any other Proprietary Marks we may now or in the future designate in connection with the System, provided you use these marks in accordance with our System standards and specifications:

MARK	REGISTRATION NO.	REGISTRATION DATE	REGISTER
ADVANTACLEAN	2,767,746	September 23, 2003 Renewed May 5, 2023	Principal
ADVANTACLEAN	3,805,697	June 22, 2010 Renewed January 25, 2021	Principal
ADVANTACLEAN	4,209,304	September 18, 2012 Renewed October 6, 2022	Principal
	4,794,259	August 18, 2015	Principal
... FOR A HEALTHY HOME AND BUSINESS	4,794,260	August 18, 2015	Principal
ADVANTACLEAN	5,666,167	January 29, 2019	Principal

We have filed all required affidavits.

There are no active determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or

cancellation proceedings; nor any pending material litigation involving any the Proprietary Marks. Currently, there is no litigation pending or otherwise that limits our ability to use or license the Marks to you or any other franchisee. There are no other agreements that will affect our right to use, and license you to use, the Proprietary Marks in any manner material to the System and franchises offered in this disclosure document.

Your right to use the Proprietary Marks granted under the Franchise Agreement is non-exclusive, and we retain the right, among others: (i) to use the Proprietary Marks for selling products and services; (ii) to grant others licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and (iii) to develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

All your usage of the marks and any goodwill you establish will be for our exclusive benefit and you retain no rights in the Proprietary Marks on the termination or expiration of the Franchise Agreement. You may not use the Proprietary Marks as a part of any corporate or trade name or as part of a domain name, or an electronic address, nor may you use any trade name, trademark, service mark, emblem or logo other than the Proprietary Marks, as we may designate. You must prominently display the Proprietary Marks on the items we designate, including signs and packaging materials. You must obtain fictitious or assumed name registrations we require or under applicable law. You must identify yourself as the owner of the AdvantaClean Business by placing your name on the AdvantaClean Business and on all checks, invoices, receipts, contracts and other documents that bear any of the Proprietary Marks, and on all printed materials your name must be followed by the phrase “an AdvantaClean franchisee” or any other phrase as we direct. Upon termination or expiration of the Franchise Agreement, you are required to de-identify your AdvantaClean Business, removing all of our trademarks, logos or other proprietary items that we specify.

You must immediately notify us of any information that you acquire concerning any use by others of names or marks which are the same, or confusingly or deceptively similar to any of the Proprietary Marks. At our request, you must assist us to protect and maintain our interest in the Proprietary Marks, and we will pay or reimburse your reasonable costs incurred in rendering such assistance, unless we are required to take action to protect our interests because of your wrongful acts or those of any person under your control.

We are not obligated to protect you from the use of the Proprietary Marks in your Protected Territory by third parties. Although our right to pursue any third-party infringers of our Proprietary Marks is optional, as a company policy, we may elect to aggressively protect our rights under the Proprietary Marks. If at any time we consider it to be advisable (in our sole discretion) for us and/or you to modify or discontinue the use of any Proprietary Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice from us and at your expense. We are not obligated to reimburse you for the costs you incur in complying with our directions or the loss of revenue or expenses caused by any modification or discontinuance of a Proprietary Mark. We are not required to protect you against third party claims of trademark infringement or unfair competition, however, we reserve the right to assist in the defense of such matters.

You must immediately notify us of any apparent infringement or challenge to your use of any

proprietary Mark, or any claim by any person of any rights in any Proprietary Mark. You agree not to communicate with any person other than us, our attorneys of choice and your attorneys in connection with any such claim or challenge. If we choose to take over or control the defense of any claim or challenge, the cost of such defense will be paid by us, provided that if any claim or challenge is caused by your wrongful acts, we may require that you indemnify us for any claims or damages we incur. This includes paying all of our attorneys', experts' or other professional fees we may incur to defend any claim or challenge resulting from any of your wrongful acts. In limited instances, if we take over any claim or challenge, we may reimburse you for the reasonable expenses you incur in connection with cooperating with us, as we deem necessary in our sole discretion.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We claim common law copyright and trade secret protection for several aspects of the System including, without limitation, our Manual, training materials, advertising, and business materials. We do not own any registered patents.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our patented and/or copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information that we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the AdvantaClean Business (the "Confidential Information"). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

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

You (or your principals) must devote your personal full-time attention, skill and best efforts to the management and operation of the AdvantaClean Business and to promote and increase the demand for our products and services within the Protected Territory. You (or your principals) agree not to own, maintain, engage in, be employed by or have any interest in any other business other than the AdvantaClean Business. You agree that you may not, without our prior written consent, engage in any commercial activity that: (i) is not performed for the sole and direct benefit of the AdvantaClean Business; (ii) may benefit or promote any other business; and (iii) may be injurious to the AdvantaClean Business or the goodwill associated with the Proprietary Marks and System. Your (or your principals') violation of these terms will be a material breach of the Franchise Agreement, and we may terminate the Franchise Agreement with notice and without an opportunity to cure.

Upon your written request, we may permit you to employ a manager to manage the day-to-

day operations of the AdvantaClean Business (the “Designated Manager”), provided the Designated Manager: (i) is approved by us in writing prior to hiring; and (ii) successfully completes our Initial Training Program before assuming any managerial responsibility. The AdvantaClean Business must, at all times, be staffed with at least one individual who has successfully completed the Initial Training Program. In the event that a Designated Manager resigns or is otherwise terminated, the replacement must be trained pursuant to our then-current standards. The new Designated Manager must successfully complete training within 30 days of hiring. The Designated Manager is not permitted to seek or maintain other employment or engage in any other business activities during the term of the Franchise Agreement. You are required to obtain signing of non-competition covenants similar to those set forth in Section 8.14 of the Franchise Agreement from your Designated Manager.

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

All products and services you use or offer for sale from your AdvantaClean Business must comply with our standards and specifications. Our standards and specifications are set forth in the Manual, which is revised from time to time. You are responsible for ensuring that your AdvantaClean Business meets these standards at all times. We have the right to inspect your AdvantaClean Business or attend a project site for quality control purposes. We have the right to change our System from time to time.

**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP**

This table lists certain important provisions of the Franchise Agreement and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	5.1	10 year initial term
b. Renewal or extension of term	5.2	2 consecutive 5 year terms

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for franchisee 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 franchisee	None	You may terminate under any grounds permitted by law.
e. Termination by franchisor without cause	None	Not Applicable.
f. Termination by franchisor 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.
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, repeated audit reveals understatement of Gross Revenues by 5% or more, if Franchisee loses right to operate Franchised Business from Approved Location..
i. Franchisee's obligations on termination/non-renewal	12.1	Obligations include removal of ADVANTACLEAN® marks and payment of amounts due us. You must assign all telephone numbers relating to the business to us. (See r. below)

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
j. Assignment of contracts by franchisor	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.
k. "Transfer" by franchisee – defined	1.19, 9.2	Includes transfer of contract or assets or any ownership change.
l. Franchisor approval of transfer by franchisee	9.2(b)	We have the right to approve all transfers.
m. Conditions for franchisor 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. Franchisor's right of first refusal to acquire franchisee's business	9.3	We can match any offer for your Franchised Business.
o. Franchisor's option to purchase franchisee's business	12.2	Upon your termination, we may purchase personal property used in connection with the operation of the AdvantaClean Business by: (i) providing you with notice of our election to do so within 60 calendar days of the expiration/termination of your Franchise Agreement; and (ii) pay you the book value for such personal property within 60 days of providing you with this notice.
p. Death or disability of franchisee	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	8.14	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	8.14, 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 ADVANTACLEAN® territory. You must totally de-identify when your franchise rights have ended.
s. Modification of the agreement	14.3	No modifications generally, but Manual 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 – 11.4	Except for certain claims, and subject to state law, all disputes must be arbitrated or mediated in Orange County, California or Dallas County, Texas.
v. Choice of forum	11.4, 11.6	Subject to applicable state law, claims for equitable or injunctive relief must be conducted in California or Texas.
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, Texas law applies to all other issues.

ITEM 18. PUBLIC FIGURES

We do not currently use any public figure to promote our System.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

Background

The following is historical financial data and other information submitted by our franchisees. The franchisees included in this Item 19 operate franchised businesses substantially similar to the business being offered in this Disclosure Document.

Franchisees operate either single territories or multiple territories collectively as one AdvantaClean Business. Franchisees who operate multiple territories do not operate, account for or report each territory individually and the historical data reflected in this Item 19 is based on the totals for all territories owned in conjunction with their AdvantaClean Business. The following is historical financial information concerning the reported annual sales of a subset of our existing outlets, namely: (1) those franchisees who reported gross sales and who were open for business for all of calendar year 2023

(25 single territory franchisees and 24 multiple territory franchisees, representing a total of 95 territories, or 94% of the territories open for all of 2023); and(2) those franchisees who reported gross sales and who were open for business for all of calendar year 2022 (31 single territory franchisees and 38 multiple territory franchisees, representing a total of 113 territories, or 99% of the territories open for all of 2022).

A. Annual Sales Levels

The following table shows annual gross sales reported by franchisees with a single territory and with multiple territories that were in business throughout calendar year 2023 and 2022 who reported sales for the full year. These franchisees represent 94% of the system for 2023 and 99% of the system for 2022. Figures for franchisees that had multiple territories are total sales for all territories – not average per territory – and if a franchisee’s additional territory opened during the year, the total sales do not represent a full year of sales for the additional territory. All gross sales figures are presented without regard to the size of the territory. Although we currently grant territories with an approximate population of 200,000, not all territories are that size. These variations in size arise both because we formerly sold territories of differing sizes and because territories can experience either growth or contraction after a franchise is sold.

During 2023 there were 25 reporting franchisees who operated a single territory throughout the year, and 24 franchisees who operated multiple territories each throughout the year. During 2022 there were 31 reporting franchisees who operated a single territory throughout the year, and 38 franchisees who operated multiple territories each throughout the year.

These sales results are based upon sales reported to us by the franchisees. We have not audited or verified these sales results, and we generally depend upon the franchisees to report their sales accurately. We do not have information concerning how our franchisees maintain their records, or whether those records are kept in accordance with generally accepted accounting principles.

MEASURE	2023	2022	NUMBER OF OUTLETS REPRESENTED	EXPLANATION
Average Sales – One Territory	\$365,801	\$294,136	25 single territory franchisees/25 territories in 2023; 31 single territory franchisees/31 territories in 2022	Equals total sales by all franchisees owning one or multiple territories, divided by the number of franchisees with that number of territories. 10 or 40% of the single territory franchisees and 6 or 25% of the multiple territory franchisees attained or surpassed the stated average results for 2023.
Average Sales – Multiple Territories	\$850,824	\$783,089	24 multiple territory franchisees/70 territories in 2023;	10 or 32% of the single territory franchisees and 12 or 32% of the multiple territory franchisees attained or surpassed the stated average results for 2022.

MEASURE	2023	2022	NUMBER OF OUTLETS REPRESENTED	EXPLANATION
			38 multiple territory franchisees/113 territories in 2022.	<p>The lowest amount reported for a single territory franchisee in 2023 was \$77,018 and the highest was \$1,359,999.</p> <p>The lowest amount reported for a multiple territory franchisee in 2023 was \$215,668 and the highest was \$3,326,572.</p> <p>The lowest amount reported for a single territory franchisee in 2022 was \$67,656 and the highest was \$1,073,175.</p> <p>The lowest amount reported for a multiple territory franchisee in 2022 was \$192,386 and the highest was \$3,390,476.</p>
Median Sales – One Territory	\$253,241	\$249,220		Shows mid-point of annual sales by franchisees with indicated number of territories.
Median Sales – Multiple Territories	\$605,097	\$646,391		<p>13 or 52% of the single territory franchisees attained or surpassed the stated median results for 2023.</p> <p>16 or 52% of the single territory franchisees attained or surpassed the stated median results for 2022.</p> <p>12 or 50% of the multiple territory franchisees attained or surpassed the stated median results for 2023.</p> <p>19 or 50% of the multiple territory franchisees attained or surpassed the stated median results for 2022.</p>
75 th Percentile – One Territory	\$493,304	\$329,540		Reported sales by the 75 th percentile of franchisees; only 25% of franchisees reported sales higher than this level.
75 th Percentile – Two or More Territories ¹	\$855,455	\$857,149		

MEASURE	2023	2022	NUMBER OF OUTLETS REPRESENTED	EXPLANATION
Average Sales of Middle 50% - One Territory	\$305,055	\$252,273		Equals the mean (average) annual gross sales of those franchisees whose reported sales fell between the top 25% and the bottom 25%.
Average Sales of Middle 50% - Two or More Territories	\$649,047	\$644,165		
25 th Percentile – One Territory	\$194,680	\$144,437		Reported sales by the 25 th percentile of franchisees; only 25% of franchisees reported sales lower than this level.
25 th Percentile – Two or More Territories	\$538,538	\$451,477		

The following data are as reported by a subset of franchisees who responded to a survey that we conducted in February 2024 asking about their experiences during 2023. The survey was sent to all our franchisees, and 49 franchisees (90.7% of the system) returned responses. Five (5) franchisees (9.3% of the system) did not respond to the survey for 2023. The questions asked as part of the survey and the results are described below.

B. Years In Business

YEARS IN BUSINESS	% FRANCHISEES
1-2	5
3-4	17
5-6	19
7-9	24
10 plus	35

C. Average Number of Jobs

We asked our franchisees how many jobs they performed in 2023. The average of the responses was 172.

D. Largest Single Job

We asked our franchisees what was the largest completed job performed. The average of the responses was \$63,931. The median was \$38,537. The lowest amount was \$8,000 and the highest was \$261,539.

E. Employee Positions

We asked our franchisees what positions their employees held with their Franchised Business and received the following responses.

POSITION	% FRANCHISEES
Technicians	50
Salespersons	10
Administrators	6
Management	10
Contract Labor	20
Business Development	4

F. Residential vs. Commercial

We asked our franchisees what percentage of their business was residential versus commercial. The average of all responses was 75% residential and 25% commercial. Franchisees reported that their residential and commercial work was, on average, allocated across the following types of work:

RESIDENTIAL	% OF TYPE OF WORK
Water Damage	20
Mold Remediation	20
Air Duct Cleaning	20
Sanitization	7
Fire Damage	9
Moisture Control	14
Radon	2
Reconstruction	8

COMMERCIAL	% OF TYPE OF WORK
Water Damage	24
Mold Remediation	31
Air Duct Cleaning	28
Sanitization	7
Fire Damage	2
Moisture Control	3
Radon	0
Reconstruction	7

G. Work Vehicles

We asked our franchisees what type of vehicles they operated in their businesses and received the following responses:

VEHICLE TYPE	% FRANCHISEES
Pickup Truck	34
Box Truck	20
Van	28
Other	18

H. Repeat and Referral Business

We asked our franchisees what percentage of their business came from repeat or referral business. The average of all responses was 57%.

I. National Accounts Business

We asked our franchisees if they had received at least one project through the National Accounts program. 62% responded yes.

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

We will make written substantiation for these Financial Performance Representations available to you on your reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Steve Willis at AdvantaClean Systems, LLC, c/o Home Franchise Concepts, LLC, at 19000 MacArthur

Blvd., Suite 100, Irvine California 92612, telephone (949) 404-1100, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

**ITEM 20. TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS ENDING
DECEMBER 31, 2021, 2022 AND 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	196	174	-22
	2022	174	142	-32
	2023	142	101	-41
Company-Owned	2021	1	1	+0
	2022	1	0	-1
	2023	0	0	0
Total Outlets	2021	197	175	-22
	2022	175	142	-33
	2023	142	101	-41

**ITEM 20. TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
OTHER THAN ADVANTACLEAN FOR YEARS ENDING
DECEMBER 31, 2021, 2022 AND 2023**

State	Year	Number of Transfers
Georgia	2021	0
	2022	1
	2023	0
Louisiana	2021	0
	2022	1
	2023	0
Wisconsin	2021	2
	2022	0
	2023	0
Virginia	2021	2
	2022	0

State	Year	Number of Transfers
	2023	0
Total	2021	4
	2022	2
	2023	0

**ITEM 20. TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS ENDING
DECEMBER 31, 2021, 2022 AND 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
AL	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	1 ¹	0 ¹
AR	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
CA	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
CO	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0
CT	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	1	4
	2023	4	0	0	0	0	2	2
DC	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
FL	2021	22	0	0	0	0	1	21
	2022	21	0	0	3	0	7	11
	2023	11	0	0	2	0	0	9
GA	2021	7	2	1	0	0	1	7
	2022	7	1	0	1	0	0	7
	2023	7	0	0	0	0	0	7
HI	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
IL	2021	15	0	0	0	0	6	9
	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	1	8

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
IA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
IN	2021	6	0	0	0	0	3	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
KS	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
KY	2021	4	0	0	0	0	0	4
	2022	4	0	2	0	0	0	2
	2023	2	0	0	0	0	1 ¹	1 ¹
LA	2021	6	0	0	0	0	1	5
	2022	5	0	0	0	0	1	4
	2023	4	0	0	0	0	0	4
MD	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	2	4
	2023	4	0	1	0	0	0	3
MA	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
MI	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
MN	2021	10	0	0	0	0	3	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	3 ²	4 ²
MS	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MO	2021	9	0	0	0	0	0	9
	2022	9	0	0	0	0	0	9
	2023	9	0	4	0	0	2	3
NE	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NV	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2021	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
NJ	2022	3	0	0	0	0	2	1
	2023	1	0	0	0	0	0	1
NY	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
NC	2021	23	0	0	0	0	0	23
	2022	23	0	3	1	0	3	16
OH	2021	11	0	0	0	0	1	10
	2022	10	0	0	0	0	1	9
OK	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
OR	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
PA	2021	3	0	0	0	0	0	3
	2022	3	0	1	0	0	0	2
SC	2021	9	0	0	2	0	0	7
	2022	7	1	0	0	0	2	6
TN	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
TX	2021	6	0	0	0	0	0	6
	2022	6	0	1	0	0	1	4
VA	2021	13	0	0	0	0	3	10
	2022	10	1	0	0	0	0	11
WA	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
WI	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Totals	2021	196	2	1	3	0	20	174
	2022	174	3	8	5	0	22	142

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
	2023	142	0	13	3	0	25	101

1. *One territory converted to our Lightspeed Restoration brand.*
2. *Three territories converted to our Lightspeed Restoration brand.*
3. *Two territories converted to our Lightspeed Restoration brand.*
4. *Eight territories converted to our Lightspeed Restoration brand.*

**ITEM 20. TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ENDING
DECEMBER 31, 2021, 2022 AND 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
TX	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
	2023	0	0	0	0	0	0
Total	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
	2023	0	0	0	0	0	0

**ITEM 20. TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2024**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	0	0
Colorado	0	1	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	0	0
Georgia	0	0	0
Hawaii	0	0	0

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year
Illinois	0	1	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	1	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	1	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	0	0	0
Texas	0	2	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
Washington, DC	0	0	0
West Virginia	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
Total	0	6	0

Attached to this disclosure document as Exhibit C is a list of all current franchisees as of January 5, 2024, with the address and telephone number of each of their businesses.

Attached to this disclosure document as Exhibit D is the name, last known city and state, and telephone number of each franchisee whose franchise has, during the most recently completed fiscal year, been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business or who has not communicated with us within ten weeks of the issuance date of this disclosure document. Exhibit D lists 26 terminated franchises and 0 transferred franchises.

There is no trademark-specific franchisee organization associated with the franchise system being offered in this disclosure document.

If we grant you this franchise, your contact information may be disclosed to other prospective franchisees when you leave the franchise system.

In some instances, current and former franchisees will sign provisions restricting their ability to speak openly about their experience with the AdvantaClean System. You may wish to speak to current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the last three fiscal years, some franchisees have signed confidentiality provisions that would restrict their ability to speak openly about their experience with our System. There are no trademark-specific organizations formed by our franchisees that are associated with our System.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit B to this Disclosure Document are our audited financial statements as of and for the fiscal years ending December 31, 2023, December 31, 2022 and December 31, 2021.

ITEM 22. CONTRACTS

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

TITLE OF AGREEMENT	EXHIBIT	SIGNED BY
Franchise Agreement	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.
Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names	Schedule 2 to Exhibit A	You and us
Electronic Funds Withdrawal Authorization	Schedule 3 to Exhibit A	You and us
Site Selection Addendum	Schedule 4 to Exhibit A	You and us

Consent to Transfer and Assumption of Franchise Agreement	Exhibit G	You, new franchisee and us
Veteran's 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
Master Services Agreement	Exhibit K	You and us
Collateral Assignment of Lease	Exhibit L	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. RECEIPTS

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

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STATE SPECIFIC ADDENDA

California

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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

California Business and Professions Code §§20000 through 20043 (the "Franchise Relations Act") provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

The franchise agreement contains a covenant not to compete that continues after the termination of the franchise. This provision may not be enforceable under California law.

Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a franchise agreement that requires you to waive your rights under either or both of these laws is void. Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws.

Unless the transaction is exempt under the statute, Section 31125 of the California Corporations Code requires the franchisor to give the franchise a special disclosure document before soliciting a proposed material modification of an existing franchise.

The franchise agreement requires binding arbitration. The arbitration will occur in Brown County, South Dakota, with the costs being determined according to the rules of the American Arbitration Association.

The franchise agreement contains a liquidated damages clause. Under Civil Code Section 16711 certain liquidated damages clauses are unenforceable.

The highest interest rate allowed by law in California for late payments is 10% annually.

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

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.

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

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

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 AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

Hawaii

HAWAII DISCLAIMER

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in Hawaii authorized to receive service of process:

Commissioner of Securities
Department of Commerce and Consumer Affairs Business Registration Division
335 Merchant Street
Honolulu, HI 96813

(1) Item 1 is amended to add the following:

The name and address of our agent in this state authorized to receive service of process is: the Commissioner of Securities of the Department of Commerce and Consumer Affairs, 335 Merchant Street, Honolulu, Hawaii 96813.

(2) Item 5 of the disclosure document is modified to include the following paragraph:

On request of the Commissioner of Securities of the Department of Commerce and Consumer Affairs, we have agreed to defer collection of all initial fees until we have performed all our pre-opening obligations.

(3) Item 17, Summary column for (i) is amended to add the following:

Under Hawaii law, on termination or refusal to renew the franchise, you are entitled to be compensated for the fair market value, at the time of the termination or expiration of the franchise, of your inventory, supplies, equipment and furnishings purchased from us or a supplier we designated; except that personalized materials that have no value to us need not be compensated for. If we refuse to renew the franchise for the purpose of converting your business to one we own and operate, we, in addition to the remedies described above, will compensate you for the loss of goodwill. We may deduct from the compensation reasonable costs incurred in removing, transporting and disposing of your inventory, supplies, equipment and furnishings under this requirement, and may offset from the compensation any moneys you owe us.

(4) Item 20 is amended to add the following:

Registrations are effective or proposed registrations will shortly be on file in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

Proposed registrations or filings for these franchises are or will be shortly on file in no other state. No states have refused, by order or otherwise, to register these franchises.

No states have revoked or suspended the right to offer these franchises.

(5) There are no states in which a proposed registration of these franchises has been withdrawn.

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

Illinois

Illinois law governs the Agreements.

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.

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements.

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.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Maryland

Item 5 of the Franchise Disclosure Document is hereby supplemented with the following:

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

Amendments to Item 17 of the disclosure document:

Item 17m (Transfer) is amended to add the following statement:

The general release required as a condition of transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17v (Choice of Forum) is amended to state: "None for equitable/injunctive relief and South Dakota for arbitration/mediation proceedings" under the heading "Summary".

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 says that we may require you to sign a release of claims as a condition of renewal or transfer of your franchise. The release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Under the franchise agreement, you must disclaim the occurrence and/or acknowledge the non-occurrence of acts that might constitute a violation of the Maryland Franchise Law. These representations are not intended to nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the franchise is granted.

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

Minnesota

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights 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.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5. The Franchise Disclosure Document provides for a fee of \$300 for insufficient funds. Minnesota Statute 604.113 caps such service charges at \$30.

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

New York

1. 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, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. 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:

A. 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.

B. 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.

C. 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.

D. 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.

3. The following is added to the end of Item 4:

Other than the foregoing, 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.

4. 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.

5. The following is added to the end of the “Summary” sections of Item 17®, 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.

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

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

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by 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.

8. 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 17(i) is amended to omit any requirement to execute a general release upon renewal of the franchise agreement.

Item 17(i) is amended to omit any requirement to comply with subclause (xv) Item 17(r) is amended to add the following: “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

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

Item 17(v) is amended to state “None” under the heading for “Section in franchise agreement” and “None” under the heading for “Summary”.

Item 17(w) is amended to replace “Texas” with “North Dakota”.

Washington

In lieu of an impound of franchise fees, the franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or disclosure document, and (b) is open for business.

Item 3 of the FDD is hereby amended to include the following:

In January 2018, the Attorney General of Washington initiated the “In re Franchise No Poaching Provisions Investigation” which included investigation of the hiring practices of franchisors and franchisees in Washington. Specifically, the Attorney General asserted that provisions in franchise agreements that restrict a franchisee’s ability to solicit or hire employees from the franchisor or other franchisees constitute a contract, combination or conspiracy in restraint of trade in violation of the Consumer Protection Act. RCW 19.86.030. In September 2019, we proactively entered into a voluntary Assurance of Discontinuance (“AOD”) with Washington. Under the AOD we agreed to refrain from including in our franchise agreement in the future any provisions that purport to restrict a franchisee’s ability to solicit or hire employees from AdvantaClean Systems, LLC or other franchisees. Before entering into the AOD, we had already removed from our franchise agreement a provision that Washington would have asked us to remove. We have never enforced this provision in the past and, pursuant to the AOD, we agreed not to enforce this provision in any of our existing franchise agreements in the future. The AOD also required that we endeavor to amend these existing franchise agreements to remove that provision. We entered into the AOD voluntarily, to expedite our continued franchise operations in Washington, and we do not agree or concede that any claim made by Washington had merit.

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 shall 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 franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees and ask them about their experience with the franchisor.

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. **EXHIBIT A**

FRANCHISE AGREEMENT, STATE ADDENDUM AND SCHEDULES



FRANCHISE AGREEMENT

TABLE OF CONTENTS

Data Sheet

1.	DEFINITIONS	1
1.1	Affiliate	1
1.2	Approved Location	2
1.3	Approved Products and Services	2
1.4	Call Center.....	2
1.5	Company-Owned Operation	2
1.6	Control	2
1.7	CRM System	2
1.8	Franchised Business.....	2
1.9	Gray Area	2
1.10	Gross Revenue.....	3
1.11	Manager	3
1.12	Marks	3
1.13	Materials.....	3
1.14	National Account.....	3
1.15	Non-Core Services.....	4
1.16	Operations Portal	4
1.17	Protected Territory	4
1.18	Restoration and Remediation Services	4
1.19	System.....	4
1.20	Transfer	4
2.	THE FRANCHISED BUSINESS	5
2.1	Grant of Franchise	5
2.2	Protected Territory	5
2.3	Events of Catastrophe	7
2.4	Alternate Channels of Distribution	7
2.5	Right to Service Customers in Protected Territory; Use of Call Center	7
2.6	Reserved Rights	8
2.7	Area and Scope of Operation.....	8
3.	LOCATION OF BUSINESS	8
3.1	Approved Location	8
3.2	Site Location.....	9
3.3	Relocation	9
3.4	Franchised Business Appearance and Construction	9
3.5	Use of Premises	10
4.	PAYMENTS BY FRANCHISEE	10
4.1	Franchise Fee.....	10
4.2	Territory Fee.....	10
4.3	Continuing Royalty.....	10
4.4	National Advertising Fund	11
4.5	Technology Fee.....	12
4.6	Convention Fee.....	13
4.7	Means and Time of Payment.....	13
4.8	Late or Insufficient Funds Fee.....	13
4.9	No Accord or Satisfaction	13
4.10	Fees for Optional Referrals	13
4.11	Consumer Price Index.....	14
5.	TERM	14
5.1	Initial Term.....	14
5.2	Additional Term.....	14
5.3	Notice of Expiration Required by Law.....	15
6.	INTELLECTUAL PROPERTY.....	15
6.1	Marks	15
6.2	Acts in Derogation of the Franchisor’s Rights	16
6.3	Use and Modification of Marks.....	17
6.4	Use of Other Trademarks.....	18
6.5	Prohibition Against Disputing Franchisor’s Rights.....	18

6.6	Mark Infringement Claims and Defense of Marks	18
6.7	Use of Marks on the Internet	18
6.8	Use of Marks in Social Media	19
6.9	Copyrights	20
7.	TRAINING AND INITIAL AND ONGOING ASSISTANCE	20
7.1	Initial Training	20
7.2	Proprietary Materials	21
7.3	Additional Attendees	21
7.4	Initial Supplies	21
7.5	Initial Marketing and Opening Assistance	21
7.6	Staff Training	22
7.7	Ongoing Assistance	22
7.8	On-Site Assistance	22
7.9	Staff Training Courses	22
7.10	Convention	22
8.	OPERATION OF BUSINESS	23
8.1	Franchisee Operational Requirements	23
8.2	Purchasing Requirements	25
8.3	Authorized Products and Services	28
8.4	Computer Software and Hardware	28
8.5	Operations Portal	30
8.6	Local Area Marketing	31
8.7	Regional Advertising and Promotional Cooperative	31
8.8	Telephone Numbers	32
8.9	Insurance	32
8.10	Reporting, Data, Records and Rights of Inspection	34
8.11	Franchised Business Inspection	36
8.12	Compliance with Laws	36
8.13	Pricing	36
8.14	No Competing Businesses	37
8.15	Franchisor's Web Site	38
8.16	E-mail, Internet, Social Media and Other Media	40
8.17	Franchisor Electronic Portal	40
8.18	Change in Status Processing	41
8.19	National Accounts	41
8.20	Vendor Allowances	41
8.21	Privacy	42
8.22	PCI DSS Compliance	43
8.23	Nondisclosure and Confidentiality	43
9.	ASSIGNMENT	43
9.1	Assignment by Franchisor	43
9.2	Assignment by Franchisee	44
9.3	Right of First Refusal	46
9.4	Transfers to Family Members	46
9.5	Transfers to Affiliated People	46
9.6	Transfers Upon Death or Incapacity	47
10.	DEFAULT AND TERMINATION	47
10.1	General	47
10.2	Termination Without Opportunity to Cure	48
10.3	Termination Subject to Opportunity to Cure	49
10.4	Description of Default	49
10.5	Statutory Limitations	49
10.6	Alternative Remedies	50
10.7	Step In Rights	50
11.	DISPUTE RESOLUTION	50
11.1	Alternate Dispute Resolution	50
11.2	Disputes Not Subject To Alternate Dispute Resolution	51
11.3	Option to Mediate Dispute	51
11.4	Arbitration	51
11.5	Business Judgment	52
11.6	Venue, Submission to Court, Limitation of Damages	53
11.7	Independence of Provisions	53
12.	FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION	53

12.1	Franchisee’s Obligations following Termination or Expiration	53
12.2	Option to Purchase Personal Property	55
12.3	Exclusions	56
12.4	Damages, Costs, and Expenses	56
12.5	Rights of Franchisor.....	56
12.6	Franchisor’s Right to Cure Defaults by Franchisee.....	56
12.7	Waiver and Delay	56
12.8	Attorney Fees and Expenses.....	57
13.	GENERAL CONDITIONS AND PROVISIONS	57
13.1	Relationship of Franchisee to Franchisor	57
13.2	No Liability	57
13.3	Indemnity	57
13.4	Survival of Covenants.....	58
13.5	Successors and Assigns.....	58
13.6	Joint and Several Liability.....	58
13.7	Counterparts	58
13.8	Notices	58
13.9	Franchisor’s Discretion	59
14.	CONSTRUCTION OF AGREEMENT	59
14.1	Governing Law	59
14.2	Entire Agreement.....	60
14.3	Modification	60
14.4	Titles for Convenience Only.....	60
14.5	Gender.....	60
14.6	Severability	60
14.7	No Third Party Beneficiaries.....	61
14.8	Examples Not Exclusive	61
14.9	"Person" Inclusive.....	61
15.	SUBMISSION OF AGREEMENT	61
16.	ACKNOWLEDGMENTS AND REPRESENTATIONS	61
16.1	Certain Acknowledgments and Representations of Franchisee	61
16.2	Additional Information Respecting Franchisee	62

STATE SPECIFIC ADDENDUM TO FRANCHISE AGREEMENT

SCHEDULES TO FRANCHISE AGREEMENT:

1. Personal Guaranty
2. Conditional Assignment of Franchisee’s Telephone Numbers, Facsimile Numbers and Domain Names
3. Electronic Funds Withdrawal Authorization
4. Site Selection Addendum

DATA SHEET

Franchisee: _____

Guarantors: _____

Effective Date: _____

Operating Date: _____

Approved Location: _____

Protected Territory:

(If identified on a chart and/or map, please attach chart and/or map and reference attachment above)

Telephone Number:

E-Mail Address:

Initial Franchise Fee:

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is entered into as of _____ (“Effective Date”), between AdvantaClean Systems, LLC, a North Carolina limited liability company (“Franchisor”), and _____, a(n) _____ proposing to do business in the state of _____ as AdvantaClean of _____ (“Franchisee”). Franchisee will begin operation under this Agreement on _____ (“Operating Date”).

RECITALS

- a) Franchisor is engaged in the administration and development of programs for the operation of Franchised Businesses that offer and sell Restoration and Remediation Services in residential and commercial properties that make homes and buildings clean, safe, healthy and energy efficient.
- b) 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 Restoration and Remediation Services.
- c) Franchisee wishes to be franchised by the Franchisor to use the System, the Marks, and the goodwill of Franchisor to conduct a 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 Manual, 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 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 Location

The term “Approved Location” means the approved office/warehouse space located in the Protected Territory that meets Franchisor’s then-current standards and specifications for an Approved Location.

1.3 Approved Products and Services

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

1.4 Call Center

The term “Call Center” means a centralized call center established or outsourced by Franchisor for the purpose of accepting telephone, internet and other inquiries from potential customers and forwarding such customer information to the appropriate franchisee.

1.5 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.

1.6 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.

1.7 CRM System

The term “CRM System” means a proprietary integrated business management system, which includes customized software, which facilitates the flow of business-related information between Franchisee, Franchisor, and Franchisee’s customers.

1.8 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.

1.9 Gray Area

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

1.10 Gross Revenue

The term "Gross Revenue" means the aggregate of all revenues, sales and other income of Franchisee from whatever source derived, including Gray Area, regardless of whether collected by Franchisee, arising out of, in connection with or relating to the Franchised Business including, without limitation, (a) income from the sale of any products or other items; (b) income from any services provided; and (c) 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 product or service offered in connection with the Franchised Business. Franchisor reserves the right to institute policies in the Manual or otherwise in writing and from time to time, regarding the inclusion in Gross Revenue of any pre-paid goods and services (including, without limitation, gift cards and gift certificates) and delivery and redemption thereof.

1.11 Manager

The term "Manager" means the employee or agent of Franchisee who has been designated by Franchisee as the person responsible for the day-to-day operation of the Franchised Business and who has successfully completed initial training. If Franchisee is an individual, Franchisee may be the Manager.

1.12 Marks

The term "Marks" means "ADVANTACLEAN[®]" 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.

1.13 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.

1.14 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.

1.15 Non-Core Services

The term "Non-Core Services" means services other than Restoration and Remediation Services performed by Franchisee under subcontract including but not limited to reconstruction services.

1.16 Manual

The term "Manual" means the Franchisor's confidential operations manual, which contains mandatory and suggested specifications, standards and operating procedures for the System, which may be modified and/or supplemented by Franchisor at any time as Franchisor deems advisable in its sole discretion, including Franchisor's proprietary and confidential operations manual for operating a Franchised Business. The Manual may cover such topics as pre-opening procedures, systems and procedures, personnel policies, specifications for vehicles, supplies, equipment and inventory, marketing, accounting and bookkeeping and related matters as may be incorporated from time to time.

1.17 Protected Territory

The term "Protected Territory" means the geographic area described in the attached Data Sheet which is incorporated herein by reference.

1.18 Restoration and Remediation Services

The term "Restoration and Remediation Services" includes: (i) cleaning, sealing and maintenance of air ducts, dryer vents, coils and ventilation systems; (ii) mold remediation, microbial sampling, testing and indoor air quality assessments; (iii) performance of 24-hour emergency mitigation, cleaning and restoration services for properties damaged by water, fire and other approved property damage events; (iv) a variety of solutions that improve the condition and performance of basements, crawlspaces and attics; (v) moisture control, waterproofing, dehumidification, ventilation, and other related products and services that improve the condition and performance of those areas; (vi) radon measurement and mitigation; and (vii) other products, services and events that Franchisor may approve and modify from time to time.

1.19 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, including its telematics, GPS, and the Call Center; (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 Manual.

1.20 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 Manual, from the Operating Date until the end of the Term, unless sooner terminated. **Nothing contained in this Agreement may be interpreted as a guarantee of success.** 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 8.14, and subject to all other applicable provisions of this Agreement and the Manual. 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 Restoration and Remediation 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 licensee or 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, licensee, 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 ADVANTACLEAN® franchisees. If Franchisee is afforded the opportunity to participate in joint marketing efforts but declines to do so, the participating ADVANTACLEAN® 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 Manual. 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 Sections 8.15(e) and 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 8.19, (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 Restoration and Remediation Services, (v) to sell Restoration and Remediation 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 have Franchisor's Affiliate, Loss Control and Recovery, LLC ("LCR"), provide support to Franchisee and the Franchised Business and/or perform work within the Protected Territory, including the provision of labor, materials, equipment, and project management on projects in the Protected Territory, as well as charge Franchisee its then-current fee to provide such services; (viii) to exercise its rights under Section 2.3 of this Agreement in the event of catastrophe(s); (ix) to designate and service National Accounts as set forth more fully in this Section; (x) service, route, and/or assign any and all customer work orders and inquiries received through the CRM System and/or Call Center in accordance with Section 2.5 of this Agreement; and (xi) 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.

2.3 Events of Catastrophe

In the event of a natural disaster or other similar catastrophic situation, as Franchisor determines in its sole discretion, LCR and other System franchisees may be permitted to provide support to Franchisee and/or perform work in the Protected Territory, including the provision of labor, materials, equipment, and project management on projects in the Protected Territory, and Franchisee will not be entitled to any proceeds from the provision of these services performed by third parties within the Protected Territory.

2.4 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 2.4; or (ii) to share in any of the proceeds received by any such party therefrom.

2.5 Right to Service Customers in Protected Territory; Use of Call Center

(a) Franchisee must ensure that all initial calls made to the Franchised Business are forwarded to the Call Center, which is part of the CRM System. Once a customer's call is routed to the Call Center and assigned to the Franchised Business, Franchisor will route that customer's work to Franchisee if the customer's location (where the work is to be performed) is within the Protected Territory, unless: (i) Franchisor determines that the work is in the nature of an emergency and (a) Franchisee does not respond to the assignment within a time period Franchisor deems in its sole discretion appropriate under the circumstances, or (b) Franchisee is not able to perform the required services for the customer within a time period Franchisor deems appropriate in its sole discretion; (ii) the work is of such a large scope, complexity and/or commercial nature that Franchisor determines, in its sole discretion, that Franchisee is not capable of performing the work requested in accordance with System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case Franchisor may route the work order to Franchisee and additional franchisees, or other franchisees, or Franchisor's Affiliate, for completion); (iii) the work order is mistakenly routed to another franchisee or Affiliate-owned business due to either the customer providing incorrect information to a Call Center representative or an inadvertent error on the part of the Call Center representative when taking the information from the customer; (iv) Franchisee is not operating the Franchised Business in compliance with this Agreement; or (v) Franchisor reasonably determines that a portion of the Protected Territory has been subjected to a disaster or catastrophe.

(b) Franchisee agrees and acknowledges that Franchisor's rights under this Section are necessary to: (i) maintain uniformity across the System and ensure that all work performed under the Marks meets Franchisor's System standards for customer service; and (ii) account for inadvertent mistakes by Franchisor's customers and the Call Center. Franchisee further acknowledges that it does not have any right to share in the Gross Revenue generated from customers that are serviced within the Protected Territory unless Franchisee is assigned, and subsequently provides services to, such customers.

2.6 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.

2.7 Area and Scope of Operation

Franchisee will only conduct its Franchised Business within the Protected Territory and Franchisee's Approved Location 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 contracts for which orders were completed before Franchisor gave Franchisee notice to cease marketing in the area. Any contracts 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 Approved Location

The Approved Location is at the following address:

Franchisee must operate the Franchised Business only from the Approved Location. Franchisee will need to lease approximately 1,500 to 2,000 square feet of commercial real estate for the office/warehouse and to securely store equipment/inventory. The office may be located in the warehouse, provided that it meets Franchisor's standards and specifications. Franchisor may provide Franchisee with standards and specifications for the design and layout of the premises of the Approved Location, and Franchisor must review and approve any proposed location, as well as any lease associated with the proposed location, prior to Franchisee entering into any lease for the proposed location. Franchisee must secure its Approved Location within twelve (12) months of executing this Agreement in the event the parties have not agreed on an Approved Location prior to executing this Agreement. If Franchisor has not approved a location from which Franchisee must operate the Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into Franchisor's prescribed form of Site Selection Addendum (as attached as Schedule 4), the terms of which will govern the parties' site selection obligations. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent.

3.2 Site Location.

Franchisee shall operate the Franchised Business from an approved office/warehouse space that meets Franchisor's then-current standards and specifications for an Approved Location. Franchisee will need to lease approximately 1,500 to 2,000 square feet of commercial real estate for Franchisee's office and to securely store all equipment and inventory. Franchisor may provide Franchisee with standards and specifications for the design and layout of the premises of the Approved Location, and Franchisor must review and approve any proposed location, as well as any lease associated with the proposed location, prior to Franchisee entering into any lease for the proposed location. If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, the parties shall enter into Franchisor's prescribed form of Site Selection Addendum, the terms of which shall govern the parties' site selection obligations.

3.3 Relocation

If, for any reason, the Franchisee cannot continue to occupy the Location, 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 Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location. 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 Approved Location 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 Approved Location 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 Approved Location.

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 \$5,000. 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.

4.2 Territory Fee

If Franchisee is purchasing the Protected Territory from Franchisor (rather than an existing franchisee) Franchisee also will 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.

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 bank deposits calculated below; or (b) a minimum monthly Continuing Royalty of \$500 for the first 12 months of the Term and \$1,000 thereafter:

Monthly Royalty	Bank Deposits for Year to Date
8.0%	0 - \$350,000
7.0%	\$350,000.01 - \$750,000
6.0%	\$750,000.01 - \$1,000,000
5.0%	\$1,000,001 and above
2.0%	Non-Core Subcontracted Services

Deposits for work performed in Gray Area are to be included. Non-Core Subcontracted Services are services other than Restoration and Remediation Services that are performed by others under subcontract, for example, reconstruction services. If requested by Franchisor, Franchisee must provide such documentation for Non-Core Subcontracted Services as Franchisor prescribes.

If Franchisee has more than one franchise agreement with Franchisor containing this Continuing Royalty provision, the deposits for each franchised business thereunder are averaged for purposes of this calculation. For example, if Franchisee has two franchise agreements, the bank deposits for both franchised businesses are added together and divided by two to arrive at the average deposits 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) The Continuing Royalty payable for any month for which bank deposits have not been reported when due as required by Section 8.4(b) shall be calculated based on imputed deposits of \$60,000 for the month. If, once the late deposit reporting has been received, Franchisor determines that the deposits for that month were: (a) less than \$60,000, the overpayment of Continuing Royalty shall be applied to the Continuing Royalty for the month following the month in which the deposits were reported; or (b) more than \$60,000, the underpayment of Continuing Royalty shall be added to the Continuing Royalty for the month following the month in which the late deposit reporting was received by Franchisor.

(c) Payments of Continuing Royalty are not refundable.

4.4 National Advertising Fund

(a) Throughout the Term of this Agreement, Franchisee will pay Franchisor a monthly National Advertising Fee equal to the greater of one percent (1%) of Franchisee's monthly bank deposits for the previous month or \$500. Monthly National Advertising Fund payments are paid in arrears. Franchisor may increase this amount but not above 2% of Franchisee's monthly bank deposits. Deposits for work performed in Gray Area are to be included.

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

(c) Franchisor may in the future establish the ADVANTACLEAN® National Support Services Network, under which qualified representatives will be able to respond to inquiries from customers of ADVANTACLEAN® 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 ADVANTACLEAN® 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, Internet 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 Technology Fee

Throughout the Term of this Agreement, Franchisee will pay Franchisor, in advance, a monthly Technology Fee in the amount specified in the Manual. The Technology Fee is applied towards the cost of operating, upgrading and supporting Franchisor's technology platforms including the CRM System, required computer hardware and software, hosting services and solutions, and any other technology used in the operation of the Franchised Business. 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 Technology Fee is subject to change from time to time. Payments of Technology Fee are not refundable.

4.6 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.

4.7 Means and Time of Payment

Franchisee must authorize Franchisor to withdraw Continuing Royalty fees, National Advertising 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.

4.8 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 in the amount specified in the Manual.

4.9 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.

4.10 Fees for Optional Referrals

Unless Franchisee has advised Franchisor in writing of its election not to participate in a particular referral 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.

4.11 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 ADVANTACLEAN® 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 Manual, 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 franchise during the Term to display and use the Marks strictly according to the limitations provided in this Agreement and the Manual. 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 "ADVANTACLEAN[®]" may have been used by other people in the conduct of Restoration and Remediation 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 "ADVANTACLEAN[®]" 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 "ADVANTACLEAN[®]" 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 "ADVANTACLEAN[®]".

(c) The name "ADVANTACLEAN[®]" 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 "ADVANTACLEAN[®]" 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 "ADVANTACLEAN[®]" by anyone else. Nothing in the preceding sentence, however, will be considered to limit a party's respective obligations under 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 Manual) 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 Manual. Franchisor will disclose its trade secrets to Franchisee by providing access to Franchisee for the Term of this Agreement the Manual 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 Restoration and Remediation 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 Manual. 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 Manual. 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 "ADVANTACLEAN[®]" 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 Manual.

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 Manual 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 "ADVANTACLEAN[®]", the URL: www.advantaclean.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 6.8. 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 Manual, 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 and within one hundred eighty (180) days from the date this Agreement is fully executed. 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 Manual.

(b) Franchisor will provide Franchisee with a \$1,000 travel voucher to attend initial training. Franchisee is responsible for all costs of transport, accommodation, meals and incidental expenses in excess of \$1,000.

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 Manual 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 Manual. Franchisor will not assess a training fee for Franchisee and Franchisee's Manager. Franchisor reserves the right to assess a reasonable charge, not to exceed \$150 per day per person, for training additional attendees. At Franchisor's discretion, any additional trainees may not be allowed to participate in field trips or vendor visits during the Initial Training.

7.4 Initial 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 Initial Marketing and 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 Manual, 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 Ongoing Assistance

Franchisor may 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, facsimile, intranet communication, on-site visits, CRM, or other means.

7.8 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. Franchisor may also use the Manual to provide some self-serve training materials.

7.9 Staff Training Courses

(a) Franchisor may make available to Franchisee, from time to time, optional staff training courses, seminars, conferences, or other programs, in a suitable location in Franchisor's discretion. Franchisor may charge a reasonable fee for such optional courses. 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 staff training courses described in this Section 7.9, Franchisee will pay the travel, hotel and meal expenses for Franchisee's attendees.

7.10 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 4.6 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 effectuate the EFT Program to automatically withdraw all payments due and owing Franchisor and its affiliates under the Franchise Agreement.

(b) Hours of Operation. Franchisee must operate the Franchised Business for at least those days and number of hours Franchisor specifies in the Manual.

(c) Call Center. Franchisee must comply with Franchisor's procedures for using the Call Center as Franchisor specifies in the Manual or otherwise in writing, including any fees Franchisee must pay in connection with administering and maintaining this service. Franchisor has the absolute right to receive all customer calls to the Franchised Business, and subsequently service, route and/or assign any work orders or inquiries resulting from such calls as it deems advisable in its sole discretion, regardless of whether the customer is located within Franchisee's Protected Territory. All AdvantaClean-related phone numbers and internet lead sources are required to be ported to or directed to Franchisor.

(d) Maintenance of Premises and Project Sites. Franchisee must maintain the Franchised Business and all project sites 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 Manual. 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.

(e) 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. Franchisor and Franchisee are not joint employers of Franchisee's employees and other personnel. Franchisor does not and will not share or codetermine any of Franchisee's employees' essential terms and conditions of employment. More specifically, in no case does Franchisor have any authority to determine or set Franchisees' employees': (1) wages, benefits, and other compensation; (2) hours of work and scheduling; (3) the assignment of duties to be performed; (4) the supervision of the performance of duties; (5) work rules and directions governing the manner, means, and methods of

the performance of duties and the grounds for discipline; (6) the tenure of employment, including hiring and discharge; and/or (7) working conditions related to the safety and health of employees. Franchisee alone has sole authority to determine any or all of Franchisee's employees' essential terms and conditions of employment. Franchisee will indemnify Franchisor (under Section 13.3, below) for any actual or alleged claim that Franchisor and Franchisee are joint employers of any Franchisee employee or personnel and all claims arising out of or relating to Franchisee's employees and Franchisee's hiring, firing, and discipline decisions concerning those employees.

(f) Compliance with Manual and Training of Employees. Franchisee agrees to conduct the Franchised Business in accordance with the Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Manual, and shall continue such training and instruction as long as each employee is employed. The Manual 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.

(g) 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 7.1. 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.

(h) 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.

(i) 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, including Franchisor's proprietary products and other equipment and supplies used at project sites, as required by Franchisor to adequately meet consumer demand.

(j) Products with Proprietary Marks. Franchisee shall in the operation of its Franchised Business, use and display labels, forms, vehicles, supplies, equipment and inventory imprinted

with the Proprietary Marks and colors as prescribed by the Franchisor.

(k) 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.

(l) Customer Service. Franchisee must comply with any standards, specifications or methodologies that Franchisor establishes in the Manual 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.

(m) Customer Relations. Except as otherwise specified by Franchisor in the Manual 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.

(n) Standard Maintenance and System Conformity. Franchisee agrees to repair, refinish, replace, and/or otherwise refurbish the Franchised Business's Computer System, POS System, Required Software, vehicle(s), trailer(s), equipment, tools and the Approved Location's 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 Approved Location 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 Approved Location 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 Approved Location and effect such maintenance on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand.

(o) 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 Manual 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 Manual 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 Manual 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 Manual 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 through the EFT Program 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: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) 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, marketing services, 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.

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 Manual, to adequately satisfy consumer demand. Franchisee must offer, use and sell all private label products which Franchisor may now or in the future designate for sale by System franchisees. In the event Franchisee wishes to offer any Approved Products or Services that Franchisor indicates requires additional training or certification from Franchisor or its designee, then Franchisee must complete such training and/or obtain such certification, at Franchisee's sole expense, prior to providing these specialized Approved Products and Services. Without limitation, fire remediation services require additional training and certification from Franchisor before such services may be performed. Franchisee will generally not be permitted to undertake such additional training until Franchisee has operated the Franchised Business for one year and has attained all certifications that Franchisor designates as prerequisites to such additional training. Franchisor may also require Franchisee to have achieved a certain level of Gross Revenue from the Franchised Business before being eligible to offer fire remediation services.

8.4 Computer Software and Hardware

(a) CRM System. The CRM System will be managed and maintained by either Franchisor, a third-party company selected by the Franchisor, or a combination of both. The CRM System includes software that manages customer / Franchisee / Franchisor interactions from demand generation and lead intake through invoicing and collections, Franchisor's websites, telematics, including GPS, and the Call Center, to which Franchisee is required to forward any and all calls made to the Franchised Business (and all telephone numbers associated therewith) so that Franchisor can receive/route/assign these customer calls through the CRM System as set forth more fully in this Agreement. Franchisee will have access to the CRM System through a unique login.

The CRM System is provided on an "AS IS" and "AS AVAILABLE" basis. Franchisor does not covenant any level, quality, continuity or standard of operation for the CRM System, or covenant that the CRM System will be free from defaults, viruses or other harmful components, operate on a continuous or uninterrupted basis, or provide secure access to the CRM or services provided thereby.

FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, OR WARRANTIES REGARDING THE QUALITY, ACCURACY, TIMELINESS, AVAILABILITY, SUITABILITY, RELIABILITY OF ANY SERVICE, OR SECURITY, USEFULNESS, LACK OF VIRUSES OR OTHER HARMFUL COMPONENTS, OR WARRANTIES REGARDING COMPLETENESS OF THE CONTENT OF THE CRM SYSTEM, OR WARRANTIES WITH RESPECT TO THE USE OR AVAILABILITY OF ANY INFORMATION, DATA, ITEM, APPARATUS, METHOD OR PROCESS INCLUDED IN THE CRM SYSTEM, OR THAT SUCH WILL MEET THE FRANCHISEE'S REQUIREMENTS, OR

BE ERROR FREE OR NOT INFRINGE ON THE RIGHTS OF OTHERS, OR THAT DEFECTS WILL BE CORRECTED.

(b) Computer System. Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) a compatible “back office” computer system that complies with Franchisor’s standards and specifications and is capable of operating designated and Required Software as defined in Section 8.4(c); (b) the CRM System; (c) a custom and proprietary point of sale system (the “POS System”), if Franchisor makes such a POS System part of its proprietary operating system in the future; (d) accounting software; (e) software applications and programs; (f) printers and other peripheral hardware or devices; (g) archival back-up systems; (h) Internet access mode and speed; and (i) physical, electronic, and other security systems (collectively, the “Computer System”).

(c) Required Software. Franchisor shall have the right, but not the obligation, to develop or designate: (i) computer software programs that Franchisee must use in connection with any component of the Computer System, including Franchisor’s CRM System software (the “Required Software”), which Franchisee shall install at Franchisee’s expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee’s expense; (iii) the tangible media upon which Franchisee records data; and (iv) the database file structure of the Computer System.

(d) Compliance with Requirements. At Franchisor’s request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisee expressly agrees to strictly comply with Franchisor’s standards and specifications for all items associated with Franchisee’s Computer System and any Required Software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee’s Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section 8.4(d) shall be at Franchisee’s sole cost and expense.

(e) Franchisor’s Access. Franchisor may require that Franchisee’s Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor shall also have the right to, at any time without notice, electronically connect with Franchisee’s Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor’s right to access the information and data on Franchisee’s POS system and Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol (“IP”) addresses and other information to facilitate Franchisor’s access to the data described in this Section 8.4 within thirty (30) days of opening the Franchised Business.

(f) Proprietary Software. Franchisor has a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor using the Computer System and/or Required Software (the “Proprietary Software”). In the future, Franchisor may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee

must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business, and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Manual. This Proprietary Software will be Franchisor's proprietary product and the information collected therefrom will be deemed Franchisor's confidential information.

(g) Computer Network. Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor on-line; (ii) view and print portions of the Manual, including any updates or modifications thereto; (iii) download approved marketing materials; (iv) communicate with Franchisor and other System franchisees; and (v) to complete any initial or ongoing training, in the event Franchisor makes such training accessible through this medium. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. Franchisee understands and agrees that it is solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described in this Section.

Because changes to technology are dynamic and not predictable within the Term, 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 Manual 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 Manual

(a) Prior to commencing operation of the Franchised Business, Franchisor will provide Franchisee with secure access to the Manual. The Manual 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 Manual 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 Manual from time to time in writing in any manner, including through the Manual, email, Franchisor's website, or any other means. Franchisee must always follow the directives in the Manual, 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 Manual 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 Manual will be equally applicable to all similarly-situated franchisees. The Manual, as modified or amended from time to time, will not alter Franchisee's fundamental status and rights under this Agreement. References to the Manual made in this Agreement, or in any amendments or exhibits to this Agreement, will be considered to mean the Manual as amended from time to time.

8.6 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, Franchisor requires that Franchisee invest the amount specified in the Manual on approved local marketing and promotion.

(b) 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.

8.7 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 8.6(b)(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; 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.

8.8 Telephone Numbers

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

(b) If Franchisee procures any additional telephone numbers associated with the Franchised Business, Franchisee must forward any and all calls made to such telephone numbers to the Call Center so that Franchisor can receive, route and assign these customer calls through the CRM System as set forth more fully in this Agreement. Franchisee must enter into the Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names more particularly set forth at Schedule 2 if Franchisee procures additional telephone numbers.

(c) 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.

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

8.9 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 Manual. 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 Restoration and Remediation 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 Approved Location. 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 Approved Location. Franchisee shall name Franchisor and its Affiliate, Loss Control and Recovery, LLC, as additional insureds 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 Manual 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 Manual, 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 Approved Location 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 and its Affiliate, Loss Control and Recovery, LLC, as additional insureds except the Employment Practices Liability policy where Franchisor and Loss Control and Recovery, LLC will be named as co-defendants. 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 8.9.

(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.

8.10 Reporting, Data, Records and Rights of Inspection

(a) Franchisor may, from time to time, specify in the Manual or otherwise in writing the information that Franchisee will collect and maintain on the Computer System (as defined in Section 8.4(b)), and Franchisee will provide to Franchisor such reports as Franchisor may from time to time prescribe in the Manual. 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 Manual 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 8.10 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 Manual or otherwise in writing.

(c) Franchisee will submit monthly profit and loss statements 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 Manual or otherwise in writing.

(d) 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 Manual. Franchisee shall perform timely reconciliation of all Gross Revenue and profit and loss statements and provide copies to Franchisor on request. Franchisor shall have the right to inspect or audit, or cause to be inspected or audited the financial books, records, bookkeeping and accounting records, documents or other materials (collectively, the "Documents") 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. Franchisor may require electronic records be provided in lieu of an in-person inspection or audit. If required by Franchisor, Franchisee will also provide Franchisor, at Franchisee's sole cost and expense, with a certification from Franchisee's accountant that the profit and loss statements and statements of Gross Revenue are true and correct. 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 Documents 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.

(e) 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 Manual, 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.

(f) Tax Returns. In addition to the information and materials set forth in Section 8.10 (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.

(g) 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.

8.11 Franchised Business 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 Franchised Business or attend a project site, confer with Franchisee and Franchisee's employees and customers, 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 Manual, 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.

8.12 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 Manual 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; (iv) pay promptly all taxes imposed upon Franchisee or upon its business or property; and (v) at all times comply with the applicable licensing requirements if any, of a State Contractor's License Board (or its equivalent) and other appropriate organizations. 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 Manual.

8.13 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.

8.14 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 Restoration and Remediation 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 ADVANTACLEAN® 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.

8.15 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 ADVANTACLEAN® 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.

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

(a) Franchisee must comply with Franchisor's requirements and policies (as described in the Manual 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 Manual 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 Manual.

(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.

8.17 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 8.15) 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 Manual, 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 Manual) 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.

8.18 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 Manual.

8.19 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.

8.20 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).

8.21 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 8.21 and the applicable Privacy Laws.

8.22 PCI DSS Compliance

Franchisee 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.

8.23 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 Manual. 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 Manual, 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 Manual 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 ADVANTACLEAN® 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 ADVANTACLEAN SYSTEMS, 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 0 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 0, 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 8.10(d).

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

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 Section 2.2(d); 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 8.14 (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 Orange County, California, 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 Dallas County, Texas, 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 Orange County, California and Dallas County, Texas, 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 Orange County, California or for the Northern District of Texas. 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 Orange County, California or Dallas County, Texas. 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 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 Manual, 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 pursuant to the Conditional Assignment of Telephone Numbers and Domain Name attached hereto as Schedule 2, and transfer all usernames 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 Personal Property

Upon the termination or expiration of this Agreement, Franchisor, or Franchisor’s designee shall have the option, but not the obligation, to purchase any personal property used in connection with operation of the Franchised Business by providing Franchisee written notice of Franchisor’s election within sixty (60) calendar days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) calendar days of such notice. For purposes of this paragraph, “book value” means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor’s right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee’s remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor’s option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase Franchisee’s personal property. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor’s purchase of Franchisee’s property, including, without limitation, representations and warranties as to ownership and condition of and title to the

property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

12.3 Exclusions

Franchisor may exclude from the personal property purchased under Section 12.2 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's operation or that Franchisor has not approved as meeting standards for the Franchised Business.

12.4 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.

12.5 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.

12.6 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.

12.7 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 Manual, will constitute a waiver of the provisions of this Agreement or the Manual with respect to any subsequent breach of the same or any other provision of this Agreement or the Manual, 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 Manual.

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 0, (ii) acts or omissions of Franchisee which are not in strict compliance with this Agreement and the Manual, (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:

ADVANTACLEAN SYSTEMS, LLC
110 N. Freeport Parkway, Suite 140
Coppell, TX 75019
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 Texas. 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 Manual 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 Manual 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 Manual 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 Manual, and (ii) the necessity of operating the Franchised Business under the standards stated in the Manual. 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 indicated in Section 3.1.

(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

_____.

[SIGNATURES ON NEXT PAGE]

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

FRANCHISOR

ADVANTACLEAN SYSTEMS, LLC

Date: _____

By: _____

Steve Willis, 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: _____

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

The following provisions apply to you if your State is California:

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORPORATIONS CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to Franchisee concerning termination, transfer and nonrenewal of the Franchise Agreement. The Federal Bankruptcy Code also provides rights to Franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. To the extent the Franchise Agreement contains a provision that is inconsistent with these laws, these laws will control.

b. If Franchisee is required in the Franchise Agreement to execute a release of claims, such release will exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act.

c. If the Franchise Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

d. If the Franchise Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Franchise Agreement, the covenant may be unenforceable under California law.

e. If the Franchise Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.

f. If the Franchise Agreement requires that it be governed by a state's law, other than the State of California, such requirement may be unenforceable.

g. If the Franchise Agreement requires an interest rate greater than 10% per annum (the highest amount allowed in California), such interest rate will be reduced to 10% per annum.

h. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

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

2.2 Hawaii

The following applies to you if your State is Hawaii:

2.2.1 The State of Hawaii requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

2.2.2 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2.3 Illinois

The following provisions apply to you if your State is Illinois:

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

2.3.2 Franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

2.3.3 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.

2.3.4 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2.4 Maryland

The following provisions apply to you if your State is Maryland:

2.4.1 Section 2.2.8 of the Franchise Agreement shall hereby be amended to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2.4.2 Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, notwithstanding Sections 4.1 and 4.2 of the Agreement, the Initial Franchise Fee and the Territory Fee shall be deferred until the Franchisor has completed its pre-opening obligations under the Agreement.

2.4.3 Section 11.4 of the Franchise Agreement shall hereby be amended to provide, except for claims subject to arbitration, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2.4.4 Section 11.6 of the Franchise Agreement shall hereby be amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2.4.5 Notwithstanding anything contained in the Franchise Agreement, all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2.4.6 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.

2.4.7 Section 16.1 of the Franchise Agreement shall hereby be amended as follows:

- (1) The last sentence of subsection (b) is deleted.
- (2) Subsection (f) is deleted.
- (3) The third and last sentences of subsection (g) are deleted.

2.5 Minnesota

The following provisions apply to you if your State is Minnesota:

2.5.1 The Franchise Agreement provides for a fee of \$300 for insufficient funds. Minnesota Statute 604.113 caps such service charges at \$30.

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

2.6 North Dakota

The following provisions apply to you if your State is North Dakota:

2.4.2 Section 12.4 of the Franchise Agreement is hereby deleted.

2.4.3 Covenants not to compete such as those contained in Section 8.14 are generally considered unenforceable in the State of North Dakota.

2.4.4 Section 12 of the Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement. The South Dakota Securities Commissioner has determined this to be unfair, unjust and inequitable and therefore this provision is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

2.4.5 Section 11 of the franchise agreement requires mediation and arbitration to take place in California or Texas. The North Dakota Securities Commissioner has held that franchise agreements providing that the parties must agree to the mediation or arbitration of disputes at a location that is remote from the site of the franchisee's business is "unfair, unjust, or inequitable to North Dakota franchisees." To the extent required by applicable law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from the franchisee's place of business.

2.4.6 Section 11 of the franchise agreement provides that franchisees must consent to the jurisdiction of the courts in California or Texas. The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable and therefore this provision is deleted.

2.4.7 Section 14 of the franchise agreement provides that the agreement shall be construed in accordance with the laws of Texas. The North Dakota Securities Commissioner has held that franchise agreements which specify they are to be governed by a state other than North Dakota are unfair, unjust or unreasonable and therefore this provision is amended to provide that the agreement shall be construed in accordance with the laws of North Dakota.

2.4.8 Section 11 of the franchise agreement requires the franchisee to consent to a waiver of exemplary and punitive damages. The North Dakota Securities Commissioner has determined this requirement to be unfair, unjust and inequitable and therefore this provision is deleted.

2.7 Washington

The following provisions apply to you if your State is Washington:

2.7.1 In lieu of an impound of franchise fees, the franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or disclosure document, and (b) is open for business.

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

2.7.3 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.

2.7.4 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 mediation or arbitration, 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.

2.7.5 A release or waiver of rights executed by a franchisee shall 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.

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

2.7.7 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 and void and unenforceable in Washington.

2.7.8 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.

2.7.9 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.

2.7.10 Section 16.1 of the Franchise Agreement is deleted and replaced with the following:

16.1 Certain Acknowledgements and Representations of Franchisee

If required, Franchisee is a duly licensed state contractor under the laws of the state within which the 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.

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 Manual.

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

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

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.

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.

[SIGNATURES FOLLOW ON NEXT PAGE]

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

FRANCHISOR

FRANCHISEE

ADVANTACLEAN SYSTEMS, LLC

(Individual, Partnership or Corporation Name)

By:

By: _____

Name:

Name: _____

Title:

Title: _____

By: _____

Name: _____

Title: _____

SCHEDULE 1

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: _____

SCHEDULE 2

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS,
FACSIMILE NUMBERS AND DOMAIN NAMES**

1. _____, doing business as an AdvantaClean franchisee, (“Assignor”), in exchange for valuable consideration provided by AdvantaClean Systems, LLC (“Assignee”), the receipt and sufficiency of which are hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Franchised Business (the “Assigned Property”). The Assigned Property includes the following:

Telephone Number(s): _____

Facsimile Number(s): _____

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): _____

2. The conditional assignment will become effective automatically upon the termination or expiration of Assignor's franchise agreement. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of the Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as Assignee, in effectuating this assignment.

ASSIGNOR:

By: _____

Date: _____

Name: _____

Title: _____

ASSIGNEE:

ADVANTACLEAN SYSTEMS, LLC

By: _____

Date: _____

Name: _____

Title: _____

SCHEDULE 3

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name: _____

ABA# : _____

Acct. No.: _____

Acct. Name: _____

1. Effective as of the date of the signature below, _____ (“Franchisee”) hereby authorizes AdvantaClean Systems, LLC (“Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, and to make the following payments to Company under the Franchise Agreement for the Franchised Business located at: _____: (1) all Royalty fees; (2) all National Fund Contributions or other recurring fees; and (iii) and other fees due and owing under the Franchise Agreement. Franchisee acknowledges that Royalty and all other fees may be collected by Franchisor in the manner provided for in the Franchise Agreement. Such withdrawals shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit the Gross Revenues of Franchisee’s Franchised Business, less all amounts due under the Franchise Agreement, into the above-referenced account, electronically or otherwise. Such deposits shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. Franchisee shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISOR

FRANCHISEE

ADVANTACLEAN SYSTEMS, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

SCHEDULE 4

SITE SELECTION ADDENDUM

AdvantaClean Systems, LLC, a North Carolina limited liability company with a principal business address at 110 N. Freeport Parkway, Suite 140, Coppell, TX 75019 (“Franchisor”) and _____ (“Franchisee”), have this _____ day of _____, 20__, entered into the foregoing Franchise Agreement for the operation of an AdvantaClean franchised business using Franchisor’s Proprietary Marks and System (the “Franchised Business”) and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within twelve (12) months after Franchisee receives notice of Franchisor’s execution of the Franchise Agreement, Franchisee must obtain a site, at Franchisee’s expense, for the Franchised Business, which Franchisor will approve as hereinafter provided. The site must be within the following Protected Territory:
2. Franchisee’s failure to obtain a site for the Franchised Business within the time required in Paragraph 1 will constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.
3. Prior to Franchisee’s acquisition by lease or purchase of a site for the Franchised Business, Franchisee must submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee’s favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor’s approval. Franchisor will have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor’s sole discretion, the site as a location for the Franchised Business. No proposed site will be deemed approved unless Franchisor has expressly approved it in writing.
4. Franchisor will furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor’s evaluation of Franchisee’s request for site approval. Franchisor will not, however, provide on-site evaluation for any proposed site prior to Franchisor’s receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor will conduct up to one (1) on-site evaluation at Franchisor’s cost. For each additional on-site evaluation (if any), Franchisee will reimburse Franchisor for Franchisor’s reasonable expenses including, without limitation, the costs of travel, lodging, and meals.
5. If Franchisee will be occupying the Franchised Business premises under a lease, Franchisee shall, upon Franchisor’s request, prior to the execution of the lease, submit the lease to Franchisor for Franchisor’s approval. Franchisor’s approval of the lease may be conditioned upon Franchisee’s execution of a Collateral Assignment of Lease in the form Franchisor prescribes, as well as the inclusion or exclusion of certain required provisions. Franchisee must furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

6. After Franchisor has approved a site for the Franchised Business in writing and Franchisee has acquired the site, the site will constitute the Approved Location referred to in Section 1.3 of the Franchise Agreement.

7. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty or any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Franchised Business at the site is based on Franchisee's own independent investigation of the suitability of the site.

8. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

FRANCHISEE

(Individual, Partnership or Corporation Name)

By: _____

Name: _____

Title: _____

FRANCHISOR

ADVANTACLEAN SYSTEMS, LLC

By: _____

Name: _____

Title: _____

EXHIBIT B
FINANCIAL STATEMENTS

AdvantaClean Systems, LLC **Subsidiary and Affiliate**

Combined Financial Statements

**As of and for the Year Ended
December 31, 2023**

AdvantaClean Systems, LLC Subsidiary and Affiliate

Index

December 31, 2023

	Page(s)
Independent Auditor's Report	1-2
Combined Financial Statements	
Balance Sheet	3
Statement of Operations.....	4
Statement of Member's Equity	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-13



Report of Independent Auditors

To the Management and Board of Directors of JM Family Enterprises, Inc.

Opinion

We have audited the accompanying combined financial statements of AdvantaClean Systems, LLC Subsidiary and Affiliate (the "Company"), which comprise the combined balance sheet as of December 31, 2023, and the related combined statements of operations, of member's equity and of cash flows for the year then ended, including the related notes (collectively referred to as 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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined 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 for one year after the date the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined 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 US 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 US 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.

A handwritten signature in black ink that reads "RICE WATERHOUSE LLP". The signature is written in a cursive, stylized font.

Miami, Florida
February 29, 2024

AdvantaClean Systems, LLC Subsidiary and Affiliate
Combined Balance Sheet
December 31, 2023

Assets

Current assets	
Cash	\$ 1,445,183
Accounts receivable, net of allowance for doubtful accounts of \$71,474 for 2023	309,475
Current maturities of notes receivable, net of allowance for doubtful accounts of \$16,870 for 2023	217,731
Rebates receivable	3,563
Prepaid expenses	<u>69,819</u>
Total current assets	2,045,771
Notes receivable, net of current maturities and allowance for doubtful accounts of \$35,972 in 2023	498,694
Property and equipment, net	<u>407,913</u>
Total assets	<u>\$ 2,952,378</u>

Liabilities and Equity

Current liabilities	
Accounts payable	\$ 9,620
Accrued liabilities	157,537
Advertising advances and deposits	<u>141,235</u>
Total current liabilities	<u>308,392</u>
Total liabilities	<u>308,392</u>
Commitments and contingencies (Note 6)	
Equity	
Member's deficit	(5,502,343)
Due to Parent	<u>8,146,329</u>
Total equity	<u>2,643,986</u>
Total liabilities and equity	<u>\$ 2,952,378</u>

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

AdvantaClean Systems, LLC Subsidiary and Affiliate
Combined Statement of Operations
Year Ended December 31, 2023

Revenues	
Royalty income	\$ 3,166,415
Continuing franchise fees	1,118,548
Initial franchise fees	219,900
Product and services sales	147,117
Gross sales rebates	36,259
Other sales	49,882
Total revenues	<u>4,738,121</u>
Operating expenses	
Cost of sales	112,592
Selling and advertising	634,812
Operating and administrative	4,872,823
Loss on disposal of assets	76,327
Other operating expense	770,785
Total operating expenses	<u>6,467,339</u>
Loss from operations	<u>(1,729,218)</u>
Other income (expense)	
Interest income	27,332
Other expense, net	(164,117)
Total other expense	<u>(136,785)</u>
Net loss	<u>\$ (1,866,003)</u>

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

AdvantaClean Systems, LLC Subsidiary and Affiliate
Combined Statement of Member's Equity
Year Ended December 31, 2023

	<u>Member's Deficit</u>	<u>Due to Parent</u>	<u>Total Equity</u>
Balances at December 31, 2022	\$ (3,636,340)	\$ 6,190,109	\$ 2,553,769
Advances from Parent	-	798,450	798,450
Allocations from Parent	-	1,157,770	1,157,770
Net loss	<u>(1,866,003)</u>	-	<u>(1,866,003)</u>
Balances at December 31, 2023	<u>\$ (5,502,343)</u>	<u>\$ 8,146,329</u>	<u>\$ 2,643,986</u>

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

AdvantaClean Systems, LLC Subsidiary and Affiliate
Combined Statement of Cash Flows
Year Ended December 31, 2023

Cash flows from operating activities:	
Net loss	\$ (1,866,003)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	159,093
Provision for bad debts	114,977
Loss on disposal of assets	76,327
Decrease (increase) in assets:	
Accounts receivable, net	54,599
Notes receivable, net	(180,085)
Rebates receivable	10,336
Prepaid expenses	20,205
Increase (decrease) in liabilities:	
Accounts payable	(64,572)
Accrued liabilities	(176,037)
Advertising advances and deposits	92,495
Deferred revenue	(242,060)
Net cash used in operating activities	<u>(2,000,725)</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(107,251)</u>
Net cash provided by investing activities	<u>(107,251)</u>
Cash flows from financing activities:	
Advances from Parent	913,147
Allocations from Parent	1,157,770
Net cash provided by financing activities	<u>2,070,917</u>
Net decrease in cash	(37,059)
Cash at beginning of period	<u>1,482,242</u>
Cash at end of period	<u>\$ 1,445,183</u>
Supplemental Cash Flow Information	
Transfer of property and equipment, net to Parent	\$ 114,697

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

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined Notes to Financial Statements

December 31, 2023

1. The Company

AdvantaClean Systems, LLC (“ACS”) is a North Carolina limited liability company that was organized on December 31, 2018 for the purpose of selling franchises under the AdvantaClean brand name to provide restoration and remediation services to residential and commercial properties. ACS is a wholly-owned subsidiary of Home Franchise Concepts, LLC (“HFC” or “Parent”). HFC is a wholly-owned subsidiary of JM Franchise Holdings, Inc. which is a wholly-owned subsidiary of JM Family Enterprises, Inc. (“Ultimate Parent”).

ACS is combined with an affiliated company, Loss Control and Recovery, LLC (“LCR”), which is a wholly-owned subsidiary of Parent. LCR is a Florida limited liability company that was formed in February 1994 to facilitate certain service jobs for ACS franchisees. ACS also established AdvantaClean Equipment Rental, LLC (“ACER”) in September 2020 to assist franchises with catastrophic events by renting disaster remediation equipment to ACS franchisees. ACER is a wholly-owned subsidiary of ACS. ACS, ACER and LCR are collectively referred to as the “Company”.

As of December 31, 2023, ACS has 101 franchise territories operating in the United States.

2. Summary of Significant Accounting Policies

Principles of Combination

These combined financial statements include the accounts of ACS, ACER, and LCR for 2023. All significant intercompany transactions have been eliminated in combination.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Accounting Standards Codification (“ASC”) 220 requires a separate statement of comprehensive income. However, as net income is the only material component of comprehensive income, the Company elected not to include a separate statement of comprehensive income because it would not be meaningful to the users of the financial statements.

Fiscal Year

The Company has a calendar year ending annually on December 31.

Accounting Estimates

The preparation of financial statements is in conformity with GAAP and requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure 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 materially differ from those estimates. Company estimates considered significant include the estimate of allowance for doubtful accounts related to accounts, notes and rebates receivable, and the allocation of the Parent’s expenses to the Company.

The financial position of the Company as of December 31, 2023, 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 7.

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined Notes to Financial Statements

December 31, 2023

Significant Accounting Policies

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under market conditions. Fair value measurements are categorized in three levels based on the types of significant inputs used, as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Observable inputs available at measurement date other than quote prices included in Level 1
- Level 3 – Unobservable inputs that cannot be corroborated by observable market data

Our financial instruments consist of cash, accounts receivable, notes receivable and accounts payable. The fair values of cash, accounts receivable and accounts payable approximate their carrying amounts because of the short maturity of these items.

The Company's notes receivable approximates their fair value upon issuance as the interest on these instruments is tied to or approximates current market rates and are subsequently measured at amortized cost.

Cash

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

The Company maintains cash in bank accounts in the United States which are insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000 per depositor. As of December 31, 2023, the Company had \$945,183 of uninsured deposits in its deposit accounts with a United States bank. The Company has not experienced any depository losses and believes there is not significant credit risk exposure for our cash.

Our cash balance also includes \$160,124 related to advertising advances and deposits received from franchisees for the purpose of national advertising ("NAF"). The Company's policy is to designate these funds in separate bank accounts as the terms of the respective franchise agreements require us to spend the cash on advertising costs to benefit the franchisees.

Accounts Receivable, Net, Notes Receivable, Net and Rebates Receivable

Accounts receivable, net of the allowance for credit losses, and rebates receivable represent the estimated net realizable value. Our primary accounts receivable are due from vendor rebates and franchisees. Provisions for credit losses are recorded based on management's judgment regarding historical losses, specific customer circumstances and general economic conditions. Accounts receivable are written off when they are deemed uncollectible.

Notes receivable, net of the allowance for credit losses, consist of loans made to certain franchisees typically for a purchase of initial or additional franchises (Note 3). Provisions for credit losses are recorded based on management's judgment regarding historical losses, specific customer circumstances and general economic conditions. At the point management determines balances are uncollectible, management will discontinue recognition of interest income related to financing receivables. Interest income on these notes is accrued using the simple interest method.

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined Notes to Financial Statements

December 31, 2023

Property and Equipment, Net

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over their estimated useful lives as follows:

Furniture and equipment	3 - 5 years
Computer software	3 - 5 years
Computer equipment	3 - 5 years
Vehicles	5 years
Leasehold improvements	Lesser of lease term or life of asset

Depreciation expense on property and equipment is included in general and administrative expenses in the accompanying combined statement of operations. Routine repair and maintenance costs are expensed when incurred. Major replacements and improvements are capitalized.

The Company also capitalizes certain costs incurred in connection with developing or obtaining internal-use software. Capitalized software costs are included in "Property and equipment, net" on the accompanying combined balance sheet and are amortized over the remaining life of the service contract, typically three to five years. Software costs that do not meet the capitalization criteria are expensed.

Impairment of Long-Lived Assets

The Company reviews the carrying amount of long-lived assets on an annual basis or when events or circumstances indicate that the carrying amount may not be recoverable. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value. We determine fair value based on discounted projected future operating cash flows of the Company over their remaining service life using a risk adjusted discount rate that is commensurate with the inherent risk.

Advertising Advances and Deposits Liability

The Company is responsible for national advertising for the brand as required by franchise agreements. When the collected advertising revenues have not been fully spent (revenue collected from franchisees exceeds cash payments for advertising costs), the Company accrues the difference required to be incurred as advertising advances and deposits in the balance sheet and selling and advertising expense in the accompanying statement of operations.

Equity

The Company engages in various intercompany transactions with its Parent which are presented in the Due to Parent balance of Member's Equity in the accompanying balance sheet. These transactions relate to cash transfers with the Parent, net of allocated costs.

Revenues

Initial Franchise Fees – consists of fees paid by franchisees at the start of the franchise or area development agreement, and renewal fees. Each of these fees are fixed and nonrefundable and are due at the time the agreement is entered into. As allowed by ASC 606 and ASC 952 for private companies, pre-opening services provided to a franchisee are distinct from the franchise license and are recognized as a single performance obligation. This performance obligation is considered complete and revenue recognized typically when the franchisee has completed their initial training

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined Notes to Financial Statements

December 31, 2023

which is normally within six months of entering into the agreement. A deferred revenue liability is recorded for deposits of initial franchise fees that have not yet been recognized. For renewals of existing franchisees, the renewal fees are recognized upon execution of the renewal agreement.

Royalty Income – consists of sales-based variable royalty fees. The sales-based royalty fee is considered variable consideration and is recognized as revenue as such sales are earned by the franchisees upon completion of the cleaning or restoration services. Therefore, royalty income is recognized in the same period the sales are generated. Sales-based fees qualify under the royalty constraint exception and do not require an estimate of future transaction price. In addition, there are royalty percentage de-escalation clauses whereby the royalty percentage amounts due are decreased if certain sales thresholds are obtained based on the franchise agreement.

Continuing Franchise Fees – consists of service fees and NAF fees paid by franchisees, as determined by the franchise agreement. The service fees relate to the performance obligations of providing monthly access to IT, support, phone, and other related services. These fees are typically fixed per the franchise agreements and do not have pre-determined escalation amounts. These fees are recognized monthly as the franchise utilizes the right to access the services.

The NAF fees relate to advertising advances and deposits received from franchisees for the purpose of providing national advertising for the benefit of the franchisees. These NAF fees are a sales-based variable fee as specified in each franchisee's agreement and are recognized as revenue as such sales are earned by the franchisees upon completion of the cleaning or restoration services. In addition, the franchise agreements allow the Company to retain a percentage of the NAF fees as compensation for its administration. During the year ended December 31, 2023, the Company recorded \$397,275 of NAF revenue in continuing franchise fees on the accompanying statement of operations.

Product and Services Sales – consists of LCR services to coordinate larger catastrophe sales for franchisees, and ACS product sales related to cleaning and remediation product packages primarily sold to new franchisees. For LCR sales, the Company acts as an agent between the vendors and the franchisees. As such, the revenue is presented less the corresponding costs. ACS product sales are presented gross, and the related cost of the packages is presented within Cost of sales.

Gross Sales Rebates – consists of vendor rebates received primarily from cleaning product suppliers based upon agreements the Company has negotiated with the vendors based on certain conditions of franchisee purchases. The Company's performance obligation for vendor rebates is satisfied upon the sale of a vendor's product to the Company's franchisees and revenue is recorded for the period based upon vendor sales information.

Other Sales - consists of other services outside of the contractual franchise fees and vendor rebate revenue. Additionally, in the normal course of business the Company offers franchisees promissory notes primarily related to initial franchise fees. During the year ended December 31, 2023, the Company recorded \$48,682 of interest income on these promissory notes which is presented within this caption on the accompanying statement of operations.

Advertising

The Company expenses the production costs for advertising the first time the advertising takes place. Advertising costs were \$70,223 for the year ended December 31, 2023 and are included in selling and advertising expenses on the accompanying combined statement of operations.

AdvantaClean Systems, LLC Subsidiary and Affiliate
Combined Notes to Financial Statements
December 31, 2023

Income Taxes

The Company is considered a disregarded entity for federal income tax purposes and is included in the federal income tax return and certain state income tax returns filed by the Ultimate Parent. As such, the Company does not record a provision for federal or state income taxes for financial reporting purposes.

Recent Accounting Pronouncements

The Company adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), effective January 1, 2023. The standard introduces a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses and will apply to trade and notes receivables. The adoption of ASU 2016-13 did not have a material impact on the Company's financial statements and no additional reserve was deemed necessary.

3. Notes Receivable, Net

Notes receivables are due from certain franchisees and are collateralized by the franchise territory. The notes typically bear interest at rates ranging from 9% to 12.5% with original maturities ranging from eleven months to five years. A summary of notes receivable maturities follows:

Years Ending December 31,	
2024	\$ 234,601
2025	231,067
2026	192,624
2027	100,482
2028	<u>10,493</u>
Notes receivable	769,267
Less: Allowance for doubtful accounts	<u>(52,842)</u>
Notes receivable, net of allowance for doubtful accounts	716,425
Less: Current maturities, net of allowance for doubtful accounts	<u>(217,731)</u>
Notes receivable, net of current maturities and allowance for doubtful accounts	<u>\$ 498,694</u>

4. Property and Equipment, Net

Property and equipment, net consists of the following as of December 31, 2023:

Furniture and equipment	\$ 438,980
Computer software	237,631
Computer equipment	9,435
Vehicles	69,623
Leasehold improvements	<u>121,973</u>
Property and equipment	877,642
Less: Accumulated depreciation	<u>(471,367)</u>
Property and equipment, net of accumulated depreciation	406,275
Development in progress	<u>1,638</u>
Property and equipment, net	<u>\$ 407,913</u>

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined Notes to Financial Statements

December 31, 2023

Depreciation expense for the year ended December 31, 2023 was \$159,093 and is included in operating and administrative expenses on the accompanying statement of operations.

During the year ended December 31, 2023, the Company had net transfers of \$114,697 of leasehold improvements and computer software to its Parent.

5. Accrued Liabilities

Accrued liabilities consist of the following as of December 31, 2023:

Accrued compensation	\$ 143,748
Accrued accounts payable	9,888
Other	3,901
Accrued liabilities	<u>\$ 157,537</u>

6. Commitments and Contingencies

Legal Proceedings

The Company currently has no lawsuits, actions, or other legal proceedings pending claims that we believe would have a material impact on the financial statements. However, the Company could, from time to time, be involved in litigation proceedings arising outside of its normal course of business.

7. Related Party Transactions

Parental Operating Expense Allocation

Certain operating expenses are incurred by the Parent and are allocated to the Company for services such as legal, IT, finance, marketing, and human resources. These expenses are allocated based on the percentage of overall gross profit contributed to the Parent. For the year ended December 31, 2023, the Parent allocated \$1,157,770 in net expenses to the Company, which were charged to the Company's operations, with most of the expenses included in operating and administrative expenses in the accompanying combined statement of operations.

The Company has evaluated whether there are conditions and events which raise substantial doubt about the entity's ability to continue as a going concern in accordance with ASC 205-40, *Going Concern*. The net loss for the year ended December 31, 2023 of \$1,866,003 includes \$1,157,770 of expenses incurred by the Parent allocated to the Company. Management has obtained a commitment from the Parent to continue to support its operating expenses through March 1, 2025. As such, management believes that the Company will successfully meet any cash flow obligations through the evaluation period.

Operating Leases

The Parent also leases the corporate office and training facilities and allocates a portion of its operating lease expense to the Company. For the year ended December 31, 2023, the Parent allocated \$66,003 in operating lease expenses (included in the total allocation described above in Parental Operating Expense Allocation) and is included in operating and administrative expenses in the accompanying combined statement of operations.

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined Notes to Financial Statements

December 31, 2023

Equity

As of December 31, 2023, the Company had a net payable due to its Parent of \$8,146,329 resulting from various intercompany transactions. These amounts are presented as a component of equity in the accompanying balance sheet.

8. 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 employees' contributions subject to certain limitations. The Company contributed employer matches of \$85,489 for the year ended December 31, 2023 which is included in operating and administrative expenses on the accompanying combined statement of operations.

9. Revenue from Contracts with Customers

Disaggregation of Revenue

Revenues disaggregated by the timing of when goods and services are transferred consist of the following for the year ended December 31, 2023:

Revenue recognized over time	\$ 4,284,962
Revenue recognized at a point in time	<u>453,159</u>
Total revenue	<u>\$ 4,738,121</u>

10. Subsequent Events

Subsequent events have been evaluated by management through February 29, 2024, the date these combined financial statements were available to be issued. No subsequent events have occurred that would require recognition on the financial statements or disclosure in the notes to the financial statements.



AdvantaClean Systems, LLC Subsidiary and Affiliate

**Combined and Consolidated
Financial Statements**
As of and for the Years Ended
December 31, 2022 and 2021

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Financial Statements
As of and for the Years Ended December 31, 2022 and 2021

AdvantaClean Systems, LLC Subsidiary and Affiliate

Contents

	Page
Independent Auditor's Report	3 - 4
Combined and Consolidated Financial Statements	
Combined and Consolidated Balance Sheets	6
Combined and Consolidated Statements of Operations	7
Combined and Consolidated Statements of Member's Equity	8
Combined and Consolidated Statements of Cash Flows	9
Notes to Combined and Consolidated Financial Statements	10 - 18



Independent Auditor's Report

To the Member of
AdvantaClean Systems, LLC, Subsidiaries and Affiliate
(fka AdvantaClean Systems, Inc.)
Irvine, California

Opinion

We have audited the combined and consolidated financial statements of AdvantaClean Systems, LLC, Subsidiary and Affiliate (wholly owned subsidiaries of Home Franchise Concepts, LLC) (the Company), which comprise the combined and consolidated balance sheets as of December 31, 2022 and 2021, and the related combined and consolidated statements of operations, statements of member's equity, and cash flows for the years then ended, and the related notes to the combined and consolidated financial statements.

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

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 Combined and consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the combined and consolidated 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 and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Combined and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined and consolidated 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 and consolidated 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 and consolidated 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 and consolidated 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 and consolidated 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 15, 2023

Combined and Consolidated Financial Statements

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Balance Sheets

December 31,	2022	2021
Assets		
Current assets		
Cash (\$37,919 and \$23,053 restricted in 2022 and 2021, respectively)	\$ 1,482,242	\$ 1,183,067
Accounts receivable, net of allowance for doubtful accounts of \$11,546 and \$25,120 for 2022 and 2021, respectively	451,428	650,030
Current maturities of notes receivable, net of allowance for doubtful accounts of \$1,719 and \$1,241 for 2022 and 2021, respectively	432,074	43,907
Rebate receivable	13,899	15,891
Prepaid expenses	90,024	146,437
Inventory	76,327	86,203
Total current assets	2,545,994	2,125,535
Notes receivable , net of current maturities and allowance for doubtful accounts of \$5,095 and \$3,197 for 2022 and 2021, respectively	131,889	107,005
Property and equipment, net	574,452	598,573
Total assets	\$ 3,252,335	\$ 2,831,113
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 74,192	\$ 98,719
Accrued expenses	333,574	426,609
Deferred revenue	242,060	-
Advertising advances and deposits	48,740	65,043
Total current liabilities	698,566	590,371
Total liabilities	698,566	590,371
Commitment and contingencies (Note 7)		
Equity		
Member's (deficit) equity	(3,636,340)	(1,973,886)
Due from Parent	6,190,109	4,214,628
Total Equity	2,553,769	2,240,742
Total liabilities and members' equity	\$ 3,252,335	\$ 2,831,113

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

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Statements of Operations

<i>For the years ended December 31,</i>	2022	2021
Revenue		
Initial franchise fees	\$ 109,458	\$ 149,950
Royalty income	3,949,870	4,224,066
Continuing franchise fees	884,147	885,842
Gross sales rebates	57,739	66,239
Other sales	247,522	644,123
<hr/>		
Total revenue	5,248,736	5,970,220
Operating expenses		
Cost of sales	112,750	411,015
Selling and advertising	952,335	1,210,276
Operating and administrative	5,869,322	6,542,391
<hr/>		
Total operating expenses	6,934,407	8,163,682
<hr/>		
Loss from operations	(1,685,671)	(2,193,462)
Other income (expense)		
Interest income, net	37,999	8,552
Loss on sale of equipment	(14,782)	(7,659)
<hr/>		
Total other income	23,217	893
<hr/>		
Net loss	\$ (1,662,454)	\$ (2,192,569)

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

AdvantaClean Systems, LLC Subsidiary and Affiliate
Combined and Consolidated Statements of Member's Equity

	Member's Equity (Deficit)	Due (from) to Parent	Equity
Balance at December 31, 2020	218,683	2,390,749	2,609,432
Advances from Parent	-	1,823,879	1,823,879
Net loss	(2,192,569)	-	(2,192,569)
Balance at December 31, 2021	(1,973,886)	4,214,628	2,240,742
Advances from Parent	-	1,975,481	1,975,481
Net loss	(1,662,454)	-	(1,662,454)
Balance at December 31, 2022	\$ (3,636,340)	6,190,109	\$ 2,553,769

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

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Statements of Cash Flows

<i>For the years ended December 31,</i>	2022	2021
Cash flows from operating activities		
Net loss	\$ (1,662,454)	\$ (2,192,569)
Adjustments to reconcile net loss to net cash and restricted cash provided by operating activities:		
Depreciation	158,544	141,372
Loss on sale of equipment	14,782	7,659
Provision for bad debt	25,283	26,148
(Increase) decrease in assets:		
Accounts receivable	175,888	313,914
Notes receivable	(415,427)	113,863
Rebates receivable	1,992	(7,026)
Prepaid expenses	56,413	(20,821)
Inventory	9,876	124,288
(Decrease) increase in liabilities:		
Accounts payable	(24,527)	(159,743)
Accrued expenses	(93,035)	95,689
Advertising advances and deposits	(16,303)	65,043
Deferred revenue	242,060	-
Net cash and restricted cash used in operating activities	(1,526,908)	(1,492,183)
Cash flows from investing activities		
Purchase of property and equipment	(87,041)	(165,940)
Disposals of property and equipment	-	11,198
Net cash and restricted cash used in investing activities	(87,041)	(154,742)
Cash flows from financing activities		
Advances from Parent, net	1,913,124	1,823,879
Net cash and restricted cash provided by financing activities	1,913,124	1,823,879
Increase in cash and restricted cash	299,175	176,954
Cash and restricted cash - beginning of year	1,183,067	1,006,113
Cash and restricted cash - end of year	\$ 1,482,242	\$ 1,183,067
Supplemental disclosure of non-cash investing and financing activities:		
Transfer of property and equipment, net, from related party	\$ 62,357	\$ -

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

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Notes to Financial Statements

1. The Company

AdvantaClean Systems, LLC (“ACS”), formerly known as AdvantaClean Systems, Inc., was organized on June 8, 2000 in the State of North Carolina. ACS offers qualified individuals the right to operate a business that offers and sells restoration and remediation services in residential and commercial properties under the “AdvantaClean” mark. ACS 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”).

ACS has combined an affiliated company, Loss Control and Recovery, LLC (“LCR”), which is a wholly owned subsidiary of Parent. LCR is a Florida limited liability company which was formed in February 1994 and facilitates service jobs for ACS franchisees. ACS and LCR are collectively referred to as the “Company”.

As of December 31, 2022, ACS has 142 franchises, which are located throughout the United States. The Company is located in Coppell, Texas, and its corporate office and accounting records are located at the corporate headquarters in Irvine, California.

In September 2020, ACS established AdvantaClean Equipment Rental, LLC (“ACER”). ACER was created to assist franchises with catastrophic events. ACER purchased a trailer that would house equipment for rent. ACER is a wholly owned subsidiary of ACS.

On April 24, 2020, AdvantaClean Systems, LLC acquired all the outstanding stock of Bryche Corporation. On August 31, 2020, AdvantaClean Systems, LLC acquired all of 3A2J Holding, LLC. The Company previously consolidated the financial results the wholly owned subsidiaries Bryche Corporation and 3A2J Holdings (collectively “ACS CO”). Effective July 12, 2022, the Company distributed all of the equity in ACS CO to the Company’s Parent resulting in a new reporting entity. The distribution was considered a common control distribution and applied retrospectively to all periods presented. The Company then followed the guidance for a receiving entity under Accounting Standards Codification (“ASC”) 805, *Business Combinations*, and retrospectively removed the assets, liabilities, and related operations of the transferred business from the financial statements. The results of operations and financial condition of ACS CO are included in the Parent Company’s financial statements.

The financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and cash flows for the years 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 8.

The Company has had recurring losses in the amount of approximately \$1.6 million and \$2.2 million in the years ended December 31, 2022 and 2021, respectively. The Company is dependent on its Parent to fund ongoing operations.

2. Summary of Significant Accounting Policies

Principles of Combination and Consolidation and Basis of Presentation

These combined and consolidated financial statements contain the accounts of ACS, ACER, and LCR for 2022. All significant intercompany transactions have been eliminated in combination and consolidation.

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Notes to Financial Statements

The Company maintains its records, and the accompanying combined and consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Accounting Estimates

The preparation of financial statements in conformity 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 and notes receivable, and allocation of the Parent’s expenses to the Company (Note 8).

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 value of financial instruments approximates their fair value. The carrying value of cash, restricted cash, accounts and rebates receivable, and due to/from Parent approximates their 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.

Cash

The Company considers cash on hand and deposits in banks 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. As of December 31, 2022, the Company’s uninsured deposits in its deposit accounts with a U.S. bank totaled approximately \$944,323.

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, d) receivables for cleaning and sanitation services and miscellaneous receivables and are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through a charge to

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Notes to Financial Statements

earnings and an increase in the allowance for doubtful accounts 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.

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 discontinue recognition of interest income related to financing receivables. Interest income on financed receivables is accrued as earned using the simple interest method.

The Company has recognized approximately \$33,000 or 57% and \$55,000 or 83% of gross sales rebates revenue from two product suppliers for the years ended December 31, 2022 and 2021, respectively. The Company has approximately \$8,500 or 61% and \$14,000 or 88% of rebates receivable from these suppliers as of December 31, 2022 and 2021, respectively.

Inventories

Inventories consist primarily of supplies and equipment used for remediation and sanitation work. The inventory is recorded at the lower of cost or net realizable value using the first-in, first-out method.

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. Expenditures that materially increase the asset life are capitalized, while ordinary maintenance and repairs are charged to operations as incurred.

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

Computer Software:	3-5 years
Computer Equipment:	3-5 years
Office Fixture and Equipment:	3-5 years
Vehicles:	5 years
Leasehold Improvements:	7 years

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 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.

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Notes to Financial Statements

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 and consolidated balance sheets.

Advertising

The Company expenses the production costs of advertising the first time the advertising takes place. At December 31, 2022 and 2021, there were no advertising costs reported as a prepaid asset. The Company's advertising expenses were \$145,082 and \$213,567 for the years ended December 31, 2022 and 2021, respectively, which is included in selling and advertising expenses on the accompanying combined and consolidated statements of operations.

Income Taxes

The Company is considered a disregarded entity for federal income tax purposes and is included in the federal income tax return and certain state income tax returns filed prior to the acquisition by the Parent and after the acquisition by the Ultimate Parent. The Company does not record a provision for federal or state income taxes for financial reporting purposes.

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 10)

The Company adopted Accounting Standards Update ("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

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Notes to Financial Statements

Company's intellectual property over the term of the agreement. Initial franchise fee revenue is recognized upon substantial performance of material contractual obligations as 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. In addition, there is royalty de-escalation clauses whereby the royalty percentage amounts are decreased during each month if certain sales thresholds are obtained based on the franchise agreement.

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. 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 sales-based for each franchisee and are restricted and segregated. The sales-based advertising 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. 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 cash payments for advertising), the advertising fund will accrue the difference from collections received and amount owed. In addition, the franchise agreements allow the Company to reimburse itself for reasonable costs out of the advertising deposits as compensation for its administration over the accounts.

Gross Sales Rebates

The Company receives vendor rebates primarily from cleaning products. 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.

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Notes to Financial Statements

Other Sales

Other sales consist primarily of fees to attend the Company's annual convention, ACER sales and LCR sales. 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. LCR sales are from certain vendors by placing the order through the Company which is fulfilled by the vendor. LCR acts as the agent in all its sales. As a result, the corresponding cost will be netted with the revenue. ACER sales are made up of equipment rentals that are provided to franchises during catastrophic events.

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.

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 0% to 9%, with maturities generally ranging from six months to eight years. A summary of notes receivable principal maturities follows:

Years ending December 31,

2023	\$	433,793
2024		37,000
2025		40,471
2026		39,750
2027		17,309
Thereafter		2,454
		<hr/>
Notes receivables		570,777
Less: allowance for doubtful accounts		(6,814)
		<hr/>
Notes receivable, net of allowances for doubtful accounts		563,963
Less: current maturities, net of allowances for doubtful accounts		(432,074)
		<hr/>
Notes receivable, net of current maturities and allowances for doubtful accounts	\$	131,889

AdvantaClean Systems, LLC Subsidiary and Affiliate
Combined and Consolidated Notes to Financial Statements

4. Prepaid Expenses

Prepaid expenses consist of the following as of December 31:

	2022	2021
Prepaid convention	\$ 3,448	\$ -
Prepaid commissions and broker fees	8,150	-
Prepaid documentation solution	55,868	59,543
Others	22,558	86,894
Prepaid expenses	\$ 90,024	\$ 146,437

Prepaid convention represents costs incurred in advance of the annual convention 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.

Prepaid documentation solution represents a software to visually document and present high-quality reports for franchises.

5. Property and Equipment

Property and equipment, net at December 31, consists of the following:

	2022	2021
Leasehold improvements	\$ 198,816	\$ 198,816
Office furniture and equipment	389,047	303,441
Computer equipment	9,435	19,524
Computer software	168,377	177,007
Vehicles	69,623	69,623
Property, Plant and Equipment	835,298	768,411
Less accumulated depreciation	(338,007)	(169,838)
Property and equipment, net of accumulated depreciation	497,291	598,573
Construction in progress	77,161	-
Property and equipment, net	\$ 574,452	\$ 598,573

The Company recorded depreciation expense of \$158,544 and \$141,372 during the years ended December 31, 2022 and 2021, which is included in operating and administrative expenses on the accompanying combined and consolidated statements of operations.

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Notes to Financial Statements

6. Accrued Expenses

Accrued liabilities consist of the following as of December 31:

	2022	2021
Accrued compensation	\$ 303,278	\$ 282,642
Accrued legal fees	6,619	15,509
Accrued regional developer	7,574	11,213
Accrued other	16,103	117,245
Accrued liabilities	\$ 333,574	\$ 426,609

7. Commitments and Contingencies

Operating Leases

The Parent leases the Company's headquarters and warehouse and allocates a portion of its rent expense to the Company (Note 8). The total rent expense incurred by the Parent for this property was \$2,008,423 and \$1,349,021 for the years ended December 31, 2022 and 2021, respectively, of which \$77,794 and \$81,434 for the years ended December 31, 2022 and 2021, respectively, was allocated to the Company and is included in operating and administrative expenses on the combined and consolidated statements of operations.

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 outside of its normal course of business.

8. Related Party Transactions

Certain operating expenses are incurred by the Parent and are allocated to the Company. During the years ended December 31, 2022 and 2021, the Parent allocated \$1,057,988 and \$1,473,652, respectively, in expenses to the Company, which was charged to the Company's operations, with the majority of the expenses included in operating and administrative expenses in the accompanying combined and consolidated statements of operations. During the year ended December 31, 2022 and 2021, LCR and ACER had costs to the related party ACS CO in the amount \$26,885 and \$306,134, respectively and is netted with other sales on the combined and consolidated statements of operations.

At December 31, 2022 and 2021, the Company has a net receivable from its Parent in the amount of \$6,190,109 and \$4,214,628, which resulted from various intercompany transactions. These amounts are presented as a component of equity in the accompanying combined and consolidated balance sheets.

AdvantaClean Systems, LLC Subsidiary and Affiliate

Combined and Consolidated Notes to Financial Statements

9. 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 employees' contributions subject to certain limitations. The Company contributed \$77,488 and \$71,155 during the years ended December 31, 2022 and 2021, respectively, which are included in operating and administrative expenses on the combined and consolidated statements of operations.

10. 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 years ended December 31:

	2022	2021
Revenue recognized over time	\$ 4,832,021	\$ 5,090,918
Revenue recognized at a point in time	416,715	879,302
Total Revenue	<u>\$ 5,248,736</u>	<u>\$ 5,970,220</u>

11. Subsequent Events

Subsequent events have been evaluated by management through March 15, 2023, the date these financial statements were available to be issued.

EXHIBIT C

LIST OF FRANCHISEES

Current Franchises

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	Arkansas							
1	AdvantaClean of Little Rock	10/1/2010	4-W Investments, Inc.	19 Buckland Road	Little Rock	Arkansas	72223	(501) 868-5890
	California							
1	AdvantaClean of Tracy	2/1/2011	FEC Family Interests	793 S. Tracy Blvd. - Suite 184	Tracy	California	95376	(209) 830-1399
	Connecticut							
	AdvantaClean of Stamford	2/1/2014	Mario J. DiCostanzo	45 Interlaken Drive	Eastchester	Connecticut	10709	(914) 505-6570
2	AdvantaClean of Manchester	6/1/2011	CT Health and Recover Corp.	44 Cedar St. East	Hartford	Connecticut	06108	(860) 730-3310
	Florida							
	AdvantaClean of Destin	4/25/2016	James A. Tanner	835 Kell-Aire Dr	Destin	Florida	32541	(850) 517-1633
	AdvantaClean of Clermont	7/1/2013	JM Borman Inc	33536 Picciola Drive	Fruitland Park	Florida	34731	(352) 432-9018
	AdvantaClean of Boca Raton	4/29/2019	Fernando Graziano and Richard Labarca	18385 Northwest 12th Street	Miramar	Florida	33029	(561) 299-3335
	AdvantaClean of Bonita Springs	2/4/2019	Environment Decanted, LLC	4755 Mercantile Ave - Suite 3	Naples	Florida	34104	(239) 227-2688
	AdvantaClean of Ft. Lauderdale	8/15/2016	Innoveco LLC	236 F NE 33rd St.	Oakland Park	Florida	33334	(754) 218-8070
	AdvantaClean of Davie	8/15/2016	Innoveco LLC	236 F NE 33rd St.	Oakland Park	Florida	33334	(754) 218-8070
	AdvantaClean of Pompano Beach	4/26/2018	Innoveco LLC	236 F NE 33rd St.	Oakland Park	Florida	33334	(754) 218-8070
	AdvantaClean of Windermere	8/1/2009	Crescent Holding, LLC	5501 Commerce Drive	Orlando	Florida	32839	(407) 839-0088
9	AdvantaClean of Orlando North	8/1/2009	Crescent Holding, LLC	5501 Commerce Drive	Orlando	Florida	32839	(407) 839-0088
	Georgia							
	AdvantaClean of Atlanta	10/29/2018	Cullers Enterprises, LLC	2275 Marietta Blvd NW Ste 270-120	Atlanta	Georgia	30318	(404) 474-8018
	AdvantaClean of Dallas	1/1/2020	Morneault & Sons LLC	20 Lenox Dr NE	Cartersville	Georgia	30121	(978) 895-9786
	AdvantaClean of Marietta	12/1/2020	Morneault & Sons LLC	20 Lenox Drive NE	Cartersville	Georgia	30121	(470) 819-2077
	AdvantaClean of Kennesaw	9/1/2022	Morneault & Sons LLC	20 Lenox Drive NE	Cartersville	Georgia	30121	(470) 819-2077
	AdvantaClean of Norcross	9/1/2021	Virus Busters LLC	3050 Business Park Dr, Suite D	Peachtree Corners	Georgia	30071	(470) 819-2070
	AdvantaClean of Buford	9/1/2021	Virus Busters LLC	3050 Business Park Dr, Suite D	Peachtree Corners	Georgia	30071	(470) 819-2070
7	AdvantaClean of Sandy Springs	5/1/2022	Virus Busters LLC	3050 Business Park Dr, Suite D	Peachtree Corners	Georgia	30071	(470) 819-2070
	Hawaii							
1	AdvantaClean of Honolulu	5/1/2020	NDC Water Extraction LLC	99-890 Iwaena St. #104	Aiea	Hawaii	96701	(808) 466-3988
	Illinois							
	AdvantaClean of Orland Park	12/31/2014	Cameron M. Goth	10439 S. Hoyne Avenue	Chicago	Illinois	60643	(708) 942-1616
	AdvantaClean of Tinley Park	12/31/2014	Cameron M. Goth	10439 S. Hoyne Avenue	Chicago	Illinois	60643	(708) 942-1616
	AdvantaClean of Oak Lawn	12/31/2014	Cameron M. Goth	10439 S. Hoyne Avenue	Chicago	Illinois	60643	(708) 942-1616
	AdvantaClean of Springfield	4/8/2019	Miller Restoration, Inc.	6 Par Drive Collinsville	Collinsville	Illinois	62234	(217) 391-4700
	AdvantaClean of Schaumburg	1/1/2013	The JT Maier Company	555 Plate Drive Suite 12	East Dundee	Illinois	60118	(847) 201-4566
	AdvantaClean of Barrington	1/1/2013	The JT Maier Company	555 Plate Drive Suite 12	East Dundee	Illinois	60118	(847) 201-4566
	AdvantaClean of Arlington Heights	1/1/2013	The JT Maier Company	555 Plate Drive Suite 12	East Dundee	Illinois	60118	(847) 201-4566
8	AdvantaClean of Highland Park	1/1/2013	The JT Maier Company	555 Plate Drive Suite 12	East Dundee	Illinois	60118	(847) 201-4566
	Indiana							
	AdvantaClean of Fishers	3/30/2015	Respire LLC	17437 Carey Rd. - Suite 196	Westfield	Indiana	46074	(765) 205-9915
	AdvantaClean of Zionsville	3/30/2015	Respire LLC	17437 Carey Rd. - Suite 196	Westfield	Indiana	46074	(765) 205-9915
3	AdvantaClean of North Indianapolis	7/19/2018	Respire LLC	17437 Carey Rd. - Suite 196	Westfield	Indiana	46074	(317) 721-7279
	Iowa							
1	AdvantaClean of Des Moines	10/23/2017	MRL Enterprises, LLC	1619 Army Post Road	Des Moines	Iowa	50315	(515) 309-2089
	Kansas							
	AdvantaClean of Overland Park	3/1/2012	3 Under Par Enterprises LLC	13725 Metcalf Ave Suite 314	Overland Park	Kansas	66223	(913) 674-5072

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	AdvantaClean of Olathe	3/1/2012	3 Under Par Enterprises LLC	13725 Metcalf Ave Suite 314	Overland Park	Kansas	66223	(913) 674-5072
3	AdvantaClean of Leavenworth	2/28/2017	3 Under Par Enterprises LLC	13725 Metcalf Ave Suite 314	Overland Park	Kansas	66223	(913) 674-5072
	Kentucky							
1	AdvantaClean of Ashland	3/5/2018	Pam Duelley	2713 Cumberland Avenue	Ashland	Kentucky	41102	(606) 315-1239
	Louisiana							
	AdvantaClean of Belle Chase	5/1/2013	AdvantaClean of Metro New Orleans LLC	1515 S. Salcedo St. Suite 212	New Orleans	Louisiana	70125	(985) 231-0220
	AdvantaClean of Metairie	5/1/2013	AdvantaClean of Metro New Orleans LLC	1515 S. Salcedo St. Suite 212	New Orleans	Louisiana	70125	(985) 231-0220
	AdvantaClean of New Orleans	5/1/2013	AdvantaClean of Metro New Orleans LLC	1515 S. Salcedo St. Suite 212	New Orleans	Louisiana	70125	(504) 226-7904
4	AdvantaClean of Marrero	9/1/2022	AdvantaClean of Metro New Orleans LLC	1515 South Salcedo Street, Suite 212	New Orleans	Louisiana	70125	(985) 231-0220
	Maryland							
	AdvantaClean of Frederick	9/8/2015	Enviroclean Advantage, Inc.	2608 Monocacy Bottom Rd.	Adamstown	Maryland	21710	(301) 695-0458
	AdvantaClean of Gaithersburg East	9/8/2015	Enviroclean Advantage, Inc.	2608 Monocacy Bottom Rd.	Adamstown	Maryland	21710	(301) 695-0458
3	AdvantaClean of Gaithersburg West	9/8/2015	Enviroclean Advantage, Inc.	2608 Monocacy Bottom Rd.	Adamstown	Maryland	21710	(301) 695-0458
	Massachusetts							
	AdvantaClean of Danvers	8/20/2018	Stephen Barrett	58 Pulaski St. - Bldg. A R#2	Peabody	Massachusetts	01960	(978) 716-8008
2	AdvantaClean of Waltham	3/17/2019	Rene Anonas and Juan Ramirez	633 Trapelo Rd. Ste 105	Waltham	Massachusetts	02452	(781) 577-7711
	Minnesota							
	AdvantaClean of Rochester	12/1/2018	B-D Holdings, Inc.	6585 Edenvale Blvd, Ste. 170	Eden Prairie	Minnesota	55346	(952) 466-6953
	AdvantaClean of Minneapolis North	12/1/2018	B-D Holdings, Inc.	6585 Edenvale Blvd, Ste. 170	Eden Prairie	Minnesota	55346	(952) 466-6953
	AdvantaClean of Edina	12/1/2018	B-D Holdings, Inc.	6585 Edenvale Blvd, Ste. 170	Eden Prairie	Minnesota	55346	(952) 466-6953
4	AdvantaClean of Eden Prairie	12/1/2018	B-D Holdings, Inc.	6585 Edenvale Blvd, Ste. 170	Eden Prairie	Minnesota	55346	(952) 466-6953
	Mississippi							
1	AdvantaClean of Biloxi	4/16/2015	AdvantaClean of Metro New Orleans LLC	1515 S. Salcedo St. Suite 212	New Orleans	Mississippi	70125	(985) 231-0220
	Missouri							
	AdvantaClean of Grandview	3/1/2012	3 Under Par Enterprises LLC	13725 Metcalf Ave Suite 314	Overland Park	Missouri	66223	(913) 674-5072
	AdvantaClean of Independence	2/28/2017	3 Under Par Enterprises LLC	13725 Metcalf Ave Suite 314	Overland Park	Missouri	66223	(913) 674-5072
3	AdvantaClean of Gladstone	2/28/2017	3 Under Par Enterprises LLC	13725 Metcalf Ave Suite 314	Overland Park	Missouri	66223	(913) 674-5072
	Nebraska							
1	AdvantaClean of Omaha South	10/7/2016	Wilwerding Investments LLC	13605 C Street	Omaha	Nebraska	68144	(402) 415-2617
	New Jersey							
1	AdvantaClean of Woodbury	9/14/2016	Kiemry Incorporated	38 Palomino Circle	Mantua	New Jersey	08051	(856) 295-9100
	New York							
	AdvantaClean of Chappaqua	2/1/2014	Mario J. DiCostanzo	45 Interlaken Drive	Eastchester	New York	10709	(914) 505-6570
2	AdvantaClean of White Plains	2/1/2014	Mario J. DiCostanzo	45 Interlaken Drive	Eastchester	New York	10709	(914) 505-6570
	North Carolina							
	AdvantaClean of Charlotte West	7/25/2016	Pender Enterprises, LLC	4101 Stuart Andrew Boulevard, Suite E	Charlotte	North Carolina	28217	(803) 325-2100
	AdvantaClean of Cabarrus	2/24/2014	SSGP Inc.	P.O. Box 6478	Concord	North Carolina	28027	(704) 794-6227
	AdvantaClean of Charlotte - Gastonia	9/29/2017	Take 2, LLC	7845 Commerce Drive - Unit A	Denver	North Carolina	28037	(704) 215-4411

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
	AdvantaClean of Hickory	4/30/2018	Take 2, LLC	7845 Commerce Drive - Unit A	Denver	North Carolina	28037	(704) 215-4411
	AdvantaClean of Burlington	6/1/2012	CADC LLC	1852 Banking St. - Box 9256	Greensboro	North Carolina	27408	(336) 790-0434
	AdvantaClean of High Point	6/1/2012	CADC LLC	1852 Banking St. - Box 9256	Greensboro	North Carolina	27408	(336) 790-0434
	AdvantaClean of Greensboro	6/1/2012	CADC LLC	1852 Banking St. - Box 9256	Greensboro	North Carolina	27408	(336) 790-0434
	AdvantaClean of Winston Salem South	6/1/2012	CADC LLC	1852 Banking St. - Box 9256	Greensboro	North Carolina	27408	(336) 790-0434
	AdvantaClean of Statesville	6/1/2019	Fox Red Otis, LLC	159 Barkley Park Lane, Unit A	Mooreville	North Carolina	28115	(704) 664-7116
	AdvantaClean of Charlotte North	6/1/2019	Fox Red Otis, LLC	159 Barkley Park Lane, Unit A	Mooreville	North Carolina	28115	(704) 391-3330
	AdvantaClean of Winston-Salem North	6/1/2011	Kenneth D. Klamfoth	220 Grace St.	Mount Airy	North Carolina	27030	(336) 719-0205
	AdvantaClean of Wendell	12/31/2014	Vincent Devon Nicholson	3004 Wellington Drive	Rocky Mount	North Carolina	27803	(252) 544-5114
	AdvantaClean of Monroe	2/1/2011	ACL Carolina Inc.	PO Box 452	Waxhaw	North Carolina	28173	(704) 256-4869
	AdvantaClean of Charlotte East	2/2/2011	ACL Carolina Inc.	PO Box 452	Waxhaw	North Carolina	28173	(704) 391-3330
	AdvantaClean of Wilmington	7/1/2011	Timothy B. Kiser and Lisa P. Kiser	1500 SE Harbor Dr.	Wilmington	North Carolina	28409	(910) 370-8420
16	AdvantaClean of Clinton	7/1/2011	Timothy B. Kiser and Lisa P. Kiser	1500 SE Harbor Dr.	Wilmington	North Carolina	28409	(910) 370-8420
	Ohio							
	AdvantaClean of Bethel	1/14/2019	Garrett and Kelvin Crawford	1794 Ohio Pike	Amelia	Ohio	45102	(513) 538-0400
	AdvantaClean of Marysville	3/27/2017	Blackwood Ventures, Inc.	400 Kingsbury Rd	Delaware	Ohio	43015	(740) 200-4228
	AdvantaClean of Dublin	3/27/2017	Blackwood Ventures, Inc.	400 Kingsbury Rd	Delaware	Ohio	43015	(740) 200-4228
	AdvantaClean of Columbus South	11/1/2020	J&E Firm LLC	16254 Maple St.	Laurelville	Ohio	43135	(740) 478-4075
	AdvantaClean of Westlake	12/17/2018	Drew Lipold Sr.	31335 Industrial Parkway Unit 1	North Olmsted	Ohio	44070	(440) 568-0300
6	AdvantaClean of Cleveland West	12/17/2018	Drew Lipold Sr.	31335 Industrial Parkway Unit 1	North Olmsted	Ohio	44070	(440) 568-0300
	Pennsylvania							
	AdvantaClean of Punxsutawney	1/31/2015	William H. Young, Jr.	319 Stuart Road	Falls Creek	Pennsylvania	15840	(814) 408-5692
2	AdvantaClean of Lancaster North	9/1/2012	John A. Kieffer	1305 Bryan Drive	Lancaster	Pennsylvania	17601	(717) 283-4065
	South Carolina							
	AdvantaClean of Rock Hill	12/1/2011	Pender Enterprises, LLC	4101 Stuart Andrew Boulevard, Suite E	Charlotte	South Carolina	28217	(803) 325-2100
2	AdvantaClean of Myrtle Beach	7/1/2011	Timothy B. Kiser and Lisa P. Kiser	1500 SE Harbor Dr.	Wilmington	South Carolina	28409	(843) 213-6608
	Tennessee							
	AdvantaClean of Chattanooga	1/1/2020	Pridgen Brothers Enterprises LLC	7227 Aventine Way Apt. 102	Chattanooga	Tennessee	37421	(423) 541-0444
	AdvantaClean of Lenior City	4/4/2010	JTK Enterprises, Inc.	205 Dorcee Lane	Knoxville	Tennessee	37934	(865) 693-1930
	AdvantaClean of Knoxville North	9/1/2011	Ithilien Incorporated	903 Vista Delmar Way	Knoxville	Tennessee	37919	(865) 985-0684
4	AdvantaClean of Knoxville South	9/1/2011	Ithilien Incorporated	903 Vista Delmar Way	Knoxville	Tennessee	37919	(865) 985-0684
	Texas							
	AdvantaClean of Houston West 01	9/5/2017	Sunrise MILU Company, LLC	20770 Westheimer Parkway, Ste 506	Katy	Texas	77450	(832) 888-8577
	AdvantaClean of Houston West 02	9/5/2017	Sunrise MILU Company, LLC	20770 Westheimer Parkway, Ste 506	Katy	Texas	77450	(832) 888-8577
3	AdvantaClean of Spring	7/11/2016	Cruzant Corporation	4177 Louetta Rd Suite 7	Spring	Texas	77388	(281) 394-0086
	Virginia							
	AdvantaClean of McLean	11/1/2022	Dreadnought Restorations LLC	7918 Jones Branch Drive, 4th Floor -#212	McLean	Virginia	22102	(571) 660-4455
	AdvantaClean of Petersburg	3/1/2014	Sappony Corp	519 Branchway Road	Richmond	Virginia	23236	(804) 356-8949
3	AdvantaClean of Richmond South	3/1/2014	Sappony Corp	519 Branchway Road	Richmond	Virginia	23236	(804) 356-8949
	Washington							
	AdvantaClean of Bothell	2/16/2018	L1 Restorations, Inc.	8503 Northeast 152nd Street	Kenmore	Washington	98028	(425) 256-2211
	AdvantaClean of Bellevue	2/16/2018	L1 Restorations, Inc.	8503 Northeast 152nd Street	Kenmore	Washington	98028	(425) 256-2211
	AdvantaClean of Vancouver West	7/5/2016	Spotz Gone LLC	12000 Northeast 95th	Vancouver	Washington	98682	(360) 216-4616

Total	Company	Start Date	Owner	Address	City	State	Zip	Phone
				Street - STE 540				
4	AdvantaClean of Vancouver East	7/5/2016	Spotz Gone LLC	12000 Northeast 95th Street - STE 540	Vancouver	Washington	98682	(360) 216-4616
	Wisconsin							
	AdvantaClean of Mequon	5/6/2019	Harley Ventures, Inc.	4265 N 127th Street	Brookfield	Wisconsin	53005	(414) 312-5999
	AdvantaClean of New Berlin	10/1/2021	Harley Ventures, Inc.	4265 N 127th Street	Brookfield	Wisconsin	53005	(414) 312-5999
3	AdvantaClean of Waukesha	10/1/2021	Harley Ventures, Inc.	4265 N 127th Street	Brookfield	Wisconsin	53005	(414) 312-5999

101 Total

EXHIBIT D

LIST OF TERMINATED OR TRANSFERRED FRANCHISEES

If we grant you this franchise, your contact information may be disclosed to other prospective franchisees when you leave the franchise system.

Terminated Franchises

Total	Status	Company	End Date	Owner	City	State	Zip	Phone
		Colorado						
1	K - Non-Renewal	AdvantaClean of East Denver	8/18/2023	Varner's Restoration, Inc.	Aurora	Colorado	80014	(720) 907-0708
		Connecticut						
	H - Mutual Release	AdvantaClean of Kensington	2/1/2023	CT Health and Recover Corp.	Hartford	Connecticut	06108	(860) 730-3310
2	H - Mutual Release	AdvantaClean of West Hartford	2/1/2023	CT Health and Recover Corp.	Hartford	Connecticut	06108	(860) 730-3310
		Florida						
	K - Non-Renewal	AdvantaClean of Seminole	9/1/2023	Jim Dundon Inspection Services, LLC	Deland	Florida	32724	(407) 478-9997
2	K - Non-Renewal	AdvantaClean of Winter Park	7/19/2023	Crescent Holding, LLC	Orlando	Florida	32839	(407) 839-0088
		Illinois						
1	H - Mutual Release	Advantaclean of Alton	8/17/2023	Specialty Cleaning Services LLC	Maryville	Illinois	62062	(618) 614-5779
		Maryland						
1	I - Termination	AdvantaClean of Bowie	5/31/2023	ABD Enterprise, LLC	Upper Marlboro	Maryland	20774	(301) 476-1887
		Missouri						
	I - Termination - Hold	AdvantaClean of Florissant	10/24/2023	ACWSTL, LLC	Ellisville	Missouri	63011	(636) 614-0995
	I - Termination - Hold	AdvantaClean of O'Fallon	10/24/2023	ACWSTL, LLC	Ellisville	Missouri	63011	(636) 614-0995
	I - Termination - Hold	AdvantaClean of Kirkwood	10/24/2023	ACWSTL, LLC	Ellisville	Missouri	63011	(314) 256-9199
	I - Termination - Hold	AdvantaClean of Chesterfield	10/24/2023	ACWSTL, LLC	Ellisville	Missouri	63011	(314) 256-9199
	H - Mutual Release	Advantaclean of South St. Louis	8/17/2023	Specialty Cleaning Services LLC	Maryville	Missouri	62062	(618) 614-5779
6	H - Mutual Release	Advantaclean of East St. Louis	8/17/2023	Specialty Cleaning Services LLC	Maryville	Missouri	62062	(618) 614-5779
		Ohio						
	H - Mutual Release	AdvantaClean of Columbus Southeast	5/31/2023	MHT Holdings, LLC	New Albany	Ohio	43054	(740) 328-8600
	H - Mutual Release	AdvantaClean of Johnstown	5/31/2023	MHT Holdings, LLC	New Albany	Ohio	43054	(740) 328-8600
3	H - Mutual Release	AdvantaClean of Columbus Northeast	5/31/2023	MHT Holdings, LLC	New Albany	Ohio	43054	(740) 328-8600
		Oklahoma						
	I - Termination	AdvantaClean of Oklahoma City North	7/11/2023	JDG Environmental, LLC	Oklahoma City	Oklahoma	73116	(405) 217-3022
2	I - Termination	AdvantaClean of Oklahoma City South	7/11/2023	JDG Environmental, LLC	Oklahoma City	Oklahoma	73116	(405) 217-3022
		South Carolina						
	I - Termination	AdvantaClean of Spartanburg-Lancaster	7/11/2023	Edmondson Enterprises, LLC	Lancaster	South Carolina	29720	(803) 597-2022
	I - Termination	AdvantaClean of West Columbia	7/11/2023	Edmondson Enterprises, LLC	Lancaster	South Carolina	29720	(828) 333-5000
	I - Termination	AdvantaClean of Charleston	4/21/2023	MJC Coastal Enterprises	Summerville	South Carolina	29485	(843) 577-5994
4	I - Termination	AdvantaClean of N. Charleston	4/21/2023	MJC Coastal Enterprises	Summerville	South Carolina	29485	(843) 577-5994
		Texas						
1	I - Termination	AdvantaClean of San Antonio	3/8/2023	The Underdogs Unlimited, LLC	San Antonio	Texas	78238	(210) 745-3130
		Washington						
	I - Termination	AdvantaClean of Central Seattle	8/28/2023	Huerta Enterprises, Inc.	Seattle	Washington	98109	(206) 219-5393
	H - Mutual Release	AdvantaClean of Lacey	11/30/2023	Topp Works LLC	Tacoma	Washington	98444	(253) 466-5527
3	H - Mutual Release	AdvantaClean of Puyallup	11/30/2023	Topp Works LLC	Tacoma	Washington	98444	(253) 466-5527

26 Total

Transferred Franchises

N/A

1

EXHIBIT E

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

AGENCIES/AGENTS FOR SERVICE OF PROCESS

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

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 or (866) 275-2677 Website: http://dfpi.ca.gov Email: Ask.DFPI@dfpi.ca.gov	Commissioner of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Attorney General Michigan Department of Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Securities Division Department of Financial Institutions P.O. Box 41200 Olympia, WA 98504-1200	Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT F

OPERATIONS MANUAL TABLE OF CONTENTS



Operations Manual
Table of Contents

Introduction.....	7
Correspondence and Communication	7
Manual Terminology.....	7
AdvantaClean Services	8
AdvantaClean Core Values.....	9
Mission Statement.....	9
Tagline.....	9
Trademarks	9
Ethical Standards	11
Legal, Regulatory and Confidentiality	12
Definition of Trade Secrets and Confidential Information.....	13
Franchise Disclosure Document (FDD) and Franchise Agreement	15
Independently Owned and Operated.....	16
System Compliance.....	16
Complete Franchisee Training.....	17
What Franchisees Can Expect from Headquarters	17
What Headquarters Expects from Franchisees.....	17
AdvantaClean Franchise Visibility	19
Logo Usage.....	20
Initial Equipment Package	20
Computer Hardware and Software	21
Training New Team Members.....	22
Continuing Education and Training Opportunities.....	22
Code of Conduct While Attending Training or Seminars.....	23

Grand Opening.....	23
Franchise Owner Obligations and Opportunities.....	23
Financial Management.....	24
Accounting and Bookkeeping Methods.....	24
Employee Management	25
Employee Handbooks.....	25
New Employee Orientation	26
Orientation Checklist.....	26
Training New Team Members	27
Referrals & References	28
Business Operations	28
Hours of Operation	28
Holiday Closures	29
Ordering Equipment and Supplies	29
Professionalism.....	29
Answering the Phone.....	29
Uniforms.....	29
One-Time Jobs vs. Recurring Contract Work	30
Estimates and Bids	31
Quote and Bidding Process	31
Average Mold Remediation, Final Profit Example.....	35
Net Profit Margin.....	35
Final Quote.....	35
Competitor Pricing	35
Emergency Service Requests	36
Scheduling	36
Invoicing	37
Collections	37
Submitting Government Bids.....	38
Staffing	40

OSHA Safety Requirements	41
Emergency Preparedness.....	41
Crisis Situations	42
Handling a Crisis.....	43
Gathering Crisis Information	44
Notify the Authorities.....	44
Job Site Safety.....	44
Factors that Frequently Cause Accidents	45
Employee Safety and Security Training.....	47
Proper Lifting Techniques	47
Safe Equipment Operations and Maintenance.....	48
Equipment Hazards	48
Personal Protective Equipment (PPE).....	48
Medical Emergencies	49
Maneuvering Your Vehicle and Trailer Safely	51
Following Distance	51
Loose Material in Your Vehicle.....	52
Chemical Safety.....	52
Safety Data Sheet (SDS).....	53
Information Required on an SDS	53
Who Must Supply an SDS?	54
How to read an SDS	54
Crime Prevention	57
If Your Property is Stolen.....	57
Vandalism.....	58
On the Job Etiquette	59
Job Preparedness	59
Promptness	61
Arrival and Introduction.....	61

Service Line Training	65
Marketing Materials	90
Develop a Local Marketing Plan.....	91
Advertising	91
Market to Your Community	92
Event Marketing	92
Digital Marketing	93
Search Engine Marketing	93
Online Directories & Reputation Management.....	94
Email Marketing	95
Social Media Legal Requirements	95
Posting to Social Media	96
Social Media Best Practices & Standards	97
Facebook	98
LinkedIn.....	98
Participation in Social Media.....	99
Call Center Operations	101
Training & Development.....	101
Process & Procedures	101
Paid Lead Programs	103
The AdvantaClean Customer	103
Franchisee Sales Strategies and Processes	103
Talking with Prospects.....	104
Follow up with the prospect.....	104
Presentation Topics	105
Preparing for Sales Presentations	105
The Presentation	107
Project Assessment	108
Overcoming Objections	108
Close	108

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 AdvantaClean Systems, LLC, a North Carolina limited liability company, the franchisor (“ACS”), _____ (“Existing Franchisee”), and _____ (“New Franchisee”).

WHEREAS, ACS and Existing Franchisee presently are parties to that certain Franchise Agreement, dated _____ (the “Franchise Agreement”), pursuant to which ACS licensed Existing Franchisee the right to operate a business (the “Franchised Business”) including the service marks of ACS (the “Franchise”) in the territory known as _____ (the “Territory”).

WHEREAS, with ACS’s 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 transfer set forth in paragraph 14.3 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 _____ (the “Transfer Date”) subject to the provisions of paragraph 3, below, and paragraph 14.3 of the Franchise Agreement.
2. If New Franchisee has not already done so to the satisfaction of ACS, New Franchisee shall comply with the training requirements set forth in the Franchise Agreement by attending the next available training program offered by ACS for new franchisees.
3. Concurrently upon the Transfer Date New Franchisee shall become a franchisee of ACS 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 Section 16 thereof, including, but not limited to, ceasing all use of the service marks of ACS.
4. As between Existing Franchisee and ACS, and with the exception of the rights and obligations set forth in Section 16 of the Franchise Agreement (which is incorporated herein by reference), the franchise relationship created by the Franchise Agreement is hereby terminated and released 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 under §1179 of the California Code of Civil Procedure and acknowledges that there is no subsisting franchise agreement between ACS and existing Franchisee.
5. Existing Franchisee shall execute all documentation deemed necessary by ACS to transfer the Franchise to New Franchisee.
6. New Franchisee shall execute ACS’s current form of franchise agreement for a new ten (10) year term. Upon execution of the current form of franchise agreement by New Franchisee, the Franchise

Agreement shall be terminated and superseded by the franchise agreement executed pursuant to this Section 6.

7. (a) As consideration for ACS 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 _____:

- (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 ACS's service marks and the System (as that term is defined in the Franchise Agreement);
- (ii) Employing or seeking to employ any person who is at that time employed by ACS, affiliates of ACS, or by any other franchisee or franchisee of ACS, including but not limited to New Franchisee, or otherwise directly or indirectly inducing or seeking to induce such person to leave his or her employment thereat; or
- (iii) Within the Territory and within a twenty five (25) mile radius of any business franchised or operated by ACS 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) specializing, in whole or in part, in the retail and/ or delivery/performance of Restoration and Remediation Services, or providing the same or similar goods or services provided, sold, or offered through the System.

(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 7(a) is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which ACS 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 ACS shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraph 7(a) or any portion thereof effective immediately upon receipt by Existing Franchisee of written notice thereof from ACS, and Existing Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

(d) Paragraph 7(a) shall not apply to ownership by Existing Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

7. 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.

9. New Franchisee acknowledges that it has received access to the books and records of Existing Franchisee and has undertaken an independent investigation of the Franchised Business.
10. Existing Franchisee releases, indemnifies and agrees to hold harmless ACS in respect of any liabilities which may arise as a result of this transfer.
11. Failure to comply with any of the provisions of this Consent and Assumption shall constitute a material breach hereof and shall entitle ACS 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.
12. 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 execution.
13. In granting its consent to this Consent and Assumption, ACS has elected not to exercise its right of first refusal as provided in Section 14.3.1 of the Franchise Agreement. Notwithstanding the foregoing, however, the Existing Franchisee shall have a period of 60 days after the date of execution of this Consent and Assumption to complete the transfer of the Franchise and the Existing Franchisee shall again be required to comply with Section 14.3.1 of the Franchise Agreement before the transfer can be effected.
14. 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 ACS, 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 ACS 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.
15. 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 legal consequences provided by Section 1541 of the California Civil Code, i.e., the extinguishment of all obligations, except as expressly excepted herein.
16. 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 Section 18 of the Franchise Agreement.
17. Although the Franchise Agreement provides that no interest in the Franchise Agreement can be transferred without the prior written consent of ACS, New Franchisee acknowledges that ACS 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. ACS 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 ACS.

- 18. ACS will be provided with a copy of the written sales agreement made by and between the Existing Franchisee and New Franchisee.
- 19. This Consent and Assumption may be executed 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.
- 20. The release in this Consent and Assumption does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the parties hereto have duly executed 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.

ADVANTACLEAN SYSTEMS, LLC

Dated: _____

By: _____
Steve Willis, President

EXISTING FRANCHISEE

Dated: _____

By: _____
Name: _____
Title: _____

Dated: _____

By: _____
Name: _____
Title: _____

NEW FRANCHISEE(S)

Dated: _____

By: _____
Name: _____
Title: _____

Dated: _____

By: _____
Name: _____
Title: _____

EXHIBIT H

VETERAN'S ADDENDUM TO FRANCHISE AGREEMENT

VETERANS ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement (this “*Addendum*”) is entered into as of _____, 2021 (“*Effective Date*”), between AdvantaClean Systems, LLC, a North Carolina 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 AdvantaClean _____ (“*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 \$4,250. 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, 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:

THE REST OF THIS PAGE LEFT INTENTIONALLY BLANK

Dated: _____, 202__

Sign here if Franchisee is an individual:

FRANCHISEE:

Print Name: _____

Print Address: _____

Sign here if Franchisee is a company:

FRANCHISEE:

Print company name:

BY: _____

ITS: _____

ACCEPTED as of the Effective Date first above written.

FRANCHISOR:

ADVANTACLEAN SYSTEMS, LLC

BY: _____

ITS: _____

EXHIBIT I
PROMISSORY NOTE

SECURED PROMISSORY NOTE

Date: _____

US\$ _____

Irvine, California

FOR VALUE RECEIVED, the undersigned (hereinafter "Obligor"), hereby promises to pay to the order of ADVANTACLEAN SYSTEMS, LLC, a limited liability company organized under the laws of North Carolina (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 ADVANTACLEAN SYSTEMS, LLC, a limited liability company organized under the laws of North Carolina ("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

All notices, requests and demands hereunder shall be in writing and

- (a) made to Secured Party at AdvantaClean Systems, LLC, 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.

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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:
ADVANTACLEAN SYSTEMS,
LLC

By: _____
Steve Willis, President

Pledgor:
Sign here: _____

Print Name: _____

Sign here: _____

Print Name: _____

Address of Pledgor's Offices:

EXHIBIT K

MASTER SERVICES AGREEMENT

**ADVANTACLEAN® NATIONAL ACCOUNTS PROGRAM
FRANCHISEE MASTER SERVICES AGREEMENT**

This Master Services Agreement (this "**Agreement**"), dated as of _____, 202_ (the "**Effective Date**"), is by and between Loss Control & Recovery, LLC ("**LCR**"), a Florida limited liability company, with offices located at 110 N. Freeport Parkway, Coppell, Texas 75019 and {Franchisee}, a {state} {entity type}, with offices located at {Street}, {City}, {State} {Zip} ("**Franchisee**") (LCR and Franchisee, collectively, the "**Parties**", and each a "**Party**").

RECITALS

- A. Franchisee is a franchisee of LCR's affiliate, AdvantaClean Systems, LLC ("**ACS**").
- B. LCR solicits business from National Accounts (as defined in Section 1.1) on behalf of ACS franchisees and ACS's company-owned operations.
- C. Franchisee has the capability and capacity to provide the Services (as defined in Section 1.2) to National Accounts as LCR's subcontractor; and
- D. LCR desires to retain Franchisee to provide the Services, and Franchisee is willing to perform the Services under the terms and conditions hereinafter set forth.

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, Franchisee and LCR agree as follows:

AGREEMENT

1. Definitions.

1.1 "National Account" means any business or businesses under common control, ownership or branding, which operate locations in or deliver products and services across two or more "protected territories" as that term is defined in the franchise agreements between ACS and its franchisees.

1.2 "Services" means some or all of the following restoration and remediation services including: (i) cleaning, sealing and maintenance of air ducts, dryer vents, coils and ventilation systems; (ii) mold remediation, microbial sampling, testing and indoor air quality assessments; (iii) performance of 24-hour emergency mitigation, cleaning and restoration services for properties damages by water, fire and other approved property damage events; (iv) a variety of solutions that improve the condition and performance of basements, crawlspaces and attics; (v) moisture control, waterproofing, dehumidification, ventilation, and other related products and services that improve the condition and performance of those areas; (vi) radon measurement and mitigation; and (vii) other products and services that ACS may approve and modify from time to time.

2. Services. Franchisee will perform the Services for the National Account as LCR's subcontractor. Franchisee will provide to National Accounts those Services set forth in one or more work orders to be issued by the National Account to LCR and accepted by Franchisee from LCR (each, a "**Work Order**"). Each Work Order will be deemed to incorporate by reference the terms and conditions of this Agreement as if fully set forth therein. The details of the method and manner for performance of the Services by the Franchisee will be under its own control, LCR being interested only in the results thereof.

3. Franchisee's Discretion. Franchisee may accept or reject a National Account Work Order in its discretion on a case by case basis. Franchisee agrees that if Franchisee rejects a National Account Work Order, LCR may assign the Work Order to another ACS franchisee or affiliate of ACS even if the work is to be performed in Franchisee's contracted AdvantaClean® protected territory.

4. No Independent National Accounts Work. Franchisee may not contract with or accept work directly from a National Account. All National Accounts customers must be contracted, managed and invoiced by LCR.

5. National Accounts Work Included in Gross Revenue. All revenues for work performed for National Accounts are to be included in Franchisee's "Gross Revenue" for purposes of calculation of royalty payable to ACS under the franchise agreement between Franchisee and ACS.

6. National Accounts Work Orders

6.1 Assignments. All jobs for National Accounts will be dispatched to ACS franchisees through the AdvantaClean® National Accounts Department and/or the AdvantaClean® Call Center.

6.2 Communication. When assigned a job for a National Account, Franchisee will be permitted, subject to ACS being copied on all electronic communications, to communicate directly with the National Account customer to expedite and streamline communication. All email communications must copy ACS at workorder@advantaclean.com.

6.3 ACS Systems. Franchisee must utilize Franchisor's designated operating system for all aspects of National Account work including initiating, tracking, completion and invoicing of each National Account job.

6.4 Pricing. Franchisee will be responsible for setting prices for its work and, unless notified to the contrary by LCR, may negotiate pricing directly with the National Account customer. Franchisee must submit its written proposal to LCR for submission to the National Account. As provided in Section 8, LCR will retain a 10% administrative services fee on all National Accounts invoices. Therefore, this fee should be factored into Franchisee's pricing.

6.5 Completion of Job and Documentation. Upon completion of the job, Franchisee must email to workorder@advantaclean.com Franchisee's invoice and supporting documentation within 48 hours. Timely, accurate and complete supporting documentation must be provided for all National Account work. Any delay in submitting documentation will delay payment.

6.6 Invoicing. LCR will be responsible for invoicing National Accounts for all work performed under Work Orders.

6.7 Payment and Administrative Services Fee. LCR will pay Franchisee the amount invoiced to the National Account, less the Administrative Services Fee (as defined in Section 8), net 30 days after the National Account approves the invoice.

7. Franchisee Obligations.

7.1 Service Standards. Franchisee agrees to perform all work in a timely, workmanlike and professional manner in accordance with generally recognized industry standards for similar services using personnel of industry standard skill, experience and qualifications and in accordance with the description and specifications set out in the Work Order.

7.2 Identification as Franchisee. At the time of Franchisee's first contact with the National Account customer, Franchisee's representative will identify himself/herself as a representative of a franchisee of ACS.

7.3 Termination of Work Order. Franchisee agrees that Franchisee will terminate immediately all work being performed by Franchisee pursuant to any Work Order upon receipt of notice of termination from LCR or ACS, whether or not the notice of termination was given for cause. Upon receipt of notice of termination of a Work Order, Franchisee will remove all personnel, equipment, materials and apparatus from the work site immediately. Any payment for partial performance of the work will be determined by LCR in good faith. If there is a dispute between Franchisee and LCR regarding the amount of the payment for partial performance, ACS will make the final decision in good faith.

7.4 Assignment and Subcontract. Franchisee may not assign or subcontract any work to be performed by Franchisee pursuant to a Work Order unless Franchisee receives prior written approval from LCR, which approval may be withheld or conditioned in LCR's sole discretion.

7.5 Regulatory Compliance. Franchisee agrees to perform all of the work in strict compliance with all local, state and federal government rules, regulations, ordinances, statutes and other requirements ("**Regulations**") applicable to the work, including but not limited to OSHA. Without limitation, Franchisee agrees to obtain and maintain throughout the performance of the work, such licenses, certifications, permits and training as required by the Regulations.

7.6 Safety. Franchisee agrees to take all necessary precautions for the safety of Franchisee's employees and visitors on the property and Franchisee will comply with all applicable provisions of federal, state and municipal safety laws and building codes to prevent accidents or injuries to person or damage to property. From time to time, certain Work Orders may contain specific safety and training requirements. Franchisee agrees to abide by any such specific safety and training requirements.

7.7 Insurance. Franchisee will maintain all insurance coverages required under the franchise agreement between ACS and Franchisee including, but not limited to, Commercial General Liability, statutory Worker's Compensation which, if applicable, must include every person performing services pursuant to the Work Order, and Automobile Liability, all in amounts specified in the Work Order, and will cause certificates of insurance in forms satisfactory to LCR and the National Account to be issued prior to commencement of work. The Work Order may require additional insurance coverage and may set minimum limits on the insurance coverage. The certificates must provide that the insurance policies may not be changed or cancelled until 30 days after written notice thereof has been delivered to LCR. Policy renewals must be provided not later than 30 days prior to the expiration of the existing insurance coverage. **All liability policies will list LCR and ACS as additional insureds. If the National Account requires that Franchisee maintain Employment Practices Liability insurance, LCR and ACS will be named as co-defendants. The Commercial General Liability policy must contain a waiver of subrogation in LCR's favor and will be primary and non-contributory to any insurance LCR might carry.**

7.8 Records. Franchisee agrees to keep and maintain for at least three (3) years after completion of the work accurate records of all sales and services provided to or for a National Account. At Franchisor's request, Franchisee will provide to LCR or ACS copies of such National Account records.

8. Administrative Services Fee. In consideration for the services performed by LCR pursuant to this Agreement, Franchisee agrees that LCR will be entitled to retain an administrative services fee (the "**Administrative Services Fee**") from each payment for a Work Order in an amount equal to ten percent (10%) of the invoice amount.

9. Term and Termination.

9.1 Term. The term of this Agreement will be coterminous with the franchise agreement between Franchisee and ACS. In the event of a termination of the franchise agreement for any reason, this Agreement will automatically terminate as of the same date.

9.2 Termination. Either Party may terminate this Agreement, effective upon written notice to the other Party (the "**Defaulting Party**"), if the Defaulting Party materially breaches this Agreement, and such breach is incapable of cure, or with respect to a material breach capable of cure, the Defaulting Party does not cure such breach within 30 days after receipt of written notice of such breach.

10. Limitation of Liability.

10.1 IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER OR, WITH THE EXCEPTION OF LIABILITY ARISING OUT OF FRANCHISEE'S INDEMNIFICATION OBLIGATIONS, TO ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE, OR PROFIT OR LOSS OF DATA OR DIMINUTION IN VALUE, OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER

SUCH DAMAGE WAS FORESEEABLE AND WHETHER OR NOT THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

10.2 WITH THE EXCEPTION OF LIABILITY ARISING OUT OF FRANCHISEE'S INDEMNIFICATION OBLIGATIONS, IN NO EVENT WILL EITHER PARTY'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED THE AGGREGATE AMOUNTS PAID OR PAYABLE TO THAT PARTY UNDER THIS AGREEMENT.

11. Indemnification. Franchisee agrees to defend, indemnify and hold harmless LCR and ACS, their parents and affiliates and all of their respective officers, directors, shareholders, employees, agents, successors and assigns (the "**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 attorneys' 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, or caused in whole or in part by the acts or omissions of Franchisee or any of Franchisee's employees, agents, representatives, subcontractors or suppliers. The indemnification obligations contained herein will 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 will 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 attorneys' 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 or this Agreement.

12. Entire Agreement. This Agreement, including and together with any related Work Orders, exhibits, schedules, attachments, and appendices, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, regarding such subject matter. The parties acknowledge and agree that if there is any conflict between the terms and conditions of this Agreement and the terms and conditions of any Work Order, the terms and conditions of this Agreement will supersede and control.

13. Notices. All notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "**Notice**", and with the correlative meaning "**Notify**") must be in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this Section). Unless otherwise agreed herein, all Notices must be delivered by personal delivery, nationally recognized overnight courier, or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) on receipt by the receiving Party; and (b) if the Party giving the Notice has complied with the requirements of this Section 13.

Notice to LCR: 110 N. Freeport Parkway, Suite 140
 Coppell, TX 75019
 Attention: Secretary

Notice to Franchisee: The address for notices set forth in Franchisee's franchise agreement with ACS.

14. Severability. If any term or provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon a determination that any term or provision is invalid, illegal, or unenforceable, the court may modify this Agreement to effect the original intent of the Parties as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

15. Amendments. No amendment to or modification of or rescission, termination, or discharge of this Agreement is effective unless it is in writing, identified as an amendment to or rescission, termination, or discharge of this Agreement and signed by an authorized representative of each Party.

16. Waiver. No waiver by any Party of any of the provisions of this Agreement will be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement will operate or be construed as a waiver thereof, nor will any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

17. Assignment. Franchisee may not assign, transfer, delegate, or subcontract any of its rights or delegate any of its obligations under this Agreement without the prior written consent of LCR. Any purported assignment or delegation in violation of this Section 17 will be void and of no effect. No assignment or delegation will relieve Franchisee of any of its obligations under this Agreement.

18. Successors and Assigns. This Agreement is binding on and inures to the benefit of the Parties to this Agreement and their respective successors and permitted assigns.

19. Relationship of the Parties. The relationship between the Parties is that of independent contractors. Nothing contained in this Agreement is to 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 has authority to contract for or bind the other Party in any manner whatsoever.

20. No Third-Party Beneficiaries. Subject to the next paragraph, this Agreement benefits solely the Parties to this Agreement and their respective successors and permitted assigns and nothing in this Agreement, express or implied, confers on any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

The Parties hereby designate ACS as a third-party beneficiary of this Agreement.

21. Choice of Law. This Agreement and all related documents including all exhibits attached hereto, and all matters arising out of or relating to this Agreement, whether sounding in contract, tort, or statute are governed by, and construed in accordance with, the laws of the State of Texas, United States of America (including its statutes of limitations), without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Texas.

22. Choice of Forum. Each party irrevocably and unconditionally agrees that it will not commence any action, litigation, or proceeding of any kind whatsoever against the other party in any way arising from or relating to this Agreement, including all exhibits, schedules, attachments, and appendices attached to this Agreement, and all contemplated transactions, including, but not limited to, contract, equity, tort, fraud, and statutory claims, in any forum other than the US District Court for the Northern District of Texas or, if such court does not have subject matter jurisdiction, the courts of the State of Texas sitting in Dallas, and any appellate court from any thereof. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees to bring any such action, litigation, or proceeding only in the US District Court for the Northern District of Texas or, if such court does not have subject matter jurisdiction, the courts of the State of Texas sitting in Dallas. Each party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

23. WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT, INCLUDING EXHIBITS, SCHEDULES, ATTACHMENTS, AND APPENDICES ATTACHED TO THIS AGREEMENT, IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING ANY EXHIBITS, SCHEDULES, ATTACHMENTS, OR APPENDICES ATTACHED TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY.

24. 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 agreement. A signed copy of this Agreement delivered by facsimile, 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.

25. Force Majeure. Neither Party will be liable or responsible to the other, nor be deemed to have defaulted or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement when and to the extent such failure or delay is caused by or results from acts or circumstances beyond the reasonable control of the Party including, without limitation, acts of God, flood, fire, earthquake, explosion, governmental actions, war, invasion or hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest, national emergency, revolution, insurrection, epidemic, lock-outs, strikes or other labor disputes (whether or not relating to either Party's workforce), or restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate or suitable materials, or telecommunication breakdown or power outage.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date by their respective duly authorized officers.

LOSS CONTROL & RECOVERY, LLC

By _____

Name: Jennie Amante

Title: Secretary

{FRANCHISEE}

By _____

Name:

Title:

EXHIBIT L
COLLATERAL ASSIGNMENT OF LEASE

COLLATERAL ASSIGNMENT OF LEASE

This COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into effective as of the _____ day of _____, 20____ (the "Effective Date"). The undersigned _____ ("Assignor") hereby assigns, transfers, and sets over unto AdvantaClean Systems, LLC, a North Carolina limited liability company ("Assignee") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease Agreement"), with respect to the premises located at _____ (the "Premises").

This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee takes possession of the Premises demised by the Lease Agreement pursuant to the terms hereof and expressly assumes in writing the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease Agreement and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer to anyone other than Assignee any of Assignor's interest in the Lease Agreement nor the Premises demised thereby.

Upon a default by Assignor under the Lease Agreement or under that certain AdvantaClean franchise agreement between Assignee and Assignor (the "Franchise Agreement"), Assignee shall have the right and is hereby empowered to take possession of the Premises, expel Assignor therefrom, and with such expulsion Assignor shall have no further right, title or interest in the Lease Agreement.

Assignor shall not suffer or permit any surrender, termination, amendment or modification of the Lease Agreement without the prior written consent of Assignee. Through the term of the Franchise Agreement and any extension or renewal, Assignor shall elect and exercise all options to extend the term of or renew the Lease Agreement not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease Agreement as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, Assignor and Assignee and have duly executed this Collateral Assignment of Lease as of the Effective Date.

ASSIGNOR:

By: _____

Name: _____

ASSIGNEE:

AdvantaClean Systems, LLC

By: _____

Name: Steve Willis

Its: President

EXHIBIT M
STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

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 N

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 AdvantaClean Systems, LLC, located at 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, Telephone (949) 404 1100.

If AdvantaClean Systems, 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, franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that AdvantaClean Systems, LLC give you this disclosure document at the 1st personal meeting. Michigan requires that AdvantaClean Systems, LLC 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 AdvantaClean Systems, LLC give you this disclosure document at the earlier of the 1st 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 AdvantaClean Systems, 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 E. AdvantaClean Systems, LLC authorizes the agents listed in Exhibit E to this disclosure document to receive service of process for it.

The name, principal business address and telephone number of each franchise seller offering the franchise: Shawna Bergstrom, Aaron Cady, Bryan Cranfill, 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: March 18, 2024.

On _____, I received a disclosure document dated March 18, 2024, that included the following exhibits:

- | | |
|---|--|
| A: Franchise Agreement, State Addendum and Exhibits | G: Consent to Transfer and Assumption of Franchise Agreement |
| B: Financial Statements | H: Veterans Addendum to Franchise Agreement |
| C: List of Franchisees | I: Secured Promissory Note |
| D: List of Terminated or Transferred Franchises | J: General Security Agreement |
| E: State Franchise Administrators and Agents for Service of Process | K: Master Services Agreement |
| F: Operations Manual Table of Contents | L: Collateral Assignment of Lease |
| | M: State Effective Dates |
| | N: 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 AdvantaClean Systems, LLC, located at 19000 MacArthur Boulevard, Suite 100, Irvine, CA 92612, Telephone (949) 404 1100.

If AdvantaClean Systems, 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 AdvantaClean Systems, LLC give you this disclosure document 10 days before the execution of any binding franchise or other agreement or the payment of consideration, whichever occurs first. Michigan requires that AdvantaClean Systems, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that AdvantaClean Systems, LLC 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 AdvantaClean Systems, 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 E. AdvantaClean Systems, LLC authorizes the agents listed in Exhibit E to this disclosure document to receive service of process for it.

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| F: Operations Manual Table of Contents | L: Collateral Assignment of Lease |
| | M: State Effective Dates |
| | N: 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.