FRANCHISE DISCLOSURE DOCUMENT

1-800-Services, LLC
1331 Broadway Street, Suite J
Pearland, Texas 77581
281-766-8535
franchiseinfo@1800plumber.com
www.1800plumber.com
www.1800plumberfranchise.com

1-800-Services, LLC is offering franchises for the establishment of businesses specializing in providing plumbing products and services, and heating, ventilation, and air conditioning (HVAC) products and services to residential and commercial customers under the name and mark 1-800-Plumber.

The total investment necessary to begin operation of your first 1-800-Plumber franchise ranges from $179,210 to $483,800 depending on the model you acquire. This includes $120,500 to $241,000 that must be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchise or any 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 our franchise administration department at 1331 Broadway Street, Suite J, Pearland, Texas 77581 and 281-766-8535.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to adviser, 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.

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FOR USE IN: AL, AK, AZ, AR, CO, CT, DE, DC, GA, FL, ID, IA, IN, KS, KY, LA, ME, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WV, WI, WY, AND U.S. TERRITORIES (SEE STATE EFFECTIVE DATES PAGE FOR EFFECTIVE DATES IN CERTAIN STATES.)

NOT FOR USE IN: CA, HI, IL, MD, ND, and WA.

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 Attachments F and G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Attachment H 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 1-800-PLUMBER business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a 1-800-PLUMBER franchisee?	Item 20 or Attachments F and G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Attachments 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 Attachment I.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Texas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Texas than in your own state.
2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition**. The franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.
4. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **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.
6. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

INFORMATION FOR PROSPECTIVE FRANCHISEES IN MICHIGAN

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

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

(A) A prohibition on the right of a franchisee to join an association of franchisees.

(B) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act [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 provisions 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 five 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 six 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. (The above language has been included in this Disclosure Document as a condition for registration. We and you do not agree that the parties are restricted from choosing to conduct arbitration outside of Michigan and believe that each of the provisions of the Franchise Agreement, including each of the arbitration provisions, is fully enforceable. We and you intend to rely on the federal pre-emption under the Federal Arbitration Act.)

(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 franchisee to meet the franchisor's then current reasonable qualifications or standards.

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

Any questions regarding the notice should be directed to:

State of Michigan
Department of Attorney General
Franchise Section - Consumer Protection Division
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

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

The Franchisor is 1-800-Services, LLC. To simplify this Disclosure Document, 1-800-Services, LLC is referred to as "**we**," "**us**" or "**our**." "**You**" means the person or legal entity who buys the franchise or development rights, the franchisee. If you are a corporation, limited liability company, partnership or any other type of legal entity, certain of the provisions of the franchise agreement (defined below) also will apply to, and be binding upon, certain of your owners (referred to as "**Controlling Principals**"). We will require that your Controlling Principals personally guarantee, and be personally bound by, some or all of your obligations under the franchise agreement. Controlling Principals are all owners of at least 20 percent of the ownership interest in you. The term "**1-800-PLUMBER Business**" includes franchised and franchisor/affiliate-operated 1-800-Plumber businesses.

The Franchisor, Parents, Predecessor and Affiliates

We are a Texas limited liability company, originally formed on March 6, 2015. We do business only under our corporate name and the name "1-800-Plumber +Air." Our principal business address is 1331 Broadway Street, Suite J, Pearland, Texas 77581.

The Shaded Oak Group, LLC, doing business as Elevate Franchise Brands, a Texas limited liability company ("**Elevate Franchise Brands**"), is our parent company. Formed on June 28, 2020, Elevate Franchise Brands owns and invests in franchises as a parent company to various franchisors, including us. Elevate Franchise Brands also owns all or a percentage of our affiliates ConnectusPro, LLC and PatchitUP, LLC. Elevate Franchise Brand's principal business address is 1331 Broadway Street, Suite J, Pearland, Texas 77581.

We are affiliated with the following companies:

1-800-Plumber of Pearland, LLC is a Texas limited liability company ("**1-800-Plumber of Pearland**") formed on November 7, 2017. 1-800-Plumber of Pearland operates two businesses similar to a 1-800-PLUMBER Business being offered under this Disclosure Document, one in Pearland, Texas and the other in Sugar Land, Texas. 1-800-Plumber of Pearland's principal business address is 1331 Broadway, Suite A, Pearland, Texas 77581.

ConnectusPro, LLC ("**ConnectusPro**") is a Texas limited liability company that was formed on July 6, 2020. ConnectusPro sells plumbing and HVAC equipment and tools to our franchisees. ConnectusPro also supports our franchisees with marketing services. ConnectusPro's principal business address is 1331 Broadway, Suite A, Pearland, Texas 77581.

PatchitUP, LLC ("**PatchitUP**") is a Texas limited liability company that was formed on August 1, 2023. PatchitUP offers franchises to operate in-home drywall repair businesses. PatchitUP's principal business address is 1331 Broadway, Suite A, Pearland, Texas 77581. As of December 31, 2025, there were three PatchitUp franchises and two corporate-owned PatchitUp locations operating in the United States.

Other than those listed above, we have no other affiliates that (1) conduct business of the type being offered under this Disclosure Document, (2) offer franchises in any line of business, or (3) provide products or services to our franchisees.

We acquired many of the assets and techniques that comprise in the System as defined below from 1-800-Plumber, Inc., a Texas corporation not affiliated with us (the "**Predecessor**"). The Predecessor offered franchised businesses similar to a 1-800-PLUMBER Business offered under this Disclosure

Document from 2009 until 2012. We acquired the Predecessor's assets in April 2015. The Predecessor is no longer an existing entity. We have no other predecessors.

Description of the Franchise

We offer franchise agreements ("**Franchise Agreements**") which grant the right to establish and operate a business specializing in the provision of plumbing products and services, and heating, ventilation, and air-conditioning products and services ("**1-800-PLUMBER Businesses**"). 1-800-PLUMBER Businesses are identified by our "**Marks**", which include (i) the 1-800-Plumber service marks and logos, (ii) the 1-800-Plumber trade name, (iii) the elements and components of our trade dress, and (iv) any and all additional, different or replacement trade names, trademarks, service marks, logos, and slogans that we adopt from time to time to identify the System and the products and services offered by 1-800-PLUMBER Businesses. 1-800-PLUMBER Businesses also operate under our business methods, operating procedures, designs, arrangements and standards, including those pertaining to signage and layouts, equipment, vehicles, specifications for products and services, delivery, training, methods of inventory control and requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information technology, all of which we may improve, further develop or otherwise modify from time to time (the "**System**").

1-800-PLUMBER Businesses offer (a) installation and repair of commercial and residential plumbing systems, including water, drain, waste and vent and related services ("**Plumbing Services**"), and (b) the installation and repair of commercial and residential heating, ventilation, air conditioning and refrigeration systems and related services ("**HVAC Services**"), using our proprietary processes and procedures (collectively, the "**Services**"), together with the sales of approved supplies, materials, equipment and other products (the "**Products**"). You will provide the Services at the customer's site. The Franchise Agreement will designate a service area (the "**Service Area**") within which you must provide the Services described above.

We offer three models which are dependent on how many Service Areas you acquire. Under our **Principal Deployer** model, you will acquire the rights to operate in one Service Area and you will sign one Franchise Agreement. Under our **Strategic Developer** model, you will acquire the rights to operate in two Service Areas and you will sign two Franchise Agreements. Under our **Enterprise Director** model, you will acquire the rights to operate in three Service Areas and you will sign three Franchise Agreements.

If you acquire a Principal Deployer or Strategic Developer model of franchise, you may offer only the Plumbing Services for the first six months of operations of your 1-800-PLUMBER Business, but must begin offering HVAC Services after six months of operations. If you acquire an Enterprise Director model franchise, you must offer both Plumbing Services and HVAC Services upon commencement of operations.

When you commence operations of your 1-800-PLUMBER Business, you must own, purchase or lease, and use at least two approved vans, trucks or other motor vehicles in performing the Services (the "**Vans**"). After you have commenced operations, you must acquire one or more additional Vans, the number and timing of which is dependent on the model you choose. You must also use an approved office from which you will operate your 1-800-PLUMBER Business (the "**Office**").

Area Representative Businesses

In the past, we have also entered into area representative agreements ("**Area Representative Agreements**") with qualified third parties who agree to introduce potential franchisees within designated geographic areas. Persons who enter into Area Representative Agreements with us ("**Area Representatives**") sometimes provide certain assistance and support to our franchisees within their

geographic area. We may delegate or assign some of our obligations to you to an Area Representative whose territory includes or is close to your Service Area. We may also pay the Area Representative a portion of the Initial Franchise Fee (defined in Item 5) and Royalty fee paid by you to us, in exchange for performing these obligations. We do not grant Area Representatives any management responsibility relating to the sale or operation of 1-800-PLUMBER Businesses. As of the date of this Disclosure Document, we do not currently offer Area Representative Agreements, although we reserve the right to do so again in the future. We may limit the offering of Area Representative Agreements to selected geographic regions. Area Representative Agreements will be offered with a separate disclosure document. Area Representatives who also acquire a 1-800-PLUMBER Business franchise from us will be disclosed with this Disclosure Document and will sign a copy of the Franchise Agreement for that 1-800-PLUMBER Business franchise.

The Market

The markets for commercial and residential plumbing and HVAC services are well-established and are subject to governmental and industry regulation. A 1-800-PLUMBER Business will compete with a substantial number of national, regional and local plumbing and HVAC businesses that offer comparable services. We do not expect your 1-800-PLUMBER Business to be seasonal except to the extent that demand for climate control services fluctuates due to the weather in your Service Area.

Industry Specific Regulations

The plumbing, HVAC, and refrigeration industry is regulated by the government and industry oversight. Many local and state agencies require a license or permit before an individual may perform plumbing and HVAC services. Securing a license or permit may require certification involving an exam on techniques, materials, safety guidelines and plumbing regulations. In addition, many of the laws, rules and regulations that apply to small businesses generally, such as the Americans With Disabilities Act, Federal Wage and Hour laws and the Occupation, Health and Safety Act, also apply to 1-800-PLUMBER Businesses. State and local agencies may inspect your 1-800-PLUMBER Business to ensure that it complies with these laws and regulations.

State and local laws, regulations and ordinances very significantly in the procedures, difficulty and cost associated with obtaining the necessary license or permit, the restrictions placed on the manner in which Services can be performed, and the potential liability imposed in connection with the offering of Services without a license or permit. You will need to understand and comply with those laws in operating the 1-800-PLUMBER Business and performing the Services.

You should familiarize yourself with federal, state and local laws of a more general nature that may affect the operation of your 1-800-PLUMBER Business, including employment, worker's compensation, insurance, corporate, taxing and licensing laws and regulations. In addition to laws and regulations that apply to businesses generally, your 1-800-PLUMBER Business may be subject to federal, state and local occupational safety and health regulations, Equal Employment Opportunity and Americans with Disabilities Act rules and regulations.

It is your sole responsibility to investigate the rules and regulations that apply within your Service Area before purchasing a franchise for your 1-800-PLUMBER Business.

Business History of Us and Our Predecessors and Affiliates

D.M. Collins Plumbing ("**Collins Plumbing**") was established as a sole proprietor in 1983 by Dennis Collins, the father of our President. In November 2010, Collins Plumbing became a franchisee of

our Predecessor offering residential and commercial plumbing and HVAC services and repair work in Pearland, Texas. In November 2017, our President formed 1-800-Plumber of Pearland and as of January 1, 2018, 1-800-Plumber of Pearland assumed the operations of Collins Plumbing. Since that time, it has operated a business similar to a 1-800-PLUMBER Business being offered under this Disclosure Document.

Our Predecessor offered franchised businesses similar to a 1-800-PLUMBER Business offered under this Disclosure Document from 2009 until 2012. We acquired all of the assets of our Predecessor in April 2015, and began offering 1-800-PLUMBER Business franchises in January 2017.

We have not and do not operate any businesses similar to the franchised business being offered.

ITEM 2
BUSINESS EXPERIENCE

Mark Collins – CEO and President

Mark has served as our CEO and President since our inception in March 2015. He is also the CEO and President of our parent company, Elevate Franchise Brands, since its inception in June 2020. He also serves as the CEO and President of 1-800-Plumber of Pearland since its inception in November 2017. Mr. Collins also has served as the CEO of our affiliate ConnectusPro since its inception in July 2020 and of PatchitUP since its inception in August 2023.

Dennis (Mike) Collins –Chief Operating Officer

Mike has been our Chief Operating Officer since October 2024. He was our Vice President from January 2018 to October 2024. He also serves as the Chief Operating Office for Elevate Franchise Brands (since June 2020), 1-800-Plumber of Pearland (since January 2018) and PatchitUp (since August 2023).

Kyle Smith – Chief Marketing Officer

Kyle has been our Chief Marketing Officer since July 2020. He is also the Chief Marketing Officer for Elevate Franchise Brands since June 2020.

Peter Kourounis – Chief Growth Officer

Since October 2020, Peter has served as the Chief Growth Officer for us, Elevate Franchise Brands and PatchitUp.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

The initial franchise fee (the "**Initial Franchise Fee**") for your first franchisee is $56,500 for a Service Area containing a population of up to 350,000. The Initial Franchise Fee for a second and each subsequent franchise you acquire is reduced to $46,500 per franchise.

The maximum population for the Service Area of a single franchise is 350,000. If you desire to acquire a Service Area with a population in excess of 350,000, you will need to acquire additional franchises for each 350,000 in population, sign a separate Franchise Agreement for each franchise, and pay us the applicable Initial Franchise Fee noted above. All Service Areas include the businesses in the Service Area.

For the purposes of calculating the Initial Franchise Fee, population means that population density within the Service Area according to mapbusinessonline.com at the time a franchise is awarded, and will generally be delineated by zip codes, or by street, city, county or state boundaries.

Discounts

If you have served as a veteran of any branch of the United States Armed Forces, you may receive a discount of 10 percent off of the Initial Franchise Fee for the franchise for the first Service Area you acquire. We reserve the right to modify or terminate any discount program at any time in our sole discretion.

Market Penetration Strategy

You will pay us a total of $16,500 as a Principal Deployer or Strategic Developer or a total of $25,000 as an Enterprise Director, which amount will be used to run a promotional campaign and purchase promotional products for the opening of your 1-800-PLUMBER Business that we call your "**Market Penetration Strategy**." Your Market Penetration Strategy will begin approximately 30 days prior to the opening of your 1-800-PLUMBER Business and may last up to six months after you commence operations. This payment is due upon execution of your Franchise Agreement. If you operate in multiple Service Areas, you will be required to pay this Market Penetration Strategy amount for each Service Area.

Equipment and Products

Before your 1-800-PLUMBER Business opens for business, you must purchase certain initial plumbing and HVAC tools, equipment and Products from us (the "**Start Up Bundle**"), and other equipment for use in your 1-800-PLUMBER Business. You will pay us a total of $47,500 for your Start Up Bundle as a Principal Deployer or Strategic Developer, or a total of $66,500 as an Enterprise Director. The Start Up Bundle payment is paid upon signing of your Franchise Agreement.

General

The Initial Franchise Fee and payment for the Start Up Bundle and the Market Penetration Strategy are fully earned by us on the signing of the Franchise Agreement and are entirely nonrefundable. Any amounts paid to ConnectusPro or us for equipment and Products are nonrefundable.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty[1],[2],[4][5]	Variable percentage of your actual Gross Revenues of the previous reporting period, or of the Minimum Monthly Gross Revenues each month (See Note 5)	Payable twice a month within 5 days of the close of each reporting period. See Note 5 below.	Beginning on the date specified in the Addendum of your Franchise Agreement, you must meet certain Minimum Monthly Gross Revenues obligations. See Note 4 below.
Local Ad Expenditure[4]	We recommend, but do not require, that you spend 8-10% of your Gross Revenues on local advertising in each of your Service Areas; however, if you fail to reach your Minimum Monthly Gross Revenues for two consecutive months or three months within any 12-month period, you are required to spend at least 8% of your actual Gross Revenues on marketing in your Service Area during the following 12-month period	As incurred	You must expend the Local Expenditure on local advertising. See Note 4 below.
Brand Development Fund Fee[1],[2],[4][5]	Variable percentage of your actual Gross Revenues of the previous reporting period, or of the Minimum Monthly Gross Revenues each month (See Note 5)	Payable with the Royalty	The Brand Development Fund Fee supports the Brand Development Fund, which is used to create advertising, run advertisements, support paper industry-specific dues and programs, pay for public relations services, and conduct market research and to reimburse us and our affiliates for salaries and overhead expenses related to advertising. See Note 4 below.
Technology Fee[1]	$300 per month per Service Area, which can be increased up to $1,000 per month per Service Area	Payable on the 10th of each month	The Technology Fee is paid to us in consideration of access to our e-mail system and other technology services we provide to you.

Type of Fee	Amount	Due Date	Remarks
Call Center Fee	Optional, currently, $300 per month plus $25 per appointment	As incurred	You are not required to engage a call center service, but if you do so, you must use our designated call center company and pay the fees it imposes. We use a third party to operate the call center. There is also a one-time setup fee of $300. These fees and charges are payable to the third-party vendor.
Additional Training[(1),(3)]	Our then current rate. The current rate as of the date of this Disclosure Document is $100 per hour per person plus out-of-pocket expenses, but will not exceed $250 per person plus out-of pocket expenses.	As incurred	We reserve the right to charge this fee for any additional required or optional training and training of subsequent persons who become your Controlling Principals, including the Managing Principal, plus your General Manager and Assistants.
Successor Franchise Fee[(1)]	25% of the then current Franchise Fee	You must pay the successor franchise fee at the time you sign the successor Franchise Agreement	Payable when you exercise your right to obtain a successor franchise.
Transfer Fee[(1)]	$15,000	On the closing of any approved transfer	Payable when your interest in the Franchise Agreement, a material portion of your 1-800-PLUMBER Business' assets, or an interest in you is transferred.
Relocation Fee[(1)]	$1,000	Before you move your Office	Payable if you request permission to move your Office from one location to another.
Insufficient Funds Fee[(1)]	$50 per violation	As incurred	Payable any time you bounce a check to us or your bank account does not have sufficient funds to cover any direct debits that we submit to your bank.
Audit Fees and Costs[(1)]	Cost of audit, underpayment amount, late payment charges and interest. Varies according to your location If you commit an Act of Deception (as defined in Section 16.5 of the Franchise Agreement), $20,000.	Within 10 business days of our notice to you Payable in advance	These costs are payable only if you understate your Gross Revenues by more than 2%, do not submit reports to us or do not cooperate in the performance of inspection and audit. If you commit an Act of Deception, you must pay us $20,000 immediately upon notice from us to cover the cost of the audit.
Indemnification Costs	Varies	On demand	You must pay the cost of our defense and the amount of any claims if we are threatened with or found liability as a result of your operations.

Type of Fee	Amount	Due Date	Remarks
Interest and Late Fees[1]	Lesser of 18% per annum; or highest lawful rate of interest. Also, $75 per occurrence per late report or fee.	As incurred	Interesting and late fees are charged on any overdue amounts.
Insurance[1]	Varies	As incurred	If you fail to maintain the required insurance, we may obtain coverage on your behalf and charge the cost to you.
Meeting and Convention Fee[1]	Currently $299 per attendee, but we reserve the right to increase the fee in the future, up to a maximum of $1,000 per attendee. If you do not attend: $1,500 per meeting. If you attend but do not stay at the designated hotel or do not stay for the entire meeting or convention: $750 per meeting.	As incurred	The additional meeting and convention requirements are discussed in Item 11.
Supplier Approval[1]	Currently none, but we may collect our actual costs to approve a new supplier, product or service.	As incurred	If we require you to obtain goods, services, or any other materials from only approved suppliers, and you request approval of a new supplier, we may charge this fee. We may charge a fee in the future upon 30 days' notice to you.
Costs and Attorneys' Fees[1]	Will Vary Under Circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement or if you do not prevail in action based on the Franchise Agreement

Explanatory Notes:

1. Except as described above, all fees are uniformly imposed by and payable to us, but we may waive or negotiate reduced fees in certain circumstances. All fees are non-refundable. Before you open your 1-800-PLUMBER Business, you must sign and deliver to us and your bank all documents needed to permit us to debit your bank account for your Royalty Fee and Brand Development Fund Fee, Technology Fee, and all other payments due to us or our affiliates under the Franchise Agreement or otherwise. If you change your account or transfer your account to a different bank, you must notify us within one day, and sign and deliver to us and your bank new documents to permit us to debit your bank account within three days. You must maintain a minimum balance of

$1,500 in your bank account at all times. We may require you to pay all amounts due by means other than automatic debit whenever we deem appropriate.

2. Gross Revenues means the aggregate of all of your sales and other income from whatever source derived, regardless of whether collected in the case of credit, arising out of, in connection with or relating to the business and the performance of services including, for example, (a) income from the sale of any products or other items; (b) income from any services provided to customers; (c) income as a result from any barter and (d) all proceeds from any business interruption insurance, but excluding i) all refunds and discounts made in good faith to customer; ii) any sales, goods and services and equivalent taxes which are collected by you 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 us and issued or granted to customers of the 1-800-PLUMBER Business that is received or credited by you in full or partial satisfaction of the price of any Product or Service offered in connection with the 1-800-PLUMBER Business.

3. A "**Managing Principal**" is one of your Controlling Principals who meets our requirements and is approved by us to supervise and manage all aspects of your 1-800-PLUMBER Business and with whom we and our staff may deal with exclusively for purposes of administering and coordinating the franchise relationship. With our approval, you may hire a "**General Manager**" to perform the duties of the Managing Principal if none of the Controlling Principals desire or are qualified to serve in the Managing Principal position. An "**Assistant**" is an individual hired by you who meets our requirements and is approved by us to assist you with the performance of the Services. If required by the municipality or other governmental authority, as applicable, which controls your Service Area, your Managing Principal, General Manager and/or Assistant must satisfy plumbing and or HVAC licensing requirements at your cost and expense. Under the Franchise Agreement, all Controlling Principals, and your initial General Manager and Assistants must attend and complete our initial training program. We reserve the right to charge you a fee for any additional required or optional training and training for other subsequent Controlling Principals, General Managers, and Assistants. You must pay all wages and benefits and the cost of transportation, room and board for your Controlling Principal, General Manager and any Assistants. We pay no compensation to you or your employees during training, and we will not reimburse you for any expenses associated with training.

4. Once the Minimum Monthly Gross Revenues requirement starts, you will be required to pay us your Royalty Fee and National Brand Development Fee, and calculate your required Minimum Individual Marketing Expenditure, based on the greater of your actual Gross Revenues or the Minimum Monthly Gross Revenues for that month.

5. We charge a variable rate for Royalty Fees and Brand Development Fund Fees based on your annual Gross Revenues, as follows:

Annual Royalty and Brand Development Fund Fee Rate Table		
Gross Revenues Benchmarks	Royalty Fee Rate	Brand Development Fund Fee Rate
First $1,500,000	6.00%	2.00%
Second $1,500,000	5.00%	1.75%
$3,000,000 or More	4.00%	1.50%

The Royalty Fee rate and Brand Development Fund Fee rate at the beginning of each calendar year will be 6.00 percent and 2.00 percent, respectively. When you reach a new Gross Revenues benchmark during each calendar year, the Royalty Fee rate and Brand Development Fund Fee rate

will adjust to the new rates shown in the chart above for those Gross Revenues exceeding the benchmark. All adjustments to the Royalty Fee rate and Brand Development Fund Fee rate expire at the end of each calendar year. The Royalty Fee rates and Brand Development Fund Fee rates shown in the chart above are multiplied by the greater of your actual monthly Gross Revenues or the Minimum Monthly Gross Revenues each month, as discussed in Item 12 below.

Royalties and Brand Development Fund Fees are paid twice a month based on the Gross Revenues of your 1-800-PLUMBER Business during the prior reporting period. The reporting periods are the 1st through the 15th day and the 16th through the last day of each month.

ITEM 7
ESTIMATED INITIAL INVESTMENT

A. Principal Deployer – 1 Service Area:

Type of Expenditure	Estimated Amount Low	Estimated Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee (Note 1)	$56,500	$56,500	Lump Sum	On Signing the Franchise Agreement	Us
Real Property/Site Lease (Note 2)	$1,000	$5,000	As incurred	As incurred	Third Parties
Leasehold Improvements (Note 3)	$1,000	$20,000	As incurred	As incurred	Contractor, Landlord
Vans and Signage (Note 4)	$3,000	$35,000	As arranged - Lump sum or financing through third party.	As incurred	Vendors
Start Up Bundle (Note 5)	$47,500	$47,500	Lump Sum	Within Two Weeks of Signing the Franchise Agreement	Us
Office Furniture (Note 6)	$500	$5,000	As arranged	As incurred	Vendors
Computers/Office Equipment (Note 7)	$-0-	$5,000	As arranged	As incurred	Vendors

Type of Expenditure	Estimated Amount Low	Estimated Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Global Positioning System ("**GPS**") (Note 8)	$200	$200	As incurred	As incurred	Vendors
Insurance (Note 9)	$1,000	$30,000	As arranged	As incurred	Insurance Company
Training Costs (Note 11)	$1,000	$3,000	As arranged	As incurred	Hotels, Restaurants, Carriers
Security and Utility Deposits (Note 12)	$500	$6,000	As arranged	As agreed	Vendors
1-800-PLUMBER Business Licenses (Note 13)	$10	$10,000	As arranged	As agreed	Licensing Authority
Market Penetration Strategy (Note 14)	$16,500	$16,500	Lump Sum	As incurred	Us
Professional Fees (Note 15)	$500	$6,000	As arranged	As agreed	Vendors
Additional Funds - 3 Months (Notes 16 and 17)	$50,000	$100,000	As arranged	As agreed	Employees, Suppliers, Utilities, Landlord
Totals	**$179,210**	**$345,700**			

B. Strategic Developer – 2 Service Areas:

Type of Expenditure	Estimated Amount Low	Estimated Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee (Note 1)	$103,000	$103,000	Lump Sum	On Signing the Franchise Agreement	Us
Real Property/Site Lease (Note 2)	$1,000	$5,000	As incurred	As incurred	Third Parties
Leasehold Improvements (Note 3)	$1,000	$20,000	As incurred	As incurred	Contractor, Landlord
Vans and Signage (Note 4)	$3,000	$35,000	As arranged - Lump sum or financing	As incurred	Vendors

Type of Expenditure	Estimated Amount Low	Estimated Amount High	Method of Payment	When Due	To Whom Payment is to be Made
			through third party.		
Start Up Bundle (Note 5)	$47,500	$47,500	Lump Sum	Within Two Weeks of Signing the Franchise Agreement	Us
Office Furniture (Note 6)	$500	$5,000	As arranged	As incurred	Vendors
Computers/Office Equipment (Note 7)	$-0-	$5,000	As arranged	As incurred	Vendors
Global Positioning System ("**GPS**") (Note 8)	$200	$200	As incurred	As incurred	Vendors
Insurance (Note 9)	$1,000	$30,000	As arranged	As incurred	Insurance Company
Training Costs (Note 11)	$1,000	$3,000	As arranged	As incurred	Hotels, Restaurants, Carriers
Security and Utility Deposits (Note 12)	$500	$6,000	As arranged	As agreed	Vendors
1-800-PLUMBER Business Licenses (Note 13)	$10	$10,000	As arranged	As agreed	Licensing Authority
Market Penetration Strategy (Note 14)	$16,500	$16,500	Lump Sum	As incurred	Us
Professional Fees (Note 15)	$500	$6,000	As arranged	As agreed	Vendors
Additional Funds - 3 Months (Notes 16 and 17)	$50,000	$100,000	As arranged	As agreed	Employees, Suppliers, Utilities, Landlord
Totals	**$225,710**	**$392,200**			

C. Enterprise Director – 3 Service Areas:

Type of Expenditure	Estimated Amount Low	Estimated Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee (Note 1)	$149,500	$149,500	Lump Sum	On Signing the Franchise Agreement	Us
Real Property/Site Lease (Note 2)	$1,000	$5,000	As incurred	As incurred	Third Parties
Leasehold Improvements (Note 3)	$1,000	$20,000	As incurred	As incurred	Contractor, Landlord
Vans and Signage (Note 4)	$4,500	$52,500	As arranged - Lump sum or financing through third party.	As incurred	Vendors
Start Up Bundle (Note 5)	$66,500	$66,500	Lump Sum	Within Two Weeks of Signing the Franchise Agreement	Us
Office Furniture (Note 6)	$500	$5,000	As arranged	As incurred	Vendors
Computers/Office Equipment (Note 7)	$-0-	$5,000	As arranged	As incurred	Vendors
Global Positioning System ("**GPS**") (Note 8)	$300	$300	As incurred	As incurred	Vendors
Insurance (Note 9)	$1,000	$30,000	As arranged	As incurred	Insurance Company
Training Costs (Note 11)	$1,000	$3,000	As arranged	As incurred	Hotels, Restaurants, Carriers
Security and Utility Deposits (Note 12)	$500	$6,000	As arranged	As agreed	Vendors
1-800-PLUMBER Business Licenses (Note 13)	$10	$10,000	As arranged	As agreed	Licensing Authority
Market Penetration Strategy	$25,000	$25,000	Lump Sum	As incurred	Us

Type of Expenditure	Estimated Amount Low	Estimated Amount High	Method of Payment	When Due	To Whom Payment is to be Made
(Note 14)					
Professional Fees (Note 15)	$500	$6,000	As arranged	As agreed	Vendors
Additional Funds - 3 Months (Notes 16 and 17)	$50,000	$100,000	As arranged	As agreed	Employees, Suppliers, Utilities, Landlord
Totals	**$301,310**	**$483,800**			

Explanatory Notes:

1. Under the Franchise Agreement, the Initial Franchise Fee for your first franchise will be $56,500 for a Service Area containing a population of up to 350,000. The Initial Franchise Fee may be discounted up to 10 percent for veterans. The Initial Franchise Fee for a second and each subsequent franchise you acquire is reduced to $46,500 per franchise.

2. You must purchase or lease your Office space with warehouse storage that meets our standards and specifications. An initial Office requires between 150 square feet to 1,000 square feet of office space and 500 square feet to 1,500 square feet of warehouse storage space. In most cases, the landlord will require a security and/or rental deposit equal to one or two month's rent. Rental rates or deposits on an unknown location cannot be predicted in advance, but generally will depend on the market in the area and the size of the facility. The estimates in the chart are based on one month's rent for a security deposit and the first three month's rent in a 2,500 square foot space in and around Houston, Texas. The initial investment assumes you will rent. If you purchase the property, your initial expenses will dramatically increase. Our approval of a site does not imply that we guarantee the success of your business at such site. You may already have an Office space that meets our standards and specifications.

3. The interior and exterior of your Office is required to be branded as 1-800-Plumber +Air. This may include interior and exterior signage, interior paint, and graphics. You also may have to build out the Office space within your lease space. The Office space is to be a dedicated space with climate control, a dedicated work area for one or more customer service representatives ("CSRs"), a dedicated work area for the Owner, and a private meeting area for meetings to be held. Cost will vary depending on the original condition of the premises and the improvements you choose to undertake to comply with our requirements. You will need to install communications systems that comply with our specifications, such as high speed Internet capabilities for computer link to our servers, e-mail, telephone and fax lines, or fax software.

4. We offer three different franchise models, based on the number of Franchise Agreements a franchisee signs and the number of Service Areas a franchisee acquires. Each franchise model has varying requirements for the Vans that must be purchased, as follows:

   A Principal Deployer must have at least two Plumbing-specific Vans at the commencement of operations of the 1-800 PLUMBING Business. Within six months of commencement of operations of the 1-800 PLUMBING Business, the Principal Deployer must acquire an HVAC-specific Van. If the Principal Deployer already has two Plumbing-specific Vans at the commencement of operations of the

1-800 PLUMBING Business that meet our specifications, no additional Vans are required to be acquired by the Principal Deployer prior to commencement of operations.

A Strategic Developer must have at least two Plumbing-specific Vans at the commencement of operations of the 1-800 PLUMBING Business. Within six months of commencement of operations of the 1-800 PLUMBING Business, the Strategic Developer must acquire an HVAC-specific Van. Within 12 months of commencement of operations of the 1-800 PLUMBING Business, the Strategic Developer must acquire a fourth Van, which can be either a Plumbing-specific or an HVAC-specific Van. If the Strategic Developer already has two Vans that meet our specifications at the commencement of operations of the 1-800 PLUMBING Business, no additional Vans are required to be acquired by the Strategic Developer prior to commencement of operations.

An Enterprise Director must have at least three Vans, two of which must be Plumbing-specific Vans and one of which must be an HVAC-specific Van, at the commencement of operations of the 1-800 PLUMBING Business. Within 12 months of commencement of operations of the 1-800 PLUMBING Business, the Enterprise Director must acquire two additional Vans, which can be either Plumbing-specific or HVAC-specific Vans. Within 24 months of commencement of operations of the 1-800 PLUMBING Business, the Enterprise Director must acquire two additional Vans (for a total of seven Vans) which can be either Plumbing-specific or HVAC-specific Vans. If the Enterprise Director already has three Vans including at least one HVAC-specific Van that meet our specifications at the commencement of operations of the 1-800 PLUMBING Business, no additional Vans are required to be acquired by the Enterprise Director prior to commencement of operations.

You must own, purchase or lease the required Vans that are operable and meet the requirements in the Operations Manual, defined in Item 11. The Vans must be in good condition and painted and decaled or wrapped with the signage we specify. If shelving and partition are not already installed in the Vans, you must install the approved shelving package stated in the Operations Manual. The shelving package with the partition are approximately $8,000-$10,000. The Vans must be able to accommodate shelving and the basic inventory we require a 1-800-PLUMBER Business to have at all times, as specified in the Operations Manual or otherwise in writing. Only specific vehicle styles will be allowed. We must approve the style of your Vans. Vans paint and decals or wraps are approximately $1,500–$4,000 per Van. The cost of purchasing the Vans is not included in the estimate. The pricing estimate includes $0–$3,500 down payment on a lease or financed option for each Van.

The first two tables for the Principal Deployer and Strategic Developer contemplate that you will acquire two Vans upon commencement of operations and the third table for the Enterprise Director contemplates that you will acquire three Vans upon commencement of operations.

5. We will sell you a Start Up Bundle that will include all standard items required for you to begin operations. Tools, equipment, and Products are initially purchased through us directly.

6. Dependent upon your existing furniture, we estimate that you will spend $500–$5,000 on office furniture. This estimate includes an owner's desk, reception desk, two office chairs, a lockable file cabinet, and printer stand.

7. Depending upon your existing office equipment we estimate that you will spend up to the following amounts in addition to general office equipment, such as desks, chairs, cabinets, etc.: $0–$1,000 for a computer, $0–$700 for a printer, $0–$700 on network infrastructure, and $0–$1,000 for phone system.

8. You must purchase a GPS for each of your Vans. The cost of a GPS is estimated to be $100 each (see Item 11).

9. You must carry the insurance set forth in the Operations Manual. The chart contains our best estimate of the premiums required for commercial general liability, business automobile liability, and workers compensation insurance during a 1-800-PLUMBER Business's first year of operation. Your costs may vary from those described in the chart as insurance costs vary from area to area.

10. You must purchase a startup supply of business cards, stationery and necessary printing materials from approved suppliers as outlined in the Operations Manual. You also need basic office supplies.

11. You must pay all wages and benefits and the cost of transportation, room and board for your Controlling Principals, including the Managing Principal, plus your General Manager (if applicable) and Assistants. We pay no compensation to you or your employees during training and will not reimburse you for any expenses associated with training. We may charge you for required training films or other instructional materials, and for cost associated with training additional or replacement Controlling Principals, including the Managing Principal, plus any additional or replacement General Managers or Assistants. The lower amount shown includes estimated travel, lodging, meal and incidental expenses for your Controlling Principals, including the Managing Principal, plus the General Manager and Assistants to attend our required initial training program (in the Houston, Texas area). The high amount includes additional cost for one Assistant to also attend the required initial training program. Such amounts will vary depending on the distance traveled, method of travel and choice of accommodations.

12. Security and utility deposits include estimated deposits for a leased Office, Vans and equipment, telephone service and other utilities.

13. The range given provides our best estimate of the cost you will incur for plumbing and HVAC license as may be required by your state. Costs may include recruitment cost and state fees assessed. The cost also includes business permits and miscellaneous deposits, including utility deposits.

14. The Market Penetration Strategy will be used for local marketing purposes only. These funds will be collected by us, and are to be paid upon execution of the agreement. These funds will begin to be used starting approximately 30 days prior to the opening of your 1-800-PLUMBER Business and up to six months after opening.

15. It is advised that you consult with an accountant and attorney of your choosing regarding acquiring and operating your 1-800-PLUMBER Business.

16. The disclosure laws require us to include this estimate of all costs and expenses to operate your 1-800-PLUMBER Business during the "initial period" of the 1-800-PLUMBER Business, which is defined as three months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable periods," so our disclosures cover a three-month period. The additional funds include expenses for wages, occupancy cost, three months of leasing or financing payments for your Vans, professional expenses and other reoccurring expenses before the opening of the business, and during the first three months of operation. These figures are estimates of your total opening and opening expenses for the initial three months of business.

17. We relied on our principal's more than 24 years of experience in the plumbing and HVAC industry when preparing these figures, including the additional funds estimate. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. We do not offer

any financing in connection with your initial investment. The availability and terms of financing from independent third parties depend on factors such as the availability of financing generally, your creditworthiness, other security and collateral you may have, and policies of lenders. The cost in your Service Area will vary. Your expenses may also vary depending on the size and location of your Service Area, your experience, the prevailing wage, your level of sales, competition and other factors. Any investment you make may be lesser or greater than the estimates given.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must develop your business. Depending on the model you choose, initially you must own or acquire two or three suitable Vans and acquire all necessary equipment for your business according to the standards and specifications which we establish and specify in the Franchise Agreement and our Operations Manual. We may modify the standards and specifications from time to time. We will promptly notify you of any such modifications. We formulate and modify these specifications and standards based on research, industry trends and our general business plan.

Required Purchases and Supplies

You must purchase the Start Up Bundle from us and periodically purchase certain other items we specify, only from suppliers we designate or approve.

You must use our customer relationship management system, which we call our "**Field Management Software System**." It includes dispatching and invoicing software. You must also acquire and use other software programs that you will use in your 1-800 PLUMBING Business and acquire from our third party vendors. See Item 11 for a further discussion of our software programs and vendors.

You must acquire, install and use certain stationary and handheld electronic systems to collect, compute, store and report your 1-800-PLUMBER Business' Gross Revenues, other financial data and operating information. These include such items as computers, peripheral equipment and related software programs we specify in the Operations Manual. You must also obtain and utilize services of a credit card processor whom we approve. You must also install and continually maintain a broadband connection that facilitates communication between our computer system and your electronic systems, as specified above, and you must provide us continuing access to your computer system and electronic systems. We currently require franchisees to install Microsoft Office and QuickBooks Online on their computer systems, but we may update our requirements in the future as specified in the Operations Manual.

We do not currently require you to purchase drain cleaning equipment, plumbing repair items, HVAC equipment or HVAC repair parts from a designated supplier, but we reserve the right to designate a supplier for those items in the Operations Manual or otherwise in writing in the future.

The Start Up Bundle is purchased exclusively from us. Other tools and equipment may be purchased directly from us, our affiliate, ConnectusPro, or other approved suppliers.

You must purchase or lease your Office that meets the requirements specified in our Operations Manual or otherwise in writing. You must purchase furniture and fixtures for your Office, and we also require you to purchase signage from a supplier we may designate or approve. We must approve the location for your Office but not the specific lease, before you sign. See Item 11 for additional information regarding site selection.

We do not currently require you to purchase or lease your Vans from a designated supplier, but we require your Vans be of certain model and style requirements. We may require you to purchase decals and signage for your Vans from a supplier we designate. You may use vehicle(s) you already own, if they are approved by us. You must maintain your Vans and all of your equipment used in connection with your 1-800-PLUMBER Business in good order and repair and you must properly replace your Vans and any equipment as they become worn or damaged, obsolete, out of style, mechanically impaired. You must enter into and maintain preventive maintenance programs as further described in the Operations Manual. Your Vans must remain in good repair and be kept clean and free from rust, dents, scratches or other damage. The purpose of this requirement is to establish quality control standards for the items used in the operation of your 1-800-PLUMBER Business and to protect, maintain and promote reputation, goodwill and public acceptance of our Marks, the Systems and products. We may also require the purchase of certain brand-name products, including drain maintenance products.

The Operations Manual requires that you obtain and install in your Office and Vans, as applicable, data processing equipment, computer hardware, required dedicated telephone and power lines, modems, printers, and other computer related accessory or peripheral field equipment as well as handheld equipment, that are compatible with our electronic collection and retrieval systems. We reserve the right to designate a supplier for computer hardware in the Operations Manual or otherwise in writing in the future. We may require proprietary operating systems and/or processes relative to the point of service processes in connection with the operation of the 1-800-PLUMBER Business, and require you to obtain and at all times utilize the services of a credit card processor approved by us. Additionally, we require that you input and maintain in your Office or handheld computer certain software programs, data and information that we prescribe.

We are the sole provider of the e-mail account, and certain other technology services that you must use in your 1-800-PLUMBER Business, which we provide to you in exchange for the Technology Fee. Otherwise, as of the date of this Disclosure Document, neither we nor any affiliate of ours is currently an approved supplier or the sole designate supplier for any goods or services for your 1-800-PLUMBER Business, although we reserve the right to designate ourselves or an affiliate as an approved supplier or the sole designated supplier for certain goods or services in the future.

We estimate that the purchase and lease of these required items meeting our specifications will be 35 to 45 percent of your total purchases and leases in establishing your 1-800-PLUMBER Business. We estimate that purchasing or leasing required items in accordance with our standards and specifications will comprise 45 to 55 percent of all product and service purchases and leases in operating your 1-800-PLUMBER Business.

We and our affiliate, ConnectusPro, sell equipment, tools, Products, and services to franchisees and derives revenue from such sales. Our President holds an ownership in us and our affiliates. Otherwise, no officer of ours owns any interest in any of our approved suppliers. We reserve the right to sell or lease, and our affiliates reserve the right to sell or lease, other products, equipment, supplies, and services to franchisees and to derive revenue from such sales. During the fiscal year ending December 31, 2025, we had revenues of $2,245,688. Of that amount, $6,645.41, or 0.3%, was derived from franchisee purchases or leases. During the fiscal year ending December 31, 2025, our affiliate, ConnectusPro, had revenues from items sold to franchisees of $76,790.57.

Approval of Alternative Suppliers

We reserve the right to designate other specific vendors and suppliers in the future. If you desire to purchase any equipment, supplies or product from a supplier which has not already been approved by us, you must obtain our prior written approval, which may take up to 30 days from our receipt of all requested

information, including information regarding the suppliers physical strength, demonstrated customer service, product quality, product safety and a strong regional presence. Additionally, as a condition to granting approval, we may require you to submit the samples of the proposed supplies, products or services and to arrange for us to visit the supplier's facilities. If we elect to test the samples or inspect the proposed supplier's facilities, we may charge a fee for this service, currently in an amount not to exceed the actual cost of such inspection or testing. We do not have written criteria for supplier approval, and therefore that criteria is not made available to any of our franchisees.

Insurance

You must procure, maintain and provide evidence of (i) workers compensation insurance in amounts prescribed by law; (ii) comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a plumbing and HVAC installation, repair and replacement service business located in the Service Area, but not less than $1,000,000 per occurrence, $2,000,000 aggregate coverage; (iii) motor vehicle liability insurance covering all employees of your 1-800-PLUMBER Business with authority to operate a motor vehicle, including the Vans, with non-owned auto coverage added as a rider, in an amount not less than $1,000,000 or, with our prior written consent, such lesser amount as may be available at a commercially reasonable rate, but in no event less than any statutorily imposed minimum coverage; (iv) fire and lightning, extended coverage, theft, vandalism and malicious mischief, flood, and sprinkler leakage insurance on the Office, Vans, and on all fixtures, equipment, supplies and other property used in the operation of your 1-800-PLUMBER Business, for not less than 100 percent of the cash value of the property, except that an appropriate deductible clause shall be permitted; and (v) such additional insurance as may be required by the terms of any lease or mortgage for your Office and Vans. We may increase or decrease the amounts and types of insurance you must purchase by providing you with 30 days advance written notice of any changes in coverage amounts. All policies of insurance will be with responsible companies qualified to do business and in good standing in the state where your 1-800-PLUMBER Business is located, and shall be in a form satisfactory to us. All liability insurance policies shall name us as an additional insured to the extent of claims arising out of the operations of your 1-800-PLUMBER Business. To the extent our preferred insurance provider is licensed and qualified to do business in the state where your 1-800-PLUMBER Business is located, you must obtain the above-required insurance coverage from our preferred insurance provider, unless we approve an alternate insurance provider for you.

Negotiated Prices

We have not negotiated any prices or purchasing arrangements with any supplier for your benefit. We may do so in the future.

Material Benefits

Except as is described in this Item 8, you do not receive any material benefit from us based on your use of any particular designated or approved sources or your purchase of particular products or services. You do not receive a material benefit from us on your use of any particular designated or approved source.

Cooperatives

We have not arranged any purchasing cooperatives for our franchisees.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you to find more detailed information about your obligations in these agreements and in the other items of this Disclosure Document.

Obligation	Section in Franchise Agreement	Disclosure Document Items
a. Site selection and acquisition/lease (Office and Vans)	Sections 4.1, 4.2., 7.1 and 7.2	Items 7 and 11
b. Pre-opening purchases/leases	Sections 7.1, 7.2, 7.3 and 11.1	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 4.1 and 4.2, and Article 7	Items 6, 7, 8, and 11
d. Initial and Ongoing training	Article 6	Item 11
e. Opening	Section 7.5	Item 11
f. Fees	Articles 5 and 12, Section 13.5	Items 5, 6, and 11
g. Compliance with standards and policies/Operating Manuals	Article 9 and Section 11.1	Items 1, 8, and 11
h. Trademarks and proprietary information	Article 15 and Sections 18.5 and 20.4	Items 13 and 14
i. Restrictions on products/services offered	Sections 11.1, 14.2, and 18.2	Items 8, 11, and 16
j. Warranty and customer service requirements	Sections 11.1	None
k. Territorial development and sales quotas	Article 4 and Section 12.4	Items 11 and 12
l. Ongoing product/service purchases	Sections 11.1 and 14.2	Item 8
m. Maintenance, appearance and remodeling requirements.	Sections 3.3, 7.1, and 17.3	Item 11
n. Insurance	Article 21	Items 7 and 8
o. Advertising	Article 13 and Section 12.2	Item 7 and 11
p. Indemnification	Section 19.3	Item 17
q. Owner's participation/ management/staffing	Section 11.1	Item 15
r. Records/reports	Article 16 and Section 18.1	Item 17
s. Inspections/Audits	Section 16.3	Item 6
t. Transfers	Article 17	Items 6 and 17
u. Renewal	Sections 3.3 and 3.4	Items 6 and 17

Obligation	Section in Franchise Agreement	Disclosure Document Items
v. Post-termination obligations	Sections 18.5, 18.7, 18.8, 18.9, 20.2, 20.3 and 20.4	Item 17
w. Non-competition covenants	Article 20	Item 17
x. Dispute resolution	Article 22	Item 17
y. Guaranty by Owners and Other Individuals	Sections 11.1 and 11.2; Exhibit II	Item 15

ITEM 10
FINANCING

Neither we nor any agent or affiliate of ours offers direct or indirect financing. We do not guarantee your note, lease, or obligation.

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

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

Pre-Opening Assistance

Before you open your business, we or our designee will:

1. Designate your protected Service Area. (Franchise Agreement, Sections 4.2.a and 8.1.a).

2. Provide you a list that describes or shows our standards for purchasing or leasing and equipping your Office and Vans. (Franchise Agreement, Section 8.1.c).

3. Provide you access to our proprietary or approved software, including our Field Management Software System, an Internet site for prospective customers, an e-mail account and an Intranet site for you and other franchisees. We reserve the right to discontinue providing the e-mail account and Intranet site in the future. (Franchise Agreement, Section 8.1.b).

4. Upon receipt of the Start Up Bundle Payment set forth in Item 5, furnish you the Start Up Bundle consisting of the initial equipment, Products and supplies needed to stock the Office and Vans and to perform the Services, together with a list of any designated or approved suppliers for other items. (Franchise Agreement, Sections 8.1.d and 8.1.e).

5. Provide initial training for your Controlling Principals, including the Managing Principal, plus the General Manager (if applicable) and one or more Assistants you designate and we approve. (Franchise Agreement, Sections 6.1 and 8.1.h).

6. Loan you one copy of the Operations Manual, which may be provided electronically, online or by any other means we choose. (Franchise Agreement, Sections 8.1.g and 9 .1).

7. Provide assistance in running the Market Penetration Strategy, and guidance in implementing other marketing programs, operating and sales procedures. (Franchise Agreement, Sections 8.1.f and 13.2).

Continuing Assistance

During the operation of your 1-800-PLUMBER Business, we or our designee will (Franchise Agreement, Section 10.1 unless otherwise noted):

1. Provide you advice and assistance as we deem advisable and planning publicity and promotions for your businesses promotion, including advice on print media and display advertising in accordance with the Franchise Agreement.

2. Make our staff accessible to your Managing Principal or General Manager to the extent we deem advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication.

3. As we deem appropriate, visit your Office or Service Area to conduct reviews and to consult with your Managing Principal or General Manager regarding compliance with our System standards.

4. Loan you any additions or supplements to the Operations Manual as they are available and disclose to you any additional trade secrets we develop, if any, that relate to the operation of 1-800-PLUMBER Businesses.

5. Invite you to attend, at your own expense, all conventions, seminars and franchisee-oriented functions, if any that we plan from time to time and sponsor that are applicable to you or your 1-800-PLUMBER Business, so long as you are in compliance with your Franchise Agreement. Your attendance at such conventions, seminars another franchisee-oriented functions will be mandatory unless we notify you to the contrary.

6. If created, send to you and your customers periodic online newsletters that we produce from time to time.

7. Upon our recommendation or at your request, conduct additional training programs at a location we designate. We reserve the right to charge a fee for these additional training programs.

8. Make available to you all marketing manuals, advertising designs, advertising campaigns, camera-ready artwork, our tactical marketing planner, and budgeting templates for your advertising and promotional programs. We may charge you for these materials.

9. Provide you with access to our proprietary software (if any) and all upgrades, an Internet site for prospective customers, and an Intranet site for you and other franchisees. We reserve the right to discontinue providing the Intranet site.

10. From time to time, research new products, services and methods of doing business and provide you with information concerning developments of this research.

11. Provide you with access to and guidelines related to the centralized call center provided by us or our designated supplier to receive calls and schedule appointments for your 1-800-PLUMBER Business.

12. From time to time, we may recommend suggested prices for your Products or Services. Any prices that we recommend to you are merely recommendations and you may establish your own prices, which may be higher or lower than our recommended prices.

13. Permit you to use our System, as it may be modified (Franchise Agreement, Sections 2.1 and 15.3).

14. Permit you to use our Marks in accordance with our specifications (Franchise Agreement, Sections 2.1 and 15.1).

Site Selection for your Office

Within 60 days after the effective date of the Franchise Agreement, you must designate and purchase or lease a premises to serve as your Office. The Office must be located in your Service Area unless you acquire multiple franchises with Service Areas that are contiguous to each other, in which case you may operate from a single Office for all of your franchises, which will be located in one of your Service Areas. We must approve your Office location and premises before you enter into the lease or purchase agreement. We do not own the site or lease it to you, nor do we select the site for your Office.

If we do not approve the Office site you have selected, you must select another site, and continue to do so until you have selected a site that we do approve. If we do not disapprove of your proposed office site within 30 days after we receive a site approval request from you and such other information as we may require, your Office site will be deemed approved by us. We reserve the right to modify our standards and specifications for your Office occasionally and you must comply with any of these modifications. You must notify us in writing and obtain our consent if you wish to relocate your Office. We may charge the Relocation Fee for each time you request to relocate your Office.

You must operate and maintain your Office in accordance with our standard specifications as set forth in the Operations Manual or otherwise from time to time. You may not operate any other business from your Office.

Selection of Your Vans

Within 60 days after signing your Franchise Agreement, you must purchase or lease at least two Vans (three Vans if you are an Enterprise Director) that meet our standards and specifications, which are set forth in the Operations Manual. We reserve the right to modify our standard specifications for your Vans from time to time by changing the Operations Manual. Your Vans may only be used in the operation of the 1-800-PLUMBER Business. You must equip, stock and decorate your Vans within 90 days after signing the Franchise Agreement.

Before opening a business of providing Products or Services you must configure your Vans in accordance with our standard to specifications, including installing shelving and storage to be able to carry the proper Products, supplies and inventory. You must also purchase or lease and install in your Vans a GPS system from an approved vendor (see Item 8).

You must keep your Vans clean and at all times ensure that your Vans presents a respectable image of the System. You must maintain your Vans in good repair and keep your Vans clean and free from rust, dents, scratches or other damage in accordance with the standards and specifications set forth in the Operations Manual or otherwise in writing. You may not offer, sell or deliver any Products or Services using any vehicle other than the Vans. All additional Vans you purchase or lease must be operated and maintained in accordance to standards and specifications set forth in your Franchise Agreement, the Operations Manual, or otherwise in writing by us.

Time for Commencement of Operations

The time that will elapse between the signing of your first Franchise Agreement and the opening of your franchise business is typically 150 days. The actual time that elapses will vary depending upon individual circumstances and local conditions, such as your ability to (1) obtain any permits or licenses required by your state and local governments; (2) obtain a lease for your Office and financing or building permits for leasehold improvements (if applicable); (3) obtain your Vans, equipment, fixtures and signs; (4) if you have an existing business that provides plumbing or HVAC products and services, convert your existing business to a "1-800 Services Agreement" and (5) complete your initial training. You must open your business no later than the required start date assigned to you by us and listed on the Addendum of your Franchise Agreement.

You must expand your 1-800-PLUMBER Business by acquiring additional Vans at the times described in Item 7.

We estimate that 10 to 30 days will elapse from the time you receive site approval for your Office to the date your 1-800-PLUMBER Business opens for business and you begin performing the Services and that 10 to 30 days will elapse from the time you receive approval for your first Van to the date your 1-800-PLUMBER Business opens for business and you begin performing the Services.

Training Program

Initial Training. The initial training lasts approximately one week for all Controlling Principals, including the Managing Principal, plus the General Manager (if applicable) and one or more Assistants we have approved. The actual length of your training program and your training schedule may be adjusted by us based on your prior experience or training. We plan on being flexible in scheduling training to accommodate our personnel and you. There are currently no fixed (i.e., monthly or bi-monthly) training schedules for the initial training program, and instead we intend to conduct initial training on an as-needed basis. Classes may be conducted at our home offices in Pearland, Texas or at another specified location. You must pay your attendees' travel expenses and room, board and wages during training. We will provide both paper and electronic instructional materials.

Training is supervised by our President, Mark Collins. Mr. Collins has over 24 years of experience in the industry. Each of our instructors has demonstrated to us satisfactory knowledge of the topics they instruct and are overseen and reviewed by Mr. Collins.

An outline of the initial training is as follows:

Initial Training Program

Subject	Days of Classroom Training	Days of On The Job Training	Location
Welcome, Introduction and Goals	1/2 Day		Our Headquarters in Pearland, Texas
Employee Matters - Recruiting, Retaining and Personnel Requirements	1/2 Day		Our Headquarters in Pearland, Texas
1-800-Plumber Service Process	1/2 Day		Our Headquarters in Pearland, Texas

Subject	Days of Classroom Training	Days of On The Job Training	Location
Inventory, Equipment, and System Compliance	1/2 Day		Our Headquarters in Pearland, Texas
Marketing and Public Relations	1/2 Day		Our Headquarters in Pearland, Texas
Accounting Overview	1/2 Day		Our Headquarters in Pearland, Texas
Starting the 1-800-PLUMBER Business (1-800-PLUMBER Business Plan, Expenses, Budget)	3/4 Day		Our Headquarters in Pearland, Texas
Review and Wrap Up Questions	1/4 Day		Our Headquarters in Pearland, Texas
Software Training/Dispatching	1 Day		Our Headquarters in Pearland, Texas
TOTAL	**5 Days**	**- -**	

Other Training. If we determine that you, any of your Controlling Principals, including the Managing Principal, or the General Manager, or your Assistants require training in addition to the initial training program, or if you request additional training, then we will provide notice to you of the additional training and conduct the additional training program at a location we designate. You will be responsible for paying the travel, lodging and other costs for you, your Controlling Principals, including the Managing Principal, plus the General Manager (if applicable), your Assistants, or your other representatives, and you will be required to pay us our standard fees for conducting additional training in accordance with our standard fee schedule.

We may present seminars, national or regional conventions, continuing development programs, other additional or refresher training programs, or other meetings. Some of these are voluntary and your attendance is not required. However, you or your Controlling Principals, including the Managing Principal, plus your General Manager (if applicable), and your Assistants, as applicable, must attend any mandatory seminars, programs or meetings we conduct. The mandatory additional training will not last more than three days at a time. You or your Controlling Principals, including the Managing Principal, plus the General Manager (if applicable), or your Assistants must attend one regional meeting for your region and our annual national convention each calendar year if we hold these meetings. You or your Controlling Principals, including the Managing Principal, or the General Manager, or your Assistants may also be required to attend up to one additional mandatory convention or meeting every calendar year, in addition to any mandatory regional meetings for your region and the annual national convention. We will give you at least 30 days prior written notice of any seminar, convention, program or meeting that is deemed mandatory, unless your attendance is waived by us. (See Section 6.3 of Franchise Agreement.)

We may charge a fee to cover our costs for any mandatory seminar, national or regional convention or other mandatory meetings, which fee is currently in the amount of $299 per attendee. However, unless we agree otherwise, if you do not attend the applicable seminar, convention or other mandatory meeting, you will be required to pay us $1,500 per missed event, and if you attend the applicable seminar, convention or other mandatory meeting but do not stay at the designated hotel or do not stay for the entire meeting or convention, you will pay us $750 per applicable event. You will be responsible for the cost of attending, including travel, meals and lodging expenses, any seminars, international or regional conventions, continuing development programs, other additional or refresher training programs, or other meetings. If you, your Controlling Principals, including the Managing Principal, your General Manager, or your Assistants fail to attend a program at which attendance is deemed mandatory, we may, without waiving any

other rights, require you, your Controlling Principals, including the Managing Principal, your General Manager, or your Assistants to attend and complete a make-up or alternative program at a location determined by us and you will be responsible the costs of the program. (See Section 6.3 of Franchise Agreement.)

All training programs are provided to protect our brand and the Marks and not to control the day-to-day operation of your 1-800-PLUMBER Business.

Advertising and Promotions

Brand Development Fund. We have established the 1–800–PLUMBER Brand Development Fund (the "**Brand Development Fund**"). You must contribute a percentage of your Gross Revenues or the Minimum Monthly Gross Revenues, whichever is higher, to the Brand Development Fund. The percentage is described in Item 6 (and ranges from 1.5 to 2 percent), depending on your annual Gross Revenues. Payments into the Brand Development Fund are in addition to the minimum Local Ad Expenditure requirements set forth below.

We will use the Brand Development Fund to conduct market research, focus groups and advertising studies and to create advertising and marketing materials for the entire network of businesses located in United States and in other countries (the "**Franchise Network**") and the Products and Services sold by 1-800-PLUMBER Businesses, including local advertising material. We may also arrange for, place and run advertisements and promotional materials in local, regional and national media. We use the Brand Development Fund to pay for any public relations services and projects, such as sponsorships that are intended to enhance the goodwill and public image of the Franchise Network. We may also use the Brand Development Fund to pay for industry-specific dues and programs. We may use the Brand Development Fund to reimburse our or our affiliates' costs for salaries and other overhead expenses related to the activities described above and also for maintaining our website as discussed below. We may use part of the Brand Development Fund contributions to maintain and further develop the website.

We will provide you with specimens or proofs of advertisements and promotional material paid for by the Brand Development Fund. If you wish to acquire and use these materials, you must pay for them. You must pay to reproduce, place and run any materials we developed using the Brand Development Fund for any local advertising campaign you pursue.

We may allocate the Brand Development Fund as we see fit. We do not guarantee that your 1-800-PLUMBER Business will benefit equally from the Brand Development Fund compared with other 1-800-PLUMBER Businesses. 1-800-PLUMBER Businesses that we or our affiliates own will contribute to the Brand Development Fund in the same amounts and manner as similarly situated businesses.

We currently do not have the Brand Development Fund audited. Upon written request, we will make available to you, no later than 120 days after the end of each calendar year, an annual unaudited financial statement for the Brand Development Fund that shows how the Brand Development Fund proceeds have been spent.

We may establish the Brand Development Fund as a non-profit corporation or other appropriate entity. If we establish a separate entity to administer the Brand Development Fund, and if we require it of you, you must become a member of the entity, sign a participation agreement and take other steps that we specify.

During the 2025 fiscal year of the Brand Development Fund, 46 percent of the Fund was spent on production of advertising and advertising materials, including website development, 52 percent was spent

on brand promotion and 2 percent was spent on administrative costs. Any portion of the Brand Development Fund that was not spent in fiscal year 2025 was carried over to fiscal year 2026 and will be used for the same purposes described above. No portion of the Brand Development Fund was spent to principally solicit new franchisees; except that the materials developed may include a brief statement that 1-800-PLUMBER Business franchises are available and the contact information for acquiring information about 1-800-PLUMBER Business franchises, and except that the Brand Development Fund may be used for the website which may include information and promotion for the sale of franchises.

Market Penetration Strategy. We will run your Market Penetration Strategy advertising, as defined in Item 5. You must pay us the designated amount for the Market Penetration Strategy upon execution of your Franchise Agreement. We may use the Market Penetration funds to pay for materials and services, including but not limited to the following: direct mail; public relations services; internet marketing; television and radio advertising; and print advertising. All purchases made for the Market Penetration Strategy will be selected by us. The Market Penetration Strategy will begin approximately 30 days prior to opening of your 1-800-PLUMBER Business and may last up to six months after you commence operations.

Local Advertising. We recommend, but do not require, that you spend 8 to 10 percent of your Gross Revenue on local marketing of your 1-800-PLUMBER Business. However, if you fail to meet your Minimum Monthly Gross Revenues (defined in Item 12) for two consecutive months or for any three months within any 12-month period during the term of the Franchise Agreement, you will be required to spend at least 8 percent of your Gross Revenues on marketing in each of your Service Areas during the next 12 months. You must spend these funds on local advertising. We may designate required or recommended media or advertising agencies or other vendors for certain types of marketing for your 1-800-PLUMBER Business in our discretion. Expenditures for online marketing services and products acquired through a third party vendor shall count toward this Minimum Local Ad Expenditure, if applicable.

At your initial training, we will assist you in developing a marketing plan, and provide you with marketing manuals, advertising designs, camera-ready artwork, our tactical marketing planner, and budgeting templates and discuss the budgeting, execution, and maintenance of your local marketing program.

Before using any promotional and advertising materials, you are required to submit to us or to our designated agency, for our prior written approval, all information pertaining to promotional materials and advertising initiated by you, including written advertisements, radio and television scripts, Internet sites, social media advertising, or any promotional creative materials. You must also notify us of the intended channels in which such advertising materials are to be used, and obtain our approval of those channels in addition to the content of the advertising materials. If we do not give you our written approval or disapproval of any advertising and promotional material submitted to us by you within seven days from the date the information is received by us, the materials will be deemed approved as submitted.

You will submit to us a local advertising and marketing expenditure report accurately reflecting expenditures, in a form and by methods as required by us in the Operations Manual or otherwise.

We may require you to pay all or a portion of your Local Ad Expenditure to a Local Advertising Group (described below).

You may only use gift certificates that have been approved by us.

Local Advertising Group. We may require you to join a local advertising group that includes other franchisees in your market area (a "**Local Advertising Group**"). If so, we may direct you to pay all

or part of your Minimum Local Ad Expenditure, if applicable, to the Local Advertising Group. The membership, rules and regulations of a Local Advertising Group, including how advertising fees are to be spent, will be determined by the Local Advertising Group's members, but must be approved in advance by us. The Local Advertising Group must operate based on written governing documents, and those documents will be available for review by franchisees. A Local Advertising Group must provide quarterly financial reports to us, and those reports will be available for review by franchisees at our headquarters. We can require Local Advertising Groups to be changed, dissolved or merged. If a Local Advertising Group is established in a market area where company-owned and affiliated-owned 1-800-PLUMBER Businesses are operating, if any, they will join and contribute to the Local Advertising Group on the same basis as franchisees.

Franchise Advisory Council. A Franchise Advisory Council (the "**FAC**") has been established consisting of five franchisees initially selected by us. After the terms of the current FAC members lapse, future members representing each of the Principal Deployer, Strategic Developer, and Enterprise Director franchise models will be selected by majority vote of the franchisees from their respective franchise model. The FAC has no authority to make decisions or otherwise bind us, but does provide input and feedback in an advisory capacity to us. We may change or dissolve the FAC at any time.

Our Website

We may establish and maintain a website on the Internet to advertise and promote the Franchise Network and the Products and Services that 1-800-PLUMBER Businesses offer (the "**Website**"). We may, at our option, expand the Website to include and facilitate the sale of franchises for 1-800-PLUMBER Businesses, or combine, link or otherwise connect the Website with other website(s) used to promote 1-800-PLUMBER Businesses located within or outside of the United States or to promote the sale of franchises. We have complete ownership and control over the Website's design and contents. We have no obligation to maintain the Website indefinitely and may discontinue it at any time.

We may include a series of interior pages on the Website that identify participating 1-800-PLUMBER Businesses by address. At your request and upon your execution of a terms of use agreement on a form we provide, we may include on our Website one or a series of interior pages containing dedicated information about your 1-800-PLUMBER Business. You can recommend the content of these page(s) in accordance with our guidelines, but the content must be developed by us or our webmaster at your expense, using a template that we provide, and will be subject to our approval prior as to form, content and programming quality. You will not have the capability to modify your page(s) except in corroboration with our webmaster and in compliance with our standards. You have no right, license or authority to use any of the Marks on or in connection with the Website, except as we provide and as is set forth in the Franchise Agreement. Other than our Website, you may not promote your business on or use any other website.

Our current website is www.1800plumber.com. We may establish additional Websites in the future.

1-800-Plumber Intranet

We may establish and maintain an Intranet through which franchisees may communicate with each other and with us, and through which we may disseminate updates and supplements to the Operations Manual and other information. We have no obligation to maintain the Intranet and may dismantle it or edit how it may be used at any time without liability to you.

If we establish an Intranet, we will establish policies and procedures for its use. These policies and procedures and other terms of use will address issues we deem relevant, including restrictions on the use of

abusive, slanderous or otherwise offensive language communications; restrictions on communications between or among franchisees that encourage breach of any franchise agreement; confidential treatment of materials that we transmitted via the Intranet; password protocols and other security precautions; confidential treatment of materials that we transmitted via the Intranet; grounds and procedures for us to suspend or revoke a franchisee's access to the Intranet; and a privacy policy governing our access to and use of the electronic communications that franchisees post on the Intranet. As a condition of your access to the Intranet, you will acknowledge and agree that we can access and view any communication that anyone posts on the Intranet, and that the Intranet facility and all communications posted to it will become our property.

On the receipt of notice that we have established an Intranet, you must purchase and install all necessary additions to your 1-800-PLUMBER Business' Information Systems (defined below) and establish and continually maintain an electronic connection with the Intranet that allows us to send messages to and receive messages from you.

We may use part of the Brand Development Fund contribution to develop, maintain and further expand the Intranet.

We may suspend your access to the Website and/or the Intranet for any breach of the Franchise Agreement.

National Accounts

We have the right to enter into agreements with customers under which Products and Services will be delivered to multiple locations ("**National Accounts**") at negotiated rates ("**National Account Rates**"). We may enter into National Accounts within and outside of your Service Area, We reserve the right to bill and collect on such National Accounts. We have the sole discretion whether to execute a national account agreement with a particular customer, the manner of negotiation of that agreement, and the terms and conditions of that agreement. You may, but are not obligated to, provide Products and Services to our National Accounts. However, we reserve the right to make participation in any National Accounts program a mandatory part of the System, in which event you will be required to participate in the program.

At our request, you must notify us in writing whether you wish and intend to service a National Account in accordance with the terms of the National Account agreement, including but not limited to your acceptance of the applicable National Account Rates. If you inform us that you do not wish to participate in the National Account or if you fail to comply with the terms for the National Account Program, we will have the right to provide or authorized others to provide Products and Services within your Service Area in accordance with the National Account agreement. If we have billed and collected on a National Account, we will remit to you all amount due in accordance with the procedures described in the Operations Manual.

Computer Hardware and Software

General

You must acquire, install and use certain stationary and handheld electronic systems to collect, compute, store and report your 1-800-PLUMBER Business' Gross Revenues, other financial data and operating information. These include such items as computers, peripheral equipment and related software programs we specified in the Operations Manual (the "**Information Systems**"). You must also install and continually maintain a broadband connection that facilitates communication between our computer system and your electronic systems, as specified above, and you must provide us continuing access to computer system and electronic systems. We currently require franchisees to install Microsoft office and QuickBooks

Online on their computer systems, but we may update our requirements from time to time as specified in the Operations Manual. We estimate that the total cost of purchasing the necessary handheld computers ranges from $300 to $600 per Van, and the cost to purchase the necessary personal computer and software will range from $500 to $1,000.

You must also acquire and use our Field Management Software System from our designated vendor. You are required to pay the fee for this system, currently $211 per month per technician, per Service Area, which is paid directly to the vendor of this system. There is no charge for office and accounting staff, the Managing Principal or the General Manager to use the Field Management Software System unless such persons are also technicians.

We may electronically poll your 1-800-PLUMBER Business' hardware and software system to obtain Gross Revenues data, as well as other financial and operating information through the 1-800-PLUMBER Intranet, including having access to your QuickBooks Online reports and data, which will be available to us 24 hours per day, seven days per week. You must maintain continual data network access to your 1-800-PLUMBER Business' software system for our use. There are no contractual limitations on our right to access any information or data.

We will provide an e-mail account to you. You are required to use only the e-mail account provided by us in the operation of your 1-800-PLUMBER Business. You may not use the e-mail account for any purpose not related to the operation of your 1-800-PLUMBER Business. You are required to check this e-mail account throughout the business day and to respond to any e-mail messages promptly. We reserve the right to discontinue providing this e-mail account in the future, in which event you will be required to maintain an e-mail account to be used in the operation of your 1-800-PLUMBER Business. You must pay us the Technology Fee for the e-mail account, the Website and Intranet sites, and other technology expenses we incur.

You must accept credit and debit cards from customers of your 1-800-PLUMBER Business and, if required by us, use a merchant vendor approved by us. The Payment Card Industry ("**PCI**") requires all companies that process, store, or transmit credit or debit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("**PCI DSS**"). Therefore, you must be PCI compliant by following and adhering to the then-current PCI DSS, currently found at www.pcisecuritystandards.org, or any similar or subsequent standard for the protection of cardholder data throughout the term of your Franchise Agreement. PCI mandates the PCI DSS compliance.

Except as described below, you do not have any obligation to obtain ongoing maintenance, repairs, upgrades or updates for your computers. We may require you to maintain, upgrade, and update all electronic systems that are used to collect, computer, store and report a 1-800-PLUMBER Business' Gross Revenues, financial data, and other operating information, such as cash registers and other point-of-sale systems, computers, peripheral equipment and related software programs we specify in the Operations Manual. Except as described above, there are no contractual limitations on the frequency and the cost of your obligation to maintain, upgrade, and update your computer systems.

GPS

We currently require that you purchase or lease and use a GPS from an approved vendor. You must have one GPS for each Van you own and operate. You must obtain continuing hardware and software support from the approved vendor. The cost of the GPS will be set by the approved vendor, but we anticipate you will spend $100 for each unit and a monthly service fee with the range from approximately $25 to $50 per unit, which includes initial training, install, hardware and software range. Your cost may differ. See item 7.

Operations Manual

Attached to this Disclosure Document as Attachment E is the table of contents of our Operations Manual. Our Operations Manual is maintained electronically and made available to you online. If it were printed, it would be approximately 629 total pages.

ITEM 12
TERRITORY

Office

You will operate your 1-800-PLUMBER Business and use the Marks and the System only at the Office that has been approved by us. We base our approval of your proposed Office on a variety of factors including the viability of the location and demographics of the proposed Office. See Item 11. Your Office must be located in your Service Area unless you acquire multiple franchises with Service Areas that are contiguous to each other, in which case you may operate from a single Office for all of your franchises, which will be located in one of your Service Areas. If, as of the date you sign your Franchise Agreement, you do not have the Office chosen and approved by us, we will designate, by Addendum to the Franchise Agreement, a "Target Area" within which to find an Office location. The designation of the Target Area does not in any manner grant you any continuing territorial rights in or to the Target Area. If the Franchise Agreement lists only a Target Area and not the Office location, then we and you will sign the Office Supplement to Franchise Agreement attached as Exhibit II to the Franchise Agreement upon our later approval of the Office location. You may not relocate your Office without our prior written consent.

Service Area

We grant you the right pursuant to the Franchise Agreement to operate one 1-800-PLUMBER Business and perform Services within the Service Area specified in the Franchise Agreement. The Service Area will have a maximum population of 350,000. If you acquire a Service Area with a population in excess of 350,000, you must acquire another franchise for each Service Area up to a maximum population of 350,000, sign a separate Franchise Agreement, and pay the Initial Franchise Fee for each franchise. Provided you are in compliance with your Franchise Agreement, you will maintain rights to your Service Area, even though the population may increase.

We will grant you the right to operate your 1-800-PLUMBER Business within designated zip codes, or street, city, county or state boundaries, which constitute the Service Area. You may accept orders from outside of your Service Area provided it does not infringe on the Service Area of another 1-800-PLUMBER Business operated by us, any affiliate of ours, or another franchisee of ours, or we otherwise determine in our sole discretion that operating outside of your Service Area is detrimental to us, our affiliates, another franchisee or the System. As long as you remain in compliance with your Franchise Agreement, we will not operate locations or grant franchises for a 1-800-PLUMBER Business within your Service Area. While we currently have not established a National Account with any national customer, we reserve the right to do so in the future. If we establish a National Account program, your rights to your Service Area will be subject to that National Account program as described in Item 11 above. If you elect to not participate in the National Account program, we can perform, or grant to our affiliates or another franchisee of ours the right to perform, the services to the National Account in your Service Area. Based on the above, we are required to state the following. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If you sign multiple Franchise Agreements to operate 1-800-PLUMBER Businesses in multiple Service Areas, we may include an opening schedule in the Franchise Agreements allowing you to commence operations in a single Service Area and focus your marketing in that Service Area before expanding to other Service Areas.

Your rights under the Franchise Agreement include: (i) authorization to operate your 1-800-PLUMBER Business under the Marks and in accordance with the System; (ii) authorization to provide Services in the Service Area or in other franchisees' service areas, as we authorize from time to time; and (iii) authorization to advertise and promote your 1-800-PLUMBER Business using the Marks in accordance with the standards and our instructions.

Your use of any of the Marks or any element of the System in the operation of any other business or in any other channel of distribution without our express prior written authorization will constitute willful infringement of our rights in the Marks and the System.

Subject to your full compliance with the Franchise Agreement, and any other agreement between you and us or our affiliates, and except as provided below, we will not establish or authorize a 1-800-PLUMBER Business to deliver the type of Products and Services your 1-800-PLUMBER Business offers within your Service Area.

We and our affiliates reserve all rights that the Franchise Agreement does not expressly grant to you, including, without limitation:

(i) The right to establish, operate and license others to establish and operate 1-800-PLUMBER Businesses to be operated anywhere outside of your Service Area, and also within your Service Area to provide any Products or Services that your 1-800-PLUMBER Business does not provide;

(ii) The right to establish, operate and license others to establish and operate businesses which offer products or services which may be similar or identical to the Products and Services offered in a 1-800-PLUMBER Business, which businesses are identified by marks other than the Marks, whether or not they are located, operate from premises or deliver Products and Services to customers within or outside the Service Area, although neither we nor any affiliate of ours currently operates, franchises, or plans to operate or franchise such a business;

(iii) The right to service or authorize others to service National Accounts in the Service Area. You have the right to provide Products and Services to National Accounts within the Service Area. If you do not inform us that you wish to participate in the National Account, or you inform us that you do not wish to participate in the National Account, we have the right to provide or authorize others to provide Products and Services within your Service Area in accordance with the National Account agreement;

(iv) The right to advertise and promote the sale of the Products and Services your 1-800-PLUMBER Business provides on the Internet;

(v) The right to license the use of the Marks and System to Area Representatives to operate Area Representative businesses at any location, including in the Service Area; and

(vi) The right to acquire or be acquired by, or engage in any other transaction with, other businesses (competitive or not) with companies and/or units located anywhere, including

arrangements where other units are (or are not) converted to the System or other format, or in which company-owned, franchised or other businesses (including your 1-800-PLUMBER Business) are (or are not) converted to another format (whether competitive or not), or both, and is maintained as the same concept, as a new concept, or as a separate concept in your Service Area. You must fully cooperate with any of these conversions, at your sole expense.

We and our affiliates may exercise these rights without any compensation to you, even if they involve sales to customers in your Service Area.

You may not relocate your Service Area without our prior written consent and payment of the Relocation Fee.

Minimum Monthly Gross Revenues

Beginning on the date set forth in the Addendum, which will be the first day of the seventh full calendar month after you have commenced operations, you will be required to achieve minimum gross revenues on a monthly basis (the "Minimum Monthly Gross Revenues") as set forth below:

Full Month after Commencement of Operations	Minimum Monthly Gross Revenues Per 1,000 in Population in Service Area
0-6	No Minimums
7-12	$50
13-24	$100
25 and thereafter	$150

The Minimum Monthly Gross Revenues are per Service Area. If you acquire multiple Service Areas, you must meet these minimums for each Service Area.

If you fail to achieve the Minimum Monthly Gross Revenues in any calendar month, you must pay us a Royalty Fee and Brand Development Fund Fee, and calculate your required minimum Local Ad Expenditure, based on the Minimum Monthly Gross Revenues instead of your actual Gross Revenues. Further, if your total Gross Revenues over any 12-month period does not equal or exceed the total of the Minimum Monthly Gross Revenues for the same 12-month period, we will have the right to terminate your Franchise Agreement. We have the right, in our sole discretion and on a case-by-case basis, to waive the obligation of you or any other franchisee to meet the Minimum Monthly Gross Revenues requirement or to pay any fees or make expenditures calculated based on the applicable Minimum Monthly Gross Revenues.

Your rights with respect to the Service Area are not dependent on your achieving a certain sales volume, market penetration or other contingency. However, if you are in default and fail to timely cure, we may alter or reduce your Service Area as an alternative remedy to terminating your Franchise Agreement.

ITEM 13
TRADEMARKS

We grant you the non-exclusive right to operate a 1-800-PLUMBER Business under the Marks.

We have registered the following Marks on the Principal Register of the United States Patent and Trademark Office:

Mark Name	Registration Number	Registration Date
800-BIO	3,811,873	June 29, 2010
HOME GUARD	4,380,714	August 6, 2013
1-800-PLUMBER +AIR	7,486,704	August 27, 2024

We have filed all required affidavits related to the registration of these Marks when needed and intend to renew the registrations of these Marks at the appropriate time.

In addition to those Marks listed above, we claim common law service or trademark rights to a number of other words, phrases, or designs that you may use in your 1-800-PLUMBER Business. The following statements apply solely to any unregistered trademarks and service marks: We do not have a federal registration for these trademarks. Therefore, these trademarks do not have as many legal benefits and rights as federally registered trademarks. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Under the Franchise Agreement, we grant you the right and license to use the Marks and the System solely in connection with your 1-800-PLUMBER Business. You may use our Marks only in the manner authorized and permitted by us and you may not directly or indirectly contest the ownership or rights of us in the Marks. You cannot use the name "1-800-Plumber" or any similar name as part of your business name. You cannot use our Marks as part of an electronic address, domain name or on any websites on the Internet, or with modifying words, designs or symbols, except as we may license to you, without our prior written consent, which may be withheld for any reason. You may not use our Marks with an unauthorized product or service, or in a manner not authorized in writing by us. You must modify or discontinue your use of our Marks if we require the modification or discontinuance of them, at your expense.

There are presently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the trademark administrator of any state, or any court that apply to the Marks.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Marks. If litigation involving the Marks is instituted or threatened against you, the Franchise Agreement requires you to notify us promptly and cooperate fully with us in defending or settling the litigation.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks.

On the expiration or termination of your Franchise Agreement for any reason, you must immediately discontinue the use of all the Marks. You must also take appropriate action to remove the Marks from your Office and remove the Marks from the Vans used in your 1-800-PLUMBER Business.

If we modify or discontinue the use of the Marks, you must promptly comply with and adopt, at your own expense, all suchmodifications.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

No copyrights, other than common law copyrights in the Operations Manual, are material to the franchise. The Operations Manual contains our confidential and proprietary information and trade secrets regarding the operations of a 1-800-PLUMBER Business. We may modify the Operations Manual in our sole discretion, but the modifications will not alter your status and rights under your Franchise Agreement. We have included a copy of the Table of Contents for our Operations Manual as Attachment E to this Disclosure Document.

You can use the proprietary information in the Operations Manual only as permitted by your Franchise Agreement. You must maintain the confidentiality of our Operations Manual and adopt reasonable procedures to prevent unauthorized disclosure of it. You are required to promptly tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action, but we will respond to this information as we think appropriate. Our right to use or license this information is not materially limited by any agreement or known infringing use. There are no determinations of any administrative office or any court regarding these copyrighted materials or the proprietary information.

We own all records concerning the customers, other service professionals of, and/or related in any way to, your 1-800-PLUMBER Business, including all databases (whether in print, electronic or other form), with customer and potential customer names, addresses, phone numbers and e-mail addresses, and customer purchase records. We may use or transfer these records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. (See Franchise Agreement, Section 15.9). We may contact any and/or all of your customers, suppliers and other service professionals for quality control, market research and any other purposes we deem appropriate, in our sole and absolute discretion.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of our copyrighted materials. However, we may take action to protect you against claims of infringement or unfair competition involving our copyrighted materials, when you are using them in compliance with your Franchise Agreement, if, in the opinion of our counsel, the circumstances justify our intervention. You are obligated to fully cooperate with us in any litigation we commence or defend related to our copyrighted materials. We will control all proceedings and litigation involving our copyrighted materials, except that you will control your defense if we have elected not to protect you against claims of infringement or unfair competition.

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

You must appoint a Managing Principal from among your Controlling Principals who meets our requirements and is approved by us to supervise and manage all aspects of your 1-800-PLUMBER Business and to deal exclusively with us or our staff, or you must employ a General Manager who is qualified to perform those services. Your Managing Principal or General Manager must satisfy the applicable plumbing

and/or HVAC licensing requirements for the municipalities or other governmental authorities that govern your Service Area. Your Managing Principal or General Manager must meet our standards as described in the Operations Manual as updated occasionally. If you are an individual, we recommend, but do not require, your personal participation in the operation of the 1-800-PLUMBER Business. You may hire one or more Assistants to assist you in providing Services, but you are not obligated to doso. Depending on the laws, rules, regulations, ordinances and codes applicable to a 1-800-PLUMBER Business, your Assistants may also be required to satisfy the applicable plumbing and/or HVAC licensing requirements for the municipalities or other governmental authorities that govern your Service Area.

Before rendering services to your 1-800-PLUMBER Business, you or all of your Controlling Principals, plus your General Manager (if applicable), any Assistants, and any replacements for the Managing Principal or General Manager, or Assistants must attend and complete, to our satisfaction, initial training conducted by us.

You are responsible for recruiting, appointing, hiring, firing, and supervising your Assistants and other employees, independent agents, and other representatives. You will have sole authority and control over the day-to-day operations of the 1-800-PLUMBER Business and its employees and representatives. You are solely responsible for implementing training and other programs for your employees and representatives related to the legal, safe, and proper performance of their work, regardless of the fact that we may provide advice, suggestions, and certain training programs. The advice, suggestions, and training we provide are to protect our brand and the Marks and not to control the day-to-day operation of your 1-800-PLUMBER Business.

You must hire or engage at least one experienced CSR to assist in the answering of your phones, booking of jobs with customers, assisting with employment applications, paperwork check-in, and other similar customer service and office duties.

You, or the Managing Principal or General Manager are required to devote substantial full time and best efforts on a daily basis, in person, to the supervision and conduct of the 1-800-PLUMBER Business, which must not be less than 40 hours per week. If you wish to operate another business, including any e-commerce business which operates over the Internet, our prior approval, which we may grant or deny in our sole discretion, will be required. If you wish to operate another business with your 1-800-PLUMBER Business, the other business must be a complimentary, non-competing enterprise; for example, a maid service.

If you are a corporation, limited liability company or partnership, or other entity, your Managing Principal must be one of your Controlling Principals unless we agree otherwise. If you hire a General Manager, he or she is not required to be a Controlling Principal and need not own an equity interest in the entity. Your Controlling Principals, including your Managing Principal, plus your General Manager (if applicable), Assistants, other employees and all of your officers, directors, partners, shareholders, and members (and, if you are an individual, your spouse) must agree to be bound by the nondisclosure and noncompetition provisions of the Franchise Agreement, by signing our form of Nondisclosure and Noncompetition Agreement attached to this Disclosure Document as Attachment B. You must provide us a copy of each Nondisclosure and Noncompetition Agreement at the time it is signed and thereafter upon our request. We make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

Unless waived by us, each individual who owns, directly or indirectly, an interest in the franchisee entity and each of their respective spouses, and any other individuals that we designate, must sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your

obligations and comply with all restrictions under the Franchise Agreement. (See Exhibit II to Franchise Agreement.)

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your 1-800-PLUMBER Business and perform Services during the business hours and days of operation provided in the Operations Manual, unless we provide you a written exception. You must offer to your customers all of the Products and Services specified on our authorized Product and Service list, which we may revise from time to time. You cannot offer any other products or services that are not included on our authorized Product and Service list. We have the right to change the authorized Services and other products and services without limitation, and you must promptly comply with the new requirements.

If we allow your 1-800-PLUMBER Business to participate in any new product or service test, you must participate in the test in accordance with our standards and must discontinue offering any product or service that we decide not to add permanently to the authorized list.

If you develop or suggest an innovation or improvement that we decide to incorporate into the System, either temporarily or permanently, the innovation or improvement will become our Confidential Information and property without compensation to you.

You must provide Services to customers in accordance with our standards.

The Office and the Vans must be used solely for the operation of your 1-800-PLUMBER Business. You may not offer, sell or deliver any Products or Services by or through any vehicle other than the Vans. You may only provide Products and Services to customers referred to you by our Service Center.

Except as described above, there are no other restrictions on the customers to whom you may sell.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreement attached to this Disclosure Document.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of franchise term	Section 3.1	10 years.
b. Renewal or extension of term	Sections 3.3 and 3.4	If you are in good standing you can renew for up to two additional terms of 10 years each after the initial term.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for franchisee to renew or extend	Sections 3.3 and 3.4	Between 120 and 180 days' notice; sign the current form of the Franchise Agreement (which may contain terms and conditions materially different from your original Franchise Agreement); be in compliance with current Franchise Agreement; be current in payments; satisfy current standards for new franchisees; modify your 1-800-PLUMBER Business and operations to conform with current Operations Manual; pay successor franchise fee; execute a Successor Franchise Rider (which includes, except where prohibited by law, a release).
d. Termination by franchisee	Section 18.4	Upon our breach of the Franchise Agreement, if you provide us with written notice within 30 days of the breach and a reasonable opportunity to cure of not less than 90 days (subject to applicable state law).
e. Termination by franchisor without cause.	Section 18.3	We can terminate at our option if there is a force majeure event that prevents us from performing our obligations under the Franchise Agreement and continues for longer than six months.
f. Termination by franchisor with cause	Sections 18.1 and 18.2	We can terminate if you commit any one of several listed violations. A termination of the Franchise Agreement due to a default by you may permit us to terminate all other agreements you have with us.
g. "Cause" defined – curable defaults	Section 18.2	You have 7 days to cure the filing of a legal action in violation of the dispute resolution terms in the Franchise Agreement; 10 days to cure misuse of Marks, non-payment of fees, non-submission of reports, failure to meet minimums; and 30 days to cure any other default not listed in Section 18.1 or 18.2 (subject to modification by applicable state law). If we provide you with a notice of default, we and our affiliates may suspend services to you until each default is cured.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h. "Cause" defined -non-curable defaults	Section 18.1	Non-curable defaults include: unauthorized disclosures, repeated defaults even if cured, abandonment, bankruptcy, criminal conviction, unapproved transfers, sales activity in the territory of another 1-800-PLUMBER Business, sexual harassment or discrimination, under-reporting of Gross Revenues or two or more occasions, breach of related agreement, a guaranty becomes unenforceable or inadequate; others.
i. Franchisee's obligations on termination/non-renewal	Section 18.5	On termination: discontinue use of Marks and complete de-identification; return of proprietary materials, including the Operations Manual; payment of amounts due; if terminated due to your default, payment of an amount equal to the Royalty Fees based on the greater of (i) an amount equal to your actual average Gross Revenues for the 12 months prior to the date of termination multiplied by the number of months remaining on the term of the Franchise Agreement had it not been terminated, but not to exceed 36, or (ii) the total of the Minimum Monthly Gross Revenues for each month from the date of termination until the lesser of the remaining term of the Franchise Agreement or 36 months; inspection of books; assign all pending and contract business to us; others. See also item "r" below.
j. Assignment of contract by franchisor	Section 17.1	We may transfer any or all of our rights and obligations under the Franchise Agreement or any ownership interest in us without your consent.
k. "Transfer" by franchisee - defined	Section 17.2	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by franchisee	Sections 17.2 and 17.3	We must approve all transfers prior to any transfer or attempted transfer.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for franchisor approval oftransfer	Section 17.3	Our consent to a Transfer may be conditioned on the following: full compliance with the Franchise Agreement and all other agreements with us or our affiliates; return of the Operations Manual and all proprietary materials; transferee meets our qualifying criteria for a new franchisee; you furnish us with a copy of the contract of sale; we determine that the transferee can satisfy any debt obligations and still derive a profit; transferee signs our current form of Franchise Agreement(which may contain terms and conditions materially different from the original Franchise Agreement); transferee upgrades the Office and Vans to our then-current standards; new Owners sign a Personal Guaranty and Nondisclosure and Noncompetition Agreement; transferee and its Controlling Principals, including the Managing Principal, its General Manager and any Assistants complete our training program; you provide a written transfer request containing such information and materials as we designate; Transfer Fee paid; and you provide a general release of claims you may have against us or our affiliates.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 17.5	We can match any offer for your business within 30 days.
o. Franchisor's option to purchase franchisee's business	Section 18.10	Upon termination of your Franchise Agreement, we have the option (but not the obligation) to purchase your 1-800-PLUMBER Business, or any portion thereof, including any or all of your Vans, equipment, supplies or inventory.
p. Death or disability of franchisee	Section 17.4	Your estate or legal representative must apply to us for the right to transfer to the next of kin within 180 days.
q. Non-competition covenants during the term of the franchise	Sections 20.1 and 20.3	You and your Controlling Principals are prohibited from owning, operating or performing service for a competing business (subject to applicable state law).

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires.	Sections 20.2 and 20.3	No competing business for 24 months within 100 miles of the former Service Area or of the service area of any other 1-800-PLUMBER Business (including after assignment) (subject to applicable state law).
s. Modification of the Agreement	Section 23.1	Operations Manual is subject to change at any time; the Franchise Agreement may be modified by a writing signed by both parties or, at our option, upon approval of 75% of our franchisees affected by the modification (subject to applicable state law).
t. Integration/merger clause	Section 23.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement or in any other related written agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Article 22	Except for certain claims, all disputes must be arbitrated in Houston, Texas (subject to applicable state law). If a claim can be brought in court, both you and we agree to waive our rights to a jury trial.
v. Choice of forum.	Section 22.5	All actions must be brought in a state or federal court in Harris County, Texas (subject to applicable state law).
w. Choice of law	Section 22.5	The Franchise Agreement is governed by and enforced in accordance with the laws of the State of Texas (subject to applicable state law). The Texas Deceptive Trade Practices-Consumer Protection Act does not apply.

ITEM 18
PUBLIC FIGURES

We do not employ any public figure or celebrity in our management, nor do we use a public figure or celebrity to promote our franchises.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

TABLES BEGIN ON NEXT PAGE

TABLE A
2025 Actual Revenue By Month
Of 1-800-PLUMBER Operators
Who Operated in 2025 and as of December 31, 2025

		# of Territories Serviced	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Top Tier ($1M+)	A	5 / 5	$636,592.61	$762,161.84	$635,073.75	$645,756.64	$515,907.35	$505,990.78	$598,995.23	$603,577.22	$499,301.10	$852,800.70	$598,106.54	$1,086,177.56	**$7,940,441.32**
		# of Techs	19	21	18	18	14	18	17	18	18	23	18	20	**18.5**
	B	1 / 1	$308,958.52	$390,388.73	$442,606.57	$410,316.30	$472,687.14	$495,865.97	$606,233.13	$398,158.77	$373,822.05	$462,777.67	$540,685.09	$409,459.60	**$5,311,959.54**
		# of Techs	13	13	15	15	12	16	15	13	13	13	11	12	**13.4**
	C	2 / 2	$229,049.89	$147,578.28	$264,240.07	$262,389.99	$192,239.13	$261,345.87	$244,108.48	$263,790.30	$213,536.23	$295,366.59	$207,593.91	$205,995.07	**$2,787,233.81**
		# of Techs	8	8	8	8	9	9	8	9	9	9	9	9	**8.6**
	D	2 / 2	$112,905.92	$79,541.62	$178,534.35	$169,794.74	$128,131.15	$114,055.17	$167,194.00	$167,330.05	$147,002.31	$208,218.70	$141,399.03	$151,484.19	**$1,765,591.23**
		# of Techs	2	3	3	3	3	3	3	3	3	3	3	3	**2.9**
	E	3 / 4	$99,278.73	$72,457.63	$44,762.39	$126,898.84	$94,251.10	$87,790.55	$124,669.16	$106,095.99	$72,494.94	$79,893.91	$103,222.81	$97,369.16	**$1,109,185.21**
		# of Techs	3	3	2	3	3	3	3	3	4	**3**	**3**	**3**	**3.0**
											Top Tier Average Annual Revenue				**$3,782,882.22**
											Top Tier Average # of Technicians Per Month				**9.3**
											Top Tier Revenue Per Month/Per Technician				**$33,957.65**

TABLE A CONTINUES NEXT PAGE

		# of Territories Serviced	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Middle Tier ($500K-$1M)	F	1 / 3	$34,244.31	$31,495.74	$85,276.85	$98,474.64	$72,478.90	$69,868.50	$53,598.73	$77,318.75	$67,637.10	$111,820.49	$107,571.29	$91,817.97	**$901,603.27**
	# of Techs		2	2	5	4	4	4	5	4	3	6	5	5	**4.1**
	G	2 / 4	$51,725.07	$45,842.17	$70,812.33	$106,008.17	$60,429.17	$65,195.57	$99,023.96	$56,340.95	$100,269.72	$75,595.49	$44,636.31	$41,998.94	**$817,877.85**
	# of Techs		3	3	3	4	4	4	4	4	3	3	2	3	**3.3**
	H	2 / 2	$35,621.21	$34,027.00	$36,941.28	$81,840.86	$70,114.30	$114,069.62	$118,590.24	$34,922.98	$44,412.66	$50,085.80	$61,077.58	$65,973.06	**$747,676.59**
	# of Techs		2	2	3	4	4	4	3	3	3	4	3	3	**3.2**
	I	1 / 1	$55,983.84	$58,150.21	$47,523.35	$85,404.98	$91,820.13	$68,212.21	$62,869.64	$27,155.89	$58,746.18	$56,977.06	$56,416.94	$50,060.25	**$719,320.68**
	# of Techs		3	3	2	3	3	3	2	2	2	3	3	3	**2.7**
	J	2 / 2	$74,848.14	$46,165.05	$80,496.88	$51,128.85	$79,760.89	$71,248.76	$56,779.88	$44,065.10	$52,821.35	$37,143.74	$25,675.89	$33,921.48	**$654,056.01**
	# of Techs		4	3	4	3	3	5	2	2	2	3	2	1	**2.8**
	K	1 / 1	$67,651.10	$43,984.42	$59,244.27	$53,427.36	$52,959.43	$42,168.33	$44,455.82	$58,202.00	$63,928.05	$56,895.70	$48,517.05	$49,809.21	**$641,242.74**
	# of Techs		2	2	2	2	2	2	2	2	2	2	2	2	**2.0**
	L	2 / 2	$51,812.29	$52,784.01	$22,016.41	$37,623.40	$56,378.02	$40,988.32	$76,718.79	$61,944.37	$22,055.40	$29,682.20	$37,253.01	$63,081.69	**$552,337.91**
	# of Techs		2	1	1	1	2	2	2	1	1	2	1	2	**1.5**
	M	1 / 3	$35,229.14	$22,439.66	$48,476.90	$67,926.38	$102,464.60	$25,800.95	$31,223.64	$67,580.93	$56,982.62	$41,421.23	$30,026.73	$13,858.55	**$543,431.33**
	# of Techs		3	2	4	4	4	2	2	2	2	3	1	1	**2.5**
	N	2 / 2	$54,676.34	$32,223.76	$52,881.93	$49,503.37	$63,520.17	$36,091.30	$55,085.63	$47,460.95	$35,758.26	$35,905.81	$17,943.57	$50,695.01	**$531,746.10**
	# of Techs		2	2	2	3	2	3	3	3	3	2	1	2	**2.3**
	O	2 / 2	$41,318.39	$32,240.56	$74,708.21	$61,430.03	$31,666.50	$41,272.77	$45,688.63	$44,213.33	$35,092.36	$39,831.68	$30,690.92	$24,989.54	**$503,142.92**
	# of Techs		3	3	3	3	3	3	3	3	3	3	2	3	**2.9**

Middle Tier Average Annual Revenue	**$661,243.54**
Middle Tier Average # of Technicians Per Month	**2.7**
Middle Tier Revenue Per Month/Per Technician	**$20,159.86**

TABLE A CONTINUES NEXT PAGE

		# of Territories Serviced	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Lower Tier ($0-$500K)	P	1 / 1	$35,763.17	$26,047.00	$40,418.08	$17,173.06	$17,370.30	$27,708.89	$25,513.23	$24,207.81	$31,794.73	$24,090.55	$29,825.88	$34,360.71	**$334,273.41**
		# of Techs	3	2	3	2	3	5	3	2	3	3	2	3	**2.8**
	Q	1 / 1	$35,084.59	$50,960.01	$15,067.67	$17,070.41	$15,360.16	$27,914.91	$26,336.44	$21,356.62	$16,162.72	$34,515.64	$18,516.20	$29,470.03	**$307,815.40**
		# of Techs	3	2	2	2	1	2	1	1	1	1	1	1	1.3
	R	1 / 5	-	-	-	$18,089.64	$10,812.28	$21,516.72	$38,861.21	$24,373.39	$28,629.80	$32,131.37	$$15,588.86	$25,827.74	**$200,242.15**
		# of Techs	-	-	-	1	1	1	1	1	2	1	2	1	1.2
	S	1 / 1	-	-	-	-	$6,578.81	$13,467.24	$31,152.29	$26,834.22	$20,992.89	$15,467.61	$26,019.92	$65,804.44	**$206,317.42**
		# of Techs	-	-	-	-	2	2	2	2	1	1	2	2	1.8
	T	1 / 1	-	-	-	-	-	-	-	-	$27,886.41	$39,790.77	$43,628.04	$76,538.85	**$187,844.07**
		# of Techs	-	-	-	-	-	-	-	-	3	2	3	3	2.8
	U	2 / 2	$23,942.87	$27,637.11	$23,445.04	$34,731.12	$20,568.26	$16,056.18	$6,588.95	$1,425.38	$6,609.21	$2,565.17	$0.00	$0.00	**$163,569.29**
		# of Techs	3	3	3	3	3	2	1	1	1	1	0	0	1.8
	V	1 / 2	-	-	-	-	-	-	$6,987.97	$22,068.75	$25,041.31	$13,646.23	$52,600.64	$32,831.94	**$153,176.84**
		# of Techs	-	-	-	-	-	-	1	2	2	1	1	1	1.3
	W	1 / 1	-	$1,600.99	$8,619.98	$3,762.60	$4,995.81	$6,455.03	$22,404.42	$20,741.16	$21,930.06	$2,267.40	$0.00	$0.00	**$92,777.45**
		# of Techs		1	1	1	1	1	1	1	2	1	-	-	1.1
	X	1 / 4	-	-	-	-	-	$2,808.71	$28,233.73	$34,153.79	$11,871.45	$6,750.78	$4,368.39	$1,000.88	**$89,187.73**
		# of Techs	-	-	-	-	-	1	3	2	1	1	1	1	1.4
	Y	1 / 3	-	-	-	-	-	-	-	-	-	-	-	$52,436.56	**$52,436.56**
		# of Techs	-	-	-	-	-	-	-	-	-	-	-	3	3.0
	Z	1 / 3	-	-	-	-	-	-	-	-	-	$21,626.00	$1,931.20	$14,972.00	**$38,529.20**
		# of Techs	-	-	-	-	-	-	-	-	-	1	1	1	1.0

Lower Tier Average Annual Revenue	**$166,015.41**
Lower Tier Average # of Technicians Per Month	**1.7**
Lower Tier Revenue Per Month/Per Technician	**$13,895.93**

Table B
2025 Actual Revenue of 1-800-PLUMBER Operators
Who Operated in 2025 and as of December 31, 2025

	No of Total Service Areas Acquired	No of Operational Service Areas	Actual Annual Total Revenue	Total # of Closed Jobs	Average Sales Price of Closed Jobs	High Sales Price of Closed Jobs	Median Sales Price of Closed Jobs	Low Sales Price of Closed Jobs	No./% of Closed Jobs that Met or Exceeded the Avg.
A	5	5	$7,940,388.25	5078	$1,563.69	$400,000.00	$766.44	$9.69	1072 / 21.1%
B	1	1	$5,312,136.54	2983	$1,780.80	$142,729.50	$391.00	$9.95	547 / 18.3%
C	4	4	$2,787,233.81	2095	$1,330.42	$32,487.13	$573.60	$50.00	484 / 23.1%
D	2	2	$1,765,591.23	1138	$1,551.49	$26,000.00	$600.00	$50.00	279 / 24.5%
E	4	3	$1,109,185.21	606	$1,830.34	$52,129.10	$374.95	$39.00	121 / 20%
F	3	1	$901,875.16	831	$1,085.29	$23,959.16	$497.21	$32.54	203 / 24.4%
G	4	2	$817,877.85	523	$1,563.82	$27,000.00	$514.50	$60.00	102 / 19.5%
H	2	2	$747,676.59	391	$1,912.22	$50,577.92	$416.00	$60.45	81 / 20.7%
I	1	1	$719,320.68	573	$1,255.36	$19,685.55	$496.10	$49.00	140 / 24.4%
J	2	2	$654,056.01	332	$1,970.05	$18,095.66	$1,272.96	$70.00	118 / 35.5%
K	1	1	$641,242.74	720	$890.61	$11,898.00	$521.97	$65.00	227 / 31.5%
L	2	2	$552,337.91	362	$1,525.80	$41,565.66	$621.97	$50.00	73 / 20.2%
M	3	1	$543,431.33	399	$1,361.98	$29,727.76	$458.03	$40.00	96 / 24.1%
N	2	2	$531,746.10	725	$733.44	$10,203.00	$351.68	$45.00	195 / 26.9%
O	2	2	$503,142.92	643	$782.49	$20,810.98	$335.00	$27.00	128 / 19.9%
P	1	1	$334,273.41	691	$483.75	$8,000.00	$233.99	$41.25	176 / 25.5%
Q	1	1	$307,815.40	289	$1,065.11	$35,795.98	$506.26	$65.00	64 / 22.1%
R	5	1	$215,831.01	151	$1,429.34	$19,911.20	$535.00	$16.99	36 / 23.8%
S	1	1	$206,317.42	309	$667.69	$16,000.00	$375.00	$30.00	85 / 27.5%
T	1	1	$187,844.07	204	$920.80	$13,500.00	$429.38	$45.00	52 / 25.5%
U	2	2	$163,559.15	233	$702.01	$5,505.37	$360.00	$93.00	60 / 25.8%
V	2	1	$153,177.84	110	$1,392.52	$25,031.92	$414.46	$59.99	21 / 19%
W	1	1	$92,777.45	84	$1,104.49	$14,507.40	$486.04	$40.00	14 / 16.7%
X	4	1	$87,299.73	121	$737.09	$8,406.91	$417.57	$16.99	25 / 20.7%
Y	3	1	$52,436.56	51	$1,028.17	$12,891.52	$444.50	$99.00	11 / 21.6%
Z	3	1	$38,529.20	15	$2,601.28	$17,926.00	$584.60	$35.00	4 / 26.7%

Table C 2025 Actual Annual Gross Profits Of Our Affiliated Company 1-800-Plumber Of Pearland		
	$$ (Rounded to the Dollar)	**% of Total Revenue**
Total Revenue	$2,775,230	
Cost of Sales		
Materials	$501,963	18.09%
Labor	$896,403	32.30%
Permits	$8,316	0.30%
Subcontractors	$83,525	3.01%
Other Job Expense	$15,348	0.55%
Total Cost of Sales	$1,505,555	54.25%
Gross Profit	$1,269,675	45.75%
Franchise Costs not incurred by our Affiliate – 1-800-Plumber of Pearland		
Royalty (6% of Total Revenue)	$166,514	6%
BDF (2% of Total Revenue)	$55,505	2%
Technology Fee ($300/month/Service Area)	$14,400	

The below footnotes are an integral part of the above tables and should be read in their entirety for a full understanding of the information contained in the table.

- The term "Total Revenue" as used in this Item 19 means the total of all receipts derived from the operation of the applicable business. It does not include the amount of any taxes imposed by any federal, state, provincial, municipal or other governmental authority directly on sales, nor does it include the amount of any discounts given to customers.

- The term "Cost of Sales" as used in Table C means materials, labor, permits, subcontractors and other job expenses.

- The term "Gross Profits" as used in Table C means Total Revenue minus Cost of Sales.

- The term "Closed Jobs" as used in Table B means the actual jobs that were performed by our affiliate or the appliable franchisee.

- We had 25 franchisees plus our Affiliate, 1-800-Plumber of Pearland, (each on "Operator") who operated at any time during calendar year 2025 and were operating at the end of calendar year 2025. All of our Operators collectively operated a total of 60 Service Areas, all of which are shown in Tables A and B. Of the franchisees shown in Tables A and B, 18 acquired more than one Service Area. However, franchisees who acquire multiple Serviced Areas generally agree to initially promote and market in only one Service Area, and agree to an opening schedule for when to begin promoting their business in their

other Services Areas. This allows the franchisee to grow and scale into the additional Service Areas. Our Affiliate operates more than one Service Area.

- Table A shows a historic financial performance representation for each of the 26 Operators who operated its 1-800-PLUMBER Businesses in 2025 and was operating as of December 31, 2025. It shows the actual Total Revenue by month and for the entire calendar year 2025 for each Operator. It groups the Operators into tiers, with the Top Tier showing those Operators with annual Total Revenue of greater than $1,000,000, Middle Tier showing those Operators with annual Total Revenue of $500,000 to $1,000,000, and Lower Tier showing those Operators with annual Total Revenue of less than $500,000. Note that eight of the eleven Operators in the Lower Tier did not operate for the full year, as those Operators commenced operations during calendar year 2025.

- Table B shows a historic financial performance representation about our 26 Operators who operated their 1-800-PLUMBER Businesses during any part of calendar year 2025 and were operating as of December 31, 2025. This table shows the number of Service Areas acquired, the number of Service Areas in operations at the end of calendar year 2025, the actual annual Total Revenue of each Operator, the total number of Closed Jobs per Operator, the average sales price of Closed Jobs per Operator, each Operator's Total Revenue for the highest Closed Job, median Closed Job, and lowest Closed Job, and the number of Closed Jobs and percentage of Closed Jobs that exceeded the average Total Revenue of Closed Jobs for each Operator.

- Tables A and B include the results of Operators who commenced operating during calendar year 2025. They also include the actual results of our Affiliate, 1-800-Plumber of Pearland, as one of the Operators.

- Table C show a historic financial performance representation about our existing Affiliate-owned outlet. Specifically, Table C shows the actual Gross Profits of our Affiliate, 1-800-Plumber of Pearland, for calendar year 2025. It does not show a net profit or expenses other than Cost of Sales. Our Affiliate does not pay us certain fees that a franchisee pays, but Table C shows the amount of those fees had our Affiliate paid those fees to us.

- Since 2011, our Affiliate has operated a business in Pearland, Texas similar to a 1-800-PLUMBER Business being offered in this Disclosure Document. Prior to 2011, our Affiliate operated a residential and commercial plumbing business as an independent operator not affiliated with or of the type of, a 1-800-PLUMBER Business. In 2019, our Affiliate acquired the rights to the territory comprising Sugar Land, Texas from a former franchisee and now operates a 1-800-PLUMBER Business in that territory as well as the 1-800-PLUMBER Business in Pearland, Texas. But our Affiliate reports the financial results of the two 1-800-PLUMBER Businesses together. We are unable to separate the financial results of the two businesses. As such, Table C show the results of both the Pearland, Texas and Sugar Land, Texas areas combined.

- Our Affiliate operates in a Service Area of approximately 508,900 in population in Pearland, Texas and approximately 484,000 in population in Sugar Land, Texas. We consider Pearland and Sugar Land to be two Service Areas each.

- We had 25 franchisees plus our Affiliate operating a total of 59 1-800-PLUMBER Businesses as of December 31, 2025. All of those Operators are shown in Tables A and B. There were four franchisees, operating a total of four Service Areas, who ceased operations during 2025, none of which who operated for less than 12 months at the time that they ceased operating.

- Franchisees who own multiple Service Areas report a single Total Revenue number to us based on the collective sales results of all of the franchisee's Service Areas, which is the Total Revenue shown in Tables A and B for each franchisee. Because this information is not reported to us separately for each Service Area, we cannot report these sales on a per Service Area basis.

- Other than Cost of Sales shown in Table C, we do not show any expenses in the above tables. You should review the other Items of this Disclosure Document, including Items 5, 6, and 7, regarding the fees you will be required to pay and the expenses you might incur in operating a 1-800-PLUMBER Business.

- The financial information shown in the tables is taken from the unaudited financial statements of our Affiliate as compiled by us, and of our franchisees as compiled by the reports they file with us through our field management system and point of sale system. The financial statements have not been reviewed or audited by an independent accountant.

- In most cases, the financial information shown in the tables are the actual results attained by the entities shown during the applicable period noted above. However some tables include numbers that are averaged or aggregated from the results of multiple franchisees.

The outlets shown in the tables earned these amounts. Your individual results may differ. There is no assurance you will earn as much.

Written substantiation for this financial performance representation will be made available to you at our company headquarters in Pearland, Texas upon 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 our franchise administration department at 1331 Broadway Street, Suite J, Pearland, Texas 77581 and (281) 766-8535, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

ITEM 20 TABLE NO. 1
Systemwide Outlet Summary
For Years 2023 to 2025[1]

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	36	44	+8
	2024	44	50	+6
	2025	50	57	+7
Company-Owned[2]	2023	4	4	0
	2024	4	4	0
	2025	4	4	0

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Total Outlets	**2023**	**40**	**48**	**+8**
	2024	**48**	**54**	**+6**
	2025	**54**	**61**	**+7**

(1) Each year period begins on January 1 and ends on December 31.

(2) These Outlets are operated by our Affiliate, 1-800-Plumber of Pearland.

ITEM 20 TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Colorado	2023	0
	2024	0
	2025	1(1)
North Carolina	2023	0
	2024	0
	2025	2
Ohio	2023	0
	2024	0
	2025	1
Texas	2023	0
	2024	3
	2025	1
Totals	**2023**	**0**
	2024	**3**
	2025	**5**

(1) Transfer occurred in 2025 but transferee did not commence operations until 2026.

ITEM 20 TABLE NO. 3
Status of Franchised Outlets
For Years 2023 to 2025(1)

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations-Other Reasons	Column 9 Outlets at the End of the Year
Alabama	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Arizona	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	2	0
	2025	0	0	0	0	0	0	0

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations-Other Reasons	Column 9 Outlets at the End of the Year
California	2023	0	6	1	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	3	0	0	0	2
Colorado	2023	0	1	1	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Connecticut	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Florida	2023	5	1	0	0	0	0	6
	2024	6	4	0	0	0	4	6
	2025	6	0	1	0	0	0	5
Georgia	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	2	0
Idaho	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Illinois	2023	0	1	0	0	0	0	1
	2024	1	0	1	0	0	0	0
	2025	0	0	0	0	0	0	0
Indiana	2023	3	0	0	0	0	0	3
	2024	3	0	3	0	0	0	0
	2025	0	5	0	0	0	0	5
Massachusetts	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Minnesota	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
New Jersey	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
New York	2023	9	0	0	0	0	9[(2)]	0
	2024	0	3	0	0	0	0	3
	2025	3	1	0	0	0	0	4
North Carolina	2023	2	0	0	0	0	0	2
	2024	2	5	0	0	2	0	5
	2025	5	4	0	0	0	0	9
Ohio	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	1	0	0	0	0	3
Oklahoma	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Oregon	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations-Other Reasons	Column 9 Outlets at the End of the Year
Pennsylvania	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	0	0	0	0	0	2
South Carolina	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	1	0	0	0	0
Texas	2023	4	6	3	0	0	0	7
	2024	7	4	0	0	0	1	10
	2025	10	6	2	0	0	0	14
Utah	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	2	0
Virginia	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	3	1	0	0	0	3
Washington	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
TOTALS	**2023**	**36**	**26**	**8**	**0**	**0**	**10**	**44**
	2024	**44**	**19**	**4**	**0**	**2**	**7**	**50**
	2025	**50**	**21**	**8**	**0**	**0**	**4**	**59**

(1) Each year period begins on January 1 and ends on December 31.

(2) The franchisee with 9 Territories in New York transferred to Florida, but that franchisee has not commenced operations in Florida yet.

ITEM 20 TABLE NO. 4
Status of Company-Owned Outlets
For Years 2023 to 2025[(1), (2)]

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
North Carolina	2023	0	0	0	0	0	0
	2024	0	0	2	0	2	0
	2025	0	0	0	0	0	0
Texas	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
	2025	4	0	0	0	0	4
Totals	**2023**	**4**	**0**	**0**	**0**	**0**	**4**
	2024	**4**	**0**	**2**	**0**	**2**	**4**
	2025	**4**	**0**	**0**	**0**	**0**	**4**

(1) Each year period begins on January 1 and ends on December 31.

(2) These Outlets are operated by our Affiliate, 1-800-Plumber of Pearland.

ITEM 20 TABLE NO. 5
Projected Openings as of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet in the Next Fiscal Year[(1)]	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
Alabama	3	0	0
California	0	1	0
Colorado	3	0	0
Florida	5	1	0
Georgia	4	2	0
Kentucky	1	0	0
Maryland	5	1	0
Massachusetts	1	0	0
Mississippi	0	1	0
Missouri	1	0	0
New Jersey	3	0	0
Tennessee	0	2	0
Texas	5	3	0
Virginia	5	0	0
Total	**36**	**11**	**0**

(1) An Outlet is a Territory of approximately 350,000 in population.

A list of names, addresses and telephone numbers of all of our franchisees are listed in Attachment F to this document. The name and last known city, state, and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this document are listed in Attachment G. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the franchise. You may wish to speak with 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 no franchisees have signed confidentiality clauses that would restrict their ability to speak openly about their experiences with us.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Attachment H are our audited financial statements as of December 31, 2025, 2024 and 2023 and our unaudited interim financial statements as of April 30, 2026. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

Attached to this Disclosure Document are the following franchise-related contracts:

Attachment A	Franchise Agreement
Attachment B	Nondisclosure and Noncompetition Agreement
Attachment C	Statement of Prospective Franchisee

ITEM 23
RECEIPT

The last two pages of this Disclosure Document are receipt pages. Please sign and date each of them as of the date you received this Disclosure Document, detach the second receipt page, and promptly return it to us as specified on that page.

ATTACHMENT A

FRANCHISE AGREEMENT
WITH EXHIBITS

FRANCHISE AGREEMENT

Franchisee: _____

Date: _____

Service Area: _____

1-800-PLUMBER +AIR®
FRANCHISE AGREEMENT
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1-800-PLUMBER +AIR®
FRANCHISE AGREEMENT

THIS AGREEMENT ("**Agreement**") is made effective as of the Effective Date (as set forth on the signature page hereof), between **1-800-SERVICES, LLC,** a Texas limited liability company ("**FRANCHISOR**"), and the franchisee named on the signature page of this Agreement ("**FRANCHISEE**"), who, on the basis of the following understandings and in consideration of the following promises, agree as follows:

1. BACKGROUND AND PURPOSE

1.1. Background.

FRANCHISOR has developed and owns a unique system for establishing, operating and marketing businesses ("**1-800-PLUMBER Businesses**"), that provide a variety of approved plumbing services (the "**Plumbing Services**"), and heating, ventilation, and air conditioning services (the "**HVAC Services**," the Plumbing Services and HVAC Services shall collectively be referred to as the "**Services**") to residential and commercial customers, and sales of approved supplies, materials, equipment and other products (the "**Products**") under the mark 1-800-PLUMBER +AIR® and related service marks, trademarks, logos and trade names (collectively the "**Marks**") and using FRANCHISOR's unique system for operating the business and related licensed methods of doing business ("**System**").

1.2. System.

FRANCHISOR grants the right and license to qualified individuals and entities to use the Marks and System to establish and operate 1-800-PLUMBER Businesses under its franchise system ("**System**").

1.3. Purpose.

FRANCHISEE desires to establish a 1-800-PLUMBER Business and FRANCHISOR desires to grant FRANCHISEE the right and license to operate 1-800-PLUMBER Business under the terms and conditions contained in this Agreement.

1.4 Franchise Models.

FRANCHISOR offers three models of 1-800-PLUMBER Business franchises which are dependent on the number of Franchise Agreements signed by FRANCHISEE and the resulting number of Service Areas (defined in **Section 4.2** below) FRANCHISEE acquires. Under the "**Principal Deployer**" Model, FRANCHISEE will sign one Franchise Agreement to acquire the rights to operate in one Service Area. Under the "**Strategic Developer**" model, FRANCHISEE will sign two Franchise Agreements to acquire the rights to operate in two Service Areas. Under the "**Enterprise Director**" model, FRANCHISEE will sign three Franchise Agreements to acquire the rights to operate in three Service Areas. Certain terms in this Agreement will vary depending on which model FRANCHISEE acquires.

2. GRANT OF FRANCHISE

2.1. Grant of Franchise.

FRANCHISOR grants to FRANCHISEE, and FRANCHISEE accepts from FRANCHISOR, (i) a non-exclusive right and license to open and operate a 1-800-PLUMBER Business, and (ii) a non-

exclusive license to use the Marks solely in connection with the establishment and operation of a 1-800-PLUMBER Business. The model of Franchise acquired is set forth in the Addendum.

2.2. Scope of Franchise Operations.

FRANCHISEE shall use its best efforts to promote the 1-800-PLUMBER Business. FRANCHISEE agrees to use the Marks and System, as they may be changed, improved and further developed by FRANCHISOR from time to time, only in accordance with the terms and conditions of this Agreement, including the Addendum to Franchise Agreement ("**Addendum**"), which is attached as Exhibit I, and the other Exhibits to this Agreement, which are attached to, and incorporated into, this Agreement.

3. TERM AND EXPIRATION

3.1. Term.

The term of this Agreement is for a period of 10 years from the date this Agreement is executed by FRANCHISOR, unless sooner terminated as provided herein. FRANCHISEE agrees to operate the 1-800-PLUMBER Business for the entire term of this Agreement.

3.2. Continuation.

If FRANCHISEE continues to operate the 1-800-PLUMBER Business with FRANCHISOR's express or implied consent following the expiration or termination of this Agreement, the continuation will be on a month-to-month extension of this Agreement. This Agreement will then be terminable by either party on 30 days' written notice. Otherwise, all provisions of this Agreement will apply while FRANCHISEE continues to operate the 1-800-PLUMBER Business.

3.3. Successor Franchise.

Provided FRANCHISEE is not in default at either the time of its notice of exercise of its successor franchise rights or at the time of the grant of the successor franchise rights, at the end of the term of this Agreement, FRANCHISEE will have the option to obtain a successor franchise for two additional terms of 10 years each, by acquiring successor franchise rights, provided that FRANCHISEE has met all of the following requirements:

a. FRANCHISEE executes FRANCHISOR's then current form of Franchise Agreement, which may have terms substantially different than those set forth in this Agreement, within 30 days after FRANCHISEE's receipt of such Franchise Agreement from FRANCHISOR.

b. FRANCHISEE maintains compliance with all of the provisions of this Agreement during the term, including payment, on a timely basis, of all Royalty Fees, Brand Development Fund Fees, Technology Fees, and other payments due hereunder. "**Compliance**" means, at a minimum, that FRANCHISEE has not (i) failed to timely cure any breach of this Agreement specified by FRANCHISOR in a written notice to FRANCHISEE; or (ii) received any written notification from FRANCHISOR of breach hereunder more than three times during the 24 month period prior to the expiration of the term of this Agreement, regardless of whether such breaches were timely cured.

c. FRANCHISEE satisfies the then current standards applicable to all new FRANCHISOR franchisees.

d. FRANCHISEE maintains or modifies the 1-800-PLUMBER Business and its operations at FRANCHISEE's sole expense (the necessity of which will be in the sole discretion of FRANCHISOR) to conform to the then current Operations Manual (hereinafter defined).

e. FRANCHISEE executes a successor franchise rider in the form then in use by FRANCHISOR, which, unless prohibited by law, includes a general release of any and all claims against FRANCHISOR and its affiliates, and their respective officers, directors, employees and agents.

f. FRANCHISEE pays to FRANCHISOR a successor franchise fee in the amount equal to 25 percent of the then current initial franchise fee being charged by FRANCHISOR for a new 1-800-PLUMBER Business franchise, which is due and payable upon execution of FRANCHISOR's then current Franchise Agreement and will be nonrefundable under all circumstances once paid. Except for the successor franchise fee described in the preceding sentence, an initial franchisee fee will not be charged upon execution of the successor Franchise Agreement and successor franchise rider.

3.4. Exercise of Option for Successor Franchise.

FRANCHISEE may exercise its option for a successor franchise by giving written notice of such exercise to FRANCHISOR not less than 120 days nor more than 180 days prior to the scheduled expiration of this Agreement, and submits to FRANCHISOR all information requested by FRANCHISOR regarding the operations of the 1-800-PLUMBER Business and required by this Agreement. FRANCHISEE's successor franchise rights will become effective upon FRANCHISEE's compliance with **Section 3.3** above. FRANCHISOR will provide FRANCHISEE with copies of the then current Franchise Agreement and successor franchise rider within 30 days of FRANCHISEE's notice of exercise of its option for a successor franchise. If FRANCHISEE fails to execute and deliver the successor Franchise Agreement and successor franchise rider to FRANCHISOR within 30 days after FRANCHISEE's receipt thereof from FRANCHISOR, then FRANCHISEE shall be deemed to have irrevocably declined to exercise its option for a successor franchise and the FRANCHISEE's option for a successor franchise shall terminate as of such date.

4. SERVICE AREA

4.1. Office.

FRANCHISEE's 1-800-PLUMBER Business will be operated from a location selected by FRANCHISEE ("**Office**"). FRANCHISEE is solely responsible for selecting and acquiring the premises for its Office. The Office must meet FRANCHISOR's current standards and FRANCHISEE must obtain FRANCHISOR's prior written consent to the Office. The location of the Office is designated in the Addendum. If, as of the date of this Agreement, FRANCHISEE has not chosen a location for its Office that has been approved by FRANCHISOR, the parties shall designate in the Addendum a "**Target Area**" within which the Office will be located. The designation of the Target Area does not in any manner grant FRANCHISEE any continuing territorial rights in or to the Target Area. If a Target Area is listed on the Addendum, then the parties will sign the Office Supplement to Franchise Agreement attached to the Addendum as Exhibit A-2, once the Office location has been approved by FRANCHISOR. The Office may not be relocated without the prior written consent of FRANCHISOR and payment of a relocation fee in the amount of $1,000.00, which payment is required for each time FRANCHISEE requests to relocate its Office. FRANCHISEE agrees to comply with any additional standards established by FRANCHISOR from time to time regarding FRANCHISEE's Office within 30 days of receipt of written notice from FRANCHISOR of such standards.

4.2. Service Area.

a. FRANCHISOR has designated a protected territory as set forth in the Addendum (the "**Service Area**") in which FRANCHISOR agrees it will not operate or franchise a third party to operate a 1-800-PLUMBER Business, except as set forth in **Sections 4.3** and **14.3** below. The Service Area consists of one or more counties, cities, zip or postal code areas, street boundaries or other designated geographical boundaries as described in the Addendum, and shall contain approximately the number of population set forth in the Addendum. The Service Area may not be changed or relocated without the prior written consent of FRANCHISOR.

b. FRANCHISEE shall limit the operation of its 1-800-PLUMBER Business to providing Products, Plumbing Services and HVAC Services, to customers' homes and businesses located within the Service Area. Notwithstanding the foregoing sentence to the contrary, FRANCHISEE may be granted, at FRANCHISOR's sole discretion, express written permission to sell Products or provide select Services to customers located in an unsold territory adjacent to FRANCHISEE's Service Area (an "**Adjacent Service Area**"), provided, that FRANCHISEE agrees that when the Adjacent Service Area is granted to another franchisee by FRANCHISOR, FRANCHISEE will, upon receipt of written notice from FRANCHISOR, cease all of its sales and service efforts within the Adjacent Service Area and deliver all customer and prospect lists relating to the Adjacent Service Area to FRANCHISOR within 10 business days of such notice. FRANCHISEE is prohibited from using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of the Service Area, without FRANCHISOR's prior written consent.

4.3. Failure to Respond to Referrals.

If FRANCHISOR or another franchisee of FRANCHISOR operating outside of the Service Area refers a prospective customer to FRANCHISEE, FRANCHISEE is required to contact that prospective customer within two business days of receiving the prospective customer's contact information from FRANCHISOR or the other franchisee, as applicable. If FRANCHISEE fails to contact the prospective customer within that time period, FRANCHISOR, in its sole discretion, shall have the right to assign another franchisee the right to contact the prospective customer and perform the services initially requested and all services later requested by the same prospective customer in the future, regardless of the fact that the prospective customer is located within FRANCHISEE's Service Area.

4.4. FRANCHISOR's Reservation of Rights.

a. FRANCHISEE understands and agrees that FRANCHISOR has and retains all rights not specifically granted to FRANCHISEE under this Agreement, including: (i) the right to establish, operate and license others to establish and operate 1-800-PLUMBER Businesses to be operated anywhere outside of the Service Area, and also within the Service Area to provide any Products or Services that FRANCHISEE's 1-800-PLUMBER Business does not provide; (ii) the right to establish, operate and license others to establish and operate businesses which offer products or services which may be similar or identical to the Products and Services offered in a 1-800-PLUMBER Business, which businesses are identified by marks other than the Marks, whether or not they are located, operate from premises or deliver Products and Services to customers within or outside the Service Area; (iii) the right to service or authorize others to service National Accounts in the Service Area in accordance with **Section 14.3**, below; (iv) the right to advertise and promote the sale of the Products and Services a 1-800-PLUMBER Business provides on the Internet; and (v) the right to license the use of the Marks and System to area representatives of FRANCHISOR ("**Area Representatives**") to operate Area Representative businesses at any location, including in the Service Area.

b. FRANCHISOR can acquire or be acquired by, or engage in any other transaction with, other businesses (competitive or not), companies, or units located anywhere, including arrangements where other units are (or are not) converted to the System or other format, or in which company-owned, franchised or other businesses (including 1-800-PLUMBER Businesses) are (or are not) converted to another format (whether competitive or not), or both, and is maintained as the same concept, as a new concept, or as a separate concept in the Service Area. FRANCHISEE must fully cooperate with any of these conversions at FRANCHISEE's sole expense.

5. INITIAL FRANCHISE FEE

5.1. Initial Franchise Fee.

FRANCHISEE will pay FRANCHISOR an initial franchise fee in the amount set forth in the Addendum (the "**Initial Franchise Fee**"), which shall be due and payable as set forth in the Addendum. FRANCHISEE acknowledges and agrees that the Initial Franchise Fee represents payment for the initial grant of the rights to use the Marks and System, that FRANCHISOR has earned the Initial Franchise Fee upon receipt thereof, and that the Initial Franchise Fee is not refundable to FRANCHISEE once paid.

6. TRAINING

6.1. Initial Training Program.

FRANCHISEE (or if FRANCHISEE is an entity, all owners having 20% or more ownership interest in FRANCHISEE ("**Controlling Principals**"), including a Controlling Principal consented to by FRANCHISOR to manage FRANCHISEE (a "**Managing Principal**")), or, if FRANCHISOR determines FRANCHISEE or any Controlling Principal does not have sufficient experience in a business similar to a 1-800-PLUMBER Business or sufficient experience in business management in general to operate the 1-800-PLUMBER Business, or if FRANCHISEE or its managing partners, members, or shareholders do not desire to serve in this management position, a fully trained and qualified general manager (the "**General Manager**"), if applicable, shall attend and satisfactorily complete the initial business training program (the "**Initial Training Program**") prior to opening FRANCHISEE's 1-800-PLUMBER Business. In addition to the FRANCHISEE, all Controlling Principals, or General Manager, and with the approval of FRANCHISOR, FRANCHISEE may have one or more other employees (each, an "**Assistant**") attend the Initial Training Program. FRANCHISEE shall be responsible for all wages, travel and living expenses incurred by itself or its attendees attending the Initial Training Program. If, under the terms of this Agreement or otherwise, FRANCHISEE needs or desires to have persons attend the Initial Training Program after FRANCHISEE's attendance of the Initial Training Program, then FRANCHISEE must pay the then current tuition charged by FRANCHISOR for those persons, in addition to all wages, travel and living expenses incurred in connection with their attendance at the Initial Training Program. If this Agreement is for FRANCHISEE's second or subsequent franchise, FRANCHISOR may, in its sole discretion, waive some or all of the Initial Training Program.

6.2. Length of Training.

The Initial Training Program shall be conducted approximately 30 days prior to the opening of FRANCHISEE's 1-800-PLUMBER Business. The Initial Training Program will consist of approximately five days of instruction at FRANCHISOR's facilities in the Houston, Texas metropolitan area, or another location designated by FRANCHISOR. FRANCHISOR reserves the right to waive all or a portion of the Initial Training Program or to alter the training schedule, if in FRANCHISOR's sole discretion, FRANCHISEE, its Controlling Principals, its General Manager, or its Assistant, as applicable, has sufficient prior experience.

6.3. Additional Training.

a. If FRANCHISOR determines at any time during the term of this Agreement that FRANCHISEE, its Controlling Principals, its General Manager, or any of its Assistants requires training in addition to the Initial Training Program, or if FRANCHISEE requests such additional training, then FRANCHISOR will provide notice to FRANCHISEE of such necessary additional training, and FRANCHISOR will conduct such additional training program(s) at a location designated by FRANCHISOR. FRANCHISEE will be responsible for paying the travel, lodging and other costs for FRANCHISEE or its Controlling Principals, General Manager, Assistants, or other representatives, and shall pay FRANCHISOR its standard fees for conducting additional training in accordance with FRANCHISOR's standard fee schedule, which fees may be changed from time to time upon 30 days' notice to FRANCHISEE.

b. From time to time, FRANCHISOR may conduct additional meetings, seminars, conventions, and training programs. FRANCHISEE or its representatives may attend such programs at their own expense and shall attend such programs for which FRANCHISOR has determined that FRANCHISEE's attendance is required. FRANCHISOR will not require FRANCHISEE to attend any such programs lasting more than three days at a time; provided, however, that this limitation shall not include annual conventions or regional training programs or meetings. FRANCHISOR will give FRANCHISEE at least 30 days' prior written notice of any ongoing seminar, convention, program or meeting being held at which FRANCHISEE's attendance is required. FRANCHISEE or its representatives as designated by FRANCHISOR will be required to attend FRANCHISOR's annual convention, which may be held at FRANCHISOR's Houston, Texas metropolitan area headquarters or at another location selected by FRANCHISOR. FRANCHISEE and its representatives will be required to stay at the hotel where the primary functions are held, unless FRANCHISOR, in its sole discretion, otherwise agrees.

c. FRANCHISOR may charge a fee to cover its costs for any additional mandatory meeting, training program, seminar or convention, not to exceed $1,000 per attendee. If FRANCHISEE, its Controlling Principals, its General Manager, or any of its Assistants fails to attend the applicable mandatory training meeting, training program, seminar or convention, FRANCHISEE will be required to pay a no show fee of $1,500 per missed event, unless FRANCHISOR agrees otherwise based on the circumstances of the failure to attend. If FRANCHISEE does not stay in the designated hotel, FRANCHISEE shall pay a designated hotel fee of $750 per event. Any fees due to missing all or some of a training program, seminar, regional meeting or annual convention or for not staying at the hotel where the primary functions are held, shall be invoiced to FRANCHISEE within 15 days of completion of the applicable program, seminar, meeting or convention and shall be due within 15 days thereafter. If FRANCHISEE or its applicable representative fails to attend a program at which attendance is deemed mandatory by FRANCHISOR, FRANCHISOR may, at its sole discretion, and without waiving any other rights FRANCHISOR may have hereunder, require FRANCHISEE or its applicable representative to attend and complete a make-up or alternative program at a location determined by FRANCHISOR. FRANCHISEE will be responsible for paying all wages, travel, lodging and other costs, and for paying FRANCHISEE's registration fee for the program.

d. FRANCHISEE will also be responsible for all wages, travel and living expenses associated with the attendance of FRANCHISEE, its Controlling Principals, its General Manager, or any of its Assistants, as applicable, and all other persons associated with FRANCHISEE at each training program, seminar, regional meeting or annual convention.

6.4. Release.

FRANCHISEE, for itself and its agents, heirs, legal representatives, successors and assigns, forever releases, waives, discharges and holds FRANCHISOR and any of its parent company, affiliated companies, directors, officers, employees and agents harmless from any and all claims, demands, causes of actions, loss, damage or injury, including attorneys' fees and costs, on account of, arising out of or attributable to FRANCHISEE's attendance at or participation in any seminar, convention, program or meeting, or other company function or activity, including but not limited to the Initial Training Program, any regional meetings, other required or non-required training programs, or annual conventions, held or sponsored by or for FRANCHISOR or the travel to or from such programs.

7. FRANCHISEE'S DEVELOPMENT OBLIGATIONS

7.1. Computer Equipment and Telephones.

FRANCHISEE is required to own and operate a computer with software meeting FRANCHISOR's minimum specifications in the operation of its 1-800-PLUMBER Business. FRANCHISOR's minimum specifications currently require a computer, which may be a PC or Apple MAC or equivalent computer, running a current operating system that is supported by Microsoft or Apple, as applicable (and FRANCHISEE will need to upgrade the operating system to a higher system once its system is no longer supported) and a high speed Internet connection, with the Microsoft Office suite software, QuickBooks Online, and such other field management system and other software required by FRANCHISOR. FRANCHISEE is also required to own and use a smart phone or other device agreed to in writing by FRANCHISOR meeting FRANCHISOR's standards and specifications that can and will be kept on and used to receive and send e-mails throughout the day from any location within the Service Area, including job sites. FRANCHISOR will provide an e-mail account to FRANCHISEE. FRANCHISEE is required to use only the e-mail account provided by FRANCHISOR in the operation of its 1-800-PLUMBER Business, and FRANCHISEE may not use the e-mail account for any purpose not related to the operation of its 1-800-PLUMBER Business. FRANCHISEE is required to promptly check its e-mail account throughout the business day using the required mobile device for receiving and sending e-mail messages. FRANCHISOR reserves the right to discontinue providing the e-mail account in the future, in which event FRANCHISEE will be required to maintain an e-mail account to be used in the operation of its 1-800-PLUMBER Business. FRANCHISEE shall at all times utilize FRANCHISOR's proprietary and/or approved software in the operation of its 1-800-PLUMBER Business. FRANCHISEE shall purchase, at FRANCHISEE's sole cost and expense, all required third-party software and hardware systems required by FRANCHISOR for use by FRANCHISEE and its employees and in such amounts required by FRANCHISOR or vendors and which may be changed from time to time, including field management software systems and hardware for customer management, estimating, and invoicing. FRANCHISEE shall immediately install any software upgrades on all computer equipment or other devices used by FRANCHISEE in operating its 1-800-PLUMBER Business. FRANCHISEE shall add, eliminate, substitute or modify any computer equipment, software, telephones, fax software, and other similar equipment upon notice from FRANCHISOR of changes in FRANCHISOR's specifications and requirements. FRANCHISOR reserves the right to electronically access any of FRANCHISEE's computer or software systems, including being able to access and view FRANCHISEE's QuickBooks Online reports and data generated by FRANCHISEE's QuickBooks and field management software system, used in the 1-800-PLUMBER Business and FRANCHISEE's e-mail account.

7.2. Vans; GPS System.

a. FRANCHISEE must acquire at least three vans, trucks or other motor vehicles approved by FRANCHISOR from a vendor approved and designated by FRANCHISOR for use in FRANCHISEE's 1-800-PLUMBER Business (each, a "**Van**," or collectively, the "**Vans**").

b. A Principal Deployer must have at least two Plumbing-specific Vans at the commencement of operations of its 1-800 PLUMBING Business. Within six months of commencement of operations of the 1-800 PLUMBING Business, the Principal Deployer must acquire an HVAC-specific Van.

c. A Strategic Developer must have at least two Plumbing-specific Vans at the commencement of operations of its 1-800 PLUMBING Business. Within six months of commencement of operations of the 1-800 PLUMBING Business, the Strategic Developer must acquire an HVAC-specific Van. Within 12 months of commencement of operations of the 1-800 PLUMBING Business, the Strategic Developer must acquire a fourth Van, which can be either a Plumbing-specific or an HVAC-specific Van.

d. An Enterprise Director must have at least three Vans, two of which must be Plumbing-specific Vans and one of which must be an HVAC-specific Van, at the commencement of operations of the 1-800 PLUMBING Business. Within 12 months of commencement of operations of its 1-800 PLUMBING Business, the Enterprise Director must acquire two additional Vans, which can be either Plumbing-specific or HVAC-specific Vans. Within 24 months of commencement of operations of the 1-800 PLUMBING Business, the Enterprise Director must acquire two additional Vans which can be either Plumbing-specific or HVAC-specific Vans (for a total of seven Vans).

e. FRANCHISEE must acquire its first Vans required for commencement of operations within 60 days of the Effective Date, and equip, stock and decorate its Vans within 90 days of the Effective Date. FRANCHISEE must acquire additional approved Vans for use in FRANCHISEE's 1-800-PLUMBER Business as described above and as necessary to respond in a timely manner to customers in accordance with the System. The Vans must be in good condition, painted and decaled or wrapped with the signage specified by FRANCHISOR, and kept clean and free from rust, dents, scratches or other damage. The Vans must be able to accommodate shelving and the basic inventory of Products, parts and supplies a 1-800-PLUMBER Business must have at all times, as specified in the Operations Manual or otherwise in writing. FRANCHISEE will be required to continuously maintain its Vans in accordance with the manufacturer's recommended maintenance schedule. FRANCHISEE's employees must use a Van each time the employee goes to a customer's sites to perform the Services.

f. Each Van must be equipped with a global positioning system ("**GPS**") approved by FRANCHISOR from a vendor approved and designated by FRANCHISOR. Each GPS must be updated to be current with the roads in the Service Area.

7.3. Start Up Bundle.

FRANCHISEE must purchase certain initial plumbing and HVAC tools, equipment and Products from FRANCHISOR (the "**Start Up Bundle**") for use in FRANCHISEE's 1-800-PLUMBER Business. FRANCHISEE must pay FRANCHISOR the amount set forth in the Addendum for the Start Up Bundle.

7.4. Authorized Representatives.

FRANCHISEE will be solely responsible for recruiting, appointing, hiring, firing, and supervising its employees, including its Assistants, and one or more qualified customer service representatives (each, a "**CSR**") to conduct the Services and the 1-800-PLUMBER Business, to assist in the answering of its phones, booking of jobs with customers, assisting with employment applications, paperwork check-in, and other similar customer service and office duties, and other authorized representatives of the 1-800-PLUMBER Business (collectively referred to as "**Authorized Representatives**"). These Authorized Representatives will be employees or agents of FRANCHISEE, and they are not employees or agents of FRANCHISOR. FRANCHISEE is solely responsible for implementing training and other programs for employees and other Authorized Representatives related to the legal, safe, and proper performance of their work, regardless of the fact that FRANCHISOR may provide advice, suggestions, and certain training programs as described in this Agreement. Such advice, suggestions, and training by FRANCHISOR are provided to protect FRANCHISOR's brand and the Marks and not to control the day-to-day operation of FRANCHISEE's 1-800-PLUMBER Business. FRANCHISEE will keep FRANCHISOR informed of the names, addresses and telephone numbers of all Authorized Representatives. FRANCHISEE shall cause each Authorized Representative to execute FRANCHISOR's standard Nondisclosure and Noncompetition Agreement.

7.5. Commencement of Operations.

FRANCHISEE shall be deemed to have commenced operations on the date set forth in Exhibit A-3, which shall in no event be later than 150 days from the Effective Date. FRANCHISEE may offer only the Plumbing Services for the first six months of operations of the 1-800-PLUMBER Business if FRANCHISEE is acquiring a Principal Deployer or Strategic Developer model franchise, but must begin offering HVAC Services after six months of operations. If FRANCHISEE is acquiring an Enterprise Director model franchise, FRANCHISEE must offer both Plumbing Services and HVAC Services upon commencement of operations.

7.6. Active Operations.

Unless otherwise agreed in writing by FRANCHISOR and FRANCHISEE, once FRANCHISEE has commenced operations as specified above, FRANCHISEE must actively promote and continue to operate its 1-800-PLUMBER Business in accordance with the Operations Manual (as defined below) and this Agreement; unless FRANCHISOR gives its prior written consent to FRANCHISEE to temporarily suspend its operations, which consent may be withheld by FRANCHISOR for any reason.

8. DEVELOPMENT ASSISTANCE

8.1. FRANCHISOR's Development Assistance.

Prior to or simultaneously with the opening of the FRANCHISEE's 1-800-PLUMBER Business, FRANCHISOR or its designee will provide FRANCHISEE with the following assistance:

a. Designate FRANCHISEE's exclusive Service Area.

b. Provide FRANCHISEE with access to FRANCHISOR's proprietary and/or approved software, an e-mail account, an Internet site for prospective customers, and an Intranet site for FRANCHISEE and other franchisees of FRANCHISOR. FRANCHISOR reserves the right to discontinue providing the e-mail account and Intranet site at any time in its sole discretion. FRANCHISEE acknowledges that the Internet site will also include information for prospective franchisees regarding purchasing a 1-800-PLUMBER Business franchise.

c. Provide FRANCHISEE with FRANCHISOR's standards for purchasing or leasing and equipping FRANCHISEE'S Office and Vans.

d. Provide FRANCHISEE with specifications of all initial and replacement equipment, inventory and supplies required for the operation of its 1-800-PLUMBER Business, all as specified in the Operations Manual, and a list of all approved suppliers of any Services, Products, equipment, inventory, supplies and other materials that FRANCHISOR requires Franchise to use.

e. Make available to FRANCHISEE for purchase the Start Up Bundle as specified in **Section 7.3** above.

f. Provide assistance in running FRANCHISEE's Market Penetration Strategy (as defined in **Section 13.2** below) and guidance in implementing other marketing programs, operating and sales procedures. This guidance may include providing FRANCHISEE with a list of information about tasks FRANCHISEE will need to complete to establish its business, and assisting FRANCHISEE in completing those tasks.

g. Loan FRANCHISEE one copy of FRANCHISOR's Operations Manual in accordance with **Article 9** below.

h. Provide the initial business training in accordance with **Sections 6.1** and **6.2** of this Agreement.

9. OPERATIONS MANUAL

9.1. Operations Manual.

FRANCHISOR agrees to loan to FRANCHISEE one or more books, manuals, technical bulletins, memoranda or other supplemental written materials, in whatever form (including electronic form), prepared by or on behalf of FRANCHISOR for use by franchisees generally or for FRANCHISEE in particular (all referred to in this Agreement as the "**Operations Manual**") covering the proper operating and marketing techniques of FRANCHISEE's 1-800-PLUMBER Business. The Operations Manual is designed to protect FRANCHISOR's reputation and the goodwill of the Marks, it is not designed to control the day-to-day operations of FRANCHISEE's 1-800-PLUMBER Business. FRANCHISOR may modify the Operations Manual at FRANCHISOR's discretion. At FRANCHISOR's sole discretion, it may make the Operations Manual, or any updates or revisions thereto, available online. FRANCHISEE agrees that it will comply with the Operations Manual as an essential aspect of its obligations under this Agreement.

9.2. Confidentiality of Operations Manual Contents.

FRANCHISEE agrees to use the Marks and System only as specified in the Operations Manual. The Operations Manual is the sole property of FRANCHISOR, and will be used by FRANCHISEE only

during the term of this Agreement and in strict accordance with the terms and conditions hereof. FRANCHISEE will not duplicate the Operations Manual or written materials considered by FRANCHISOR to be a component of the Operations Manual, nor disclose the contents thereof to persons other than its Authorized Representatives or officers who have signed a confidentiality and non-competition agreement in a form supplied by or approved by FRANCHISOR. FRANCHISEE will return the Operations Manual to FRANCHISOR upon the expiration, termination or assignment of this Agreement, at FRANCHISEE's sole expense.

9.3. Changes to Operations Manual.

FRANCHISOR reserves the right to revise the Operations Manual from time to time as it deems necessary. FRANCHISEE, within five business days of receiving any updated information or electronic notifications of such updated information, will update its copy of the Operations Manual as instructed by FRANCHISOR and will conform its operations to the updated provisions. A master copy of the Operations Manual maintained by FRANCHISOR at its principal office, regardless if maintained electronically or otherwise, will be controlling in the event of a dispute regarding the content of any Operations Manual.

10. OPERATING ASSISTANCE

10.1. FRANCHISOR's Available Services.

FRANCHISOR agrees that, during FRANCHISEE's operation of the 1-800-PLUMBER Business, and provided FRANCHISEE is in compliance with the terms of this Agreement, FRANCHISOR or its designee will provide to FRANCHISEE the following assistance and services:

a. Provide FRANCHISEE advice and assistance as FRANCHISOR deems advisable and planning publicity and promotions for FRANCHISEE's 1-800-PLUMBER Business promotion, including advice on print media and display advertising.

b. Make FRANCHISOR's staff accessible to FRANCHISEE or FRANCHISEE's Managing Principal to the extent FRANCHISOR deems advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication regarding operational questions and issues.

c. As FRANCHISOR deems appropriate, FRANCHISOR may visit FRANCHISEE's Office or Service Area to conduct reviews and to consult with FRANCHISEE or FRANCHISEE's Managing Principal regarding compliance with FRANCHISOR's System standards.

d. Loan FRANCHISEE any additions or supplements to the Operations Manual as they are made available and disclose to FRANCHISEE any additional trade secrets FRANCHISOR develops, if any, that relate to the operation of 1-800-PLUMBER Businesses generally.

e. Invite FRANCHISEE to attend, at FRANCHISEE's own expense, all conventions, seminars and franchisee-oriented functions, if any that FRANCHISOR may plan from time to time and sponsor that are applicable to FRANCHISEE or FRANCHISEE's 1-800-PLUMBER Business, so long as FRANCHISEE is in compliance with this Agreement. Some of these events may be held online.

f. If created, send to FRANCHISEE and FRANCHISEE's customers periodic online newsletters that FRANCHISOR may produce from time to time. FRANCHISOR has no obligation to create any newsletters or, if created, to create them on any regular schedule.

g. Upon FRANCHISOR'S recommendation or at FRANCHISEE's request, conduct additional training programs at a location designate by FRANCHISOR. FRANCHISOR reserves the right to charge a fee for these additional training programs.

h. Make available to FRANCHISEE all marketing manuals, advertising designs, advertising campaigns, camera-ready artwork, tactical marketing planners, and budgeting templates for FRANCHISEE's advertising and promotional programs. FRANCHISOR may charge FRANCHISEE for these materials.

i. Provide FRANCHISEE with access to FRANCHISOR's proprietary software (if any) and all upgrades, an Internet site for prospective customers, and an Intranet site for FRANCHISEE and other franchisees. FRANCHISOR reserves the right to discontinue providing the Intranet site.

j. From time to time, research new products, services and methods of doing business and provide FRANCHISEE with information concerning developments of this research.

k. Provide FRANCHISEE with access to and guidelines related to the centralized call center provided by FRANCHISOR or FRANCHISOR's designated supplier to receive calls and schedule appointments for FRANCHISEE's 1-800-PLUMBER Business.

l. From time to time, recommend suggested prices for FRANCHISEE's Products or Services. Any prices that FRANCHISOR recommends to FRACHISEE are merely recommendations and FRANCHISEE may establish its own prices, which may be higher or lower than FRANCHISOR's recommended prices.

10.2. Additional FRANCHISOR Services.

Although not obligated to do so, upon the reasonable request of FRANCHISEE, FRANCHISOR may make its employees or designated agents available to FRANCHISEE, either at FRANCHISOR's office or within FRANCHISEE's Service Area, for additional advice and assistance in connection with the ongoing operation of the 1-800-PLUMBER Business governed by this Agreement. If FRANCHISEE requests such additional assistance and FRANCHISOR agrees to provide it, FRANCHISOR reserves the right to charge FRANCHISEE for all travel, lodging, living expenses, telephone charges and other identifiable expenses associated with such assistance, plus a fee based on the time spent by each employee on behalf of FRANCHISEE. Any fee will be charged in accordance with the then current published fees being charged by FRANCHISOR for such assistance.

11. FRANCHISEE'S OPERATIONAL COVENANTS

11.1. Business Operations.

FRANCHISEE acknowledges that it is solely responsible for the successful operation of its 1-800-PLUMBER Business and that the continued successful operation thereof is, in part, dependent upon FRANCHISEE's compliance with this Agreement and the Operations Manual. In addition to all other obligations contained in this Agreement and in the Operations Manual, FRANCHISEE covenants that:

a. FRANCHISEE shall, consistent with the terms of this Agreement, diligently develop its 1-800-PLUMBER Business and use its best efforts to market and promote the required Products and Services in the Service Area. FRANCHISEE shall operate the 1-800-PLUMBER Business and offer the Products and Services during all hours as specified by FRANCHISOR in the Operations Manual.

b. FRANCHISEE shall strictly comply with all present and future provisions of the Operations Manual.

c. FRANCHISEE, or the General Manager, as applicable, shall devote full time and best efforts on a daily basis, in person, to the supervision and conduct of FRANCHISEE's 1-800-PLUMBER Business, which supervision must not be less than 40 hours per week. FRANCHISEE may only operate another business, including any e-commerce business which operates over the Internet, with FRANCHISOR's prior approval, which approval may be granted or denied in FRANCHISOR's sole and absolute discretion. If FRANCHISEE wishes to operate another business with FRANCHISEE's 1-800-PLUMBER Business, the other business must be a complimentary, non-competing enterprise; for example, an electrical service business.

d. FRANCHISEE, or FRANCHISEE's Controlling Principals or the General Manager, and FRANCHISEE's Assistants, as applicable, shall attend and complete the Initial Training Program referred to in **Article 6** above. FRANCHISEE, or FRANCHISEE's Controlling Principals or the General Manager, and FRANCHISEE's Assistants, as applicable, shall also attend subsequent mandatory training programs, demonstrations and seminars at locations as FRANCHISOR may require. FRANCHISEE shall be bound by the terms of **Article 6** of this Agreement in regards to all training programs.

e. FRANCHISEE shall not sell any service or product except the Services or Products, in conjunction with the operation of its 1-800-PLUMBER Business, unless FRANCHISEE receives the prior written consent of FRANCHISOR. FRANCHISEE must offer all of the Products and Services that FRANCHISOR requires FRANCHISEE to offer. FRANCHISOR may allow FRANCHISEE to participate in new product or service tests, in which case FRANCHISEE must participate. FRANCHISEE must discontinue offering any product or service that FRANCHISOR requires to be discontinued.

f. FRANCHISEE shall only use in its 1-800-PLUMBER Business advertising and promotional material, services, equipment, supplies, and logoed clothing that meet FRANCHISOR's standards and specifications. Advertising materials that are produced or approved by FRANCHISOR for use by FRANCHISEE may be used only in the manner and during the period specified by FRANCHISOR.

g. FRANCHISEE shall purchase and maintain in good operating condition a computer and software meeting FRANCHISOR's minimum specifications, a printer, and fax software. Equipment, signs, Services, Products, supplies and other items must be added, eliminated, substituted and modified by FRANCHISEE as soon as practicable in accordance with changes in FRANCHISOR's specifications and requirements.

h. All employees must be in logoed clothing approved by FRANCHISOR, and be clean and neat in appearance.

i. FRANCHISEE shall not alter its 1-800-PLUMBER Business in any manner that materially affects the image of its 1-800-PLUMBER Business or the System, except at FRANCHISOR's request or with FRANCHISOR's written approval, and any alterations must strictly conform to the specifications and requirements established or approved by FRANCHISOR.

j. All Products and Services distributed and sold by FRANCHISEE must comply with all applicable federal, state, provincial, or local plumbing codes, laws, ordinances, rules, regulations and other requirements.

k. The number and type of employees and contractors, as well as the amount and type of Vans, Products, equipment, supplies, inventory and other items on hand at FRANCHISEE's 1-800-PLUMBER Business must be at all times sufficient to efficiently meet the anticipated volume of business.

l. FRANCHISEE shall at all times comply with all applicable laws, regulations, and ordinances, and shall promptly obtain all licenses and permits, including contractor's licenses, required by any state, provincial, or local licensing authority in all jurisdictions in which FRANCHISEE operates its 1-800-PLUMBER Business. FRANCHISOR has no obligation to advise FRANCHISEE of any legislative or other legal developments that may affect its 1-800-PLUMBER Business. FRANCHISEE is solely responsible for inquiring about and becoming familiar with all applicable laws, regulations, and ordinances, and determining those actions required for compliance. Any information FRANCHISOR provides to FRANCHISEE regarding applicable laws, regulations, or ordinances does not relieve FRANCHISEE of its responsibility to consult with its own legal advisor and otherwise take appropriate action to inquire about and comply with applicable laws, regulations, and ordinances.

m. FRANCHISEE shall pay when due all debts and taxes arising in connection with FRANCHISEE's 1-800-PLUMBER Business, except those duly contested in a bona fide dispute.

n. FRANCHISEE shall at all times utilize FRANCHISOR's proprietary and/or approved software in the operation of its 1-800-PLUMBER Business. FRANCHISEE shall purchase, at FRANCHISEE's sole cost and expense, all required third-party software and hardware upgrades and shall immediately install the software upgrades on all computer equipment used by FRANCHISEE in operating its 1-800-PLUMBER Business.

o. FRANCHISEE will use the FRANCHISOR Intranet site in accordance with FRANCHISOR's specifications and the requirements of the System.

p. FRANCHISEE shall use only the e-mail account provided by FRANCHISOR in the operation of its 1-800-PLUMBER Business, and FRANCHISEE may not use the e-mail account for any purpose not related to the operation of its 1-800-PLUMBER Business. FRANCHISEE shall check such e-mail account at least once per business day and respond to e-mail messages promptly (as appropriate) and in all events within one business day. FRANCHISOR reserves the right to discontinue providing this e-mail account or charge a fee for providing the e-mail account. FRANCHISEE shall have a high-speed Internet connection, if available.

q. During the term of this Agreement and for three years after the expiration and termination of this Agreement, FRANCHISEE shall notify FRANCHISOR of any change to FRANCHISEE's (or its Managing Principal's) home and business addresses and telephone numbers.

r. If FRANCHISEE is an individual, FRANCHISEE or the General Manager shall directly supervise the 1-800-PLUMBER Business. If FRANCHISEE is a corporation or other business entity it shall appoint its Managing Principal or a General Manager to directly supervise FRANCHISEE's 1-800-PLUMBER Business. If, in FRANCHISOR's sole judgment, FRANCHISEE or its Managing Principal has insufficient experience in a business similar to a 1-800-PLUMBER Business or insufficient experience in business management in general to operate the 1-800-PLUMBER Business, FRANCHISEE shall hire an General Manager who shall have direct responsibility for all operations of FRANCHISEE's 1-800-PLUMBER Business. Any change in the Managing Principal or General Manager shall be subject to the prior written approval of FRANCHISOR, which approval may be granted or denied in FRANCHISOR's sole and absolute discretion.

s. FRANCHISEE shall become a member of such franchise, trade or other associations or organizations that, in the opinion of FRANCHISOR, are useful in the operation of a 1-800-PLUMBER Business. FRANCHISEE shall have the option to become a member of all benefit programs that are offered from time to time by FRANCHISOR to all of its franchisees, if any. The costs of participating in such franchise, trade or other associations and benefit programs shall be borne by FRANCHISEE and its employees (if applicable to the employees).

t. FRANCHISEE will comply with all agreements with third parties related to its 1-800-PLUMBER Business.

u. FRANCHISEE will at all times during the term of this Agreement own and control the 1-800-PLUMBER Business authorized hereunder. Upon request of FRANCHISOR, FRANCHISEE will promptly provide satisfactory proof of such ownership to FRANCHISOR. FRANCHISEE represents that the Statement of Ownership, attached hereto as Exhibit III and incorporated by this reference, is true, complete, accurate and not misleading; and, in accordance with the information contained in the Statement of Ownership, the controlling ownership of the 1-800-PLUMBER Business is held by FRANCHISEE. FRANCHISEE will promptly provide FRANCHISOR with a written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and will comply with the applicable transfer provisions contained herein. If FRANCHISEE is not an individual, an individual or individuals designated by FRANCHISOR will execute the Guaranty and Assumption of FRANCHISEE's Obligations attached hereto as Exhibit II and incorporated by this reference.

v. Except as prohibited or limited by law, FRANCHISEE shall fully participate in all promotional campaigns, prize contests, special offers, and other programs, whether national, regional, or local in nature (including the introduction of new Products or Services, or new franchises or other marketing programs directed or approved by FRANCHISOR), which are prescribed from time to time by FRANCHISOR. FRANCHISEE shall be responsible for the costs of such participation. In addition, FRANCHISEE shall honor any coupons, gift certificates or other authorized promotional offers of FRANCHISOR at FRANCHISEE's sole cost unless otherwise specified in writing by FRANCHISOR. From time to time a promotion may not benefit all franchisees in the System; and if the promotion is not offered in the region, or another unknown hardship arises, FRANCHISOR may, at FRANCHISOR's option, exempt FRANCHISEE and/or other franchisees on a case-by-case basis.

w. FRANCHISEE will at all times employ one or more qualified CSRs to address all customer service concerns for FRANCHISEE's 1-800-PLUMBER Business. At least one CSR must be appointed by FRANCHISEE within 90 days of the execution of this Agreement. FRANCHISEE shall be responsible for training of all of the CSRs FRANCHISEE employs in its 1-800-PLUMBER Business.

x. FRANCHISEE will have its 1-800-PLUMBER Business' phone answered during regular business hours within three rings by its CSR. FRANCHISEE may enlist the services of an answering service for after-hours calls only.

y. FRANCHISEE, or its Managing Principal or General Manager, and its Assistants, CSRs, and employees shall at all times present themselves in a professional manner to all customers or clients, and shall refrain from the use of illegal drugs or the consumption of alcohol during normal business hours or during any time that the same are performing services for clients or customers.

z. FRANCHISEE shall not engage in any activities not covered by FRANCHISEE's liability insurance or workers compensation insurance.

aa. FRANCHISEE shall not engage in any trade, practice or other activity that is harmful to FRANCHISOR's goodwill or reflects unfavorably on FRANCHISOR's reputation, or that constitutes deceptive or unfair competition.

bb. If FRANCHISEE elects to use a call center for its 1-800-PLUMBER Business, FRANCHISEE must participate in and use the centralized call center designated by FRANCHISOR and pay all charges for the call center imposed by FRANCHISOR or FRANCHISOR's designated supplier. FRANCHISEE shall comply with all requirements of FRANCHISOR and the designated supplier related to the centralized call center, which may include linking FRANCHISEE's local telephone number to automatically ring into the call center. The designated supplier for the call center services may be changed from time to time, and may be FRANCHISOR or its affiliates.

cc. FRANCHISEE will comply with all laws prohibiting, or otherwise related to, bribery of or other illegal payments to any government, government agency, public international organization, or political party, or any of their officials, employees, candidates, or other representatives.

dd. FRANCHISEE must accept credit and debit cards from customers of its 1-800-PLUMBER Business and, if required by FRANCHISOR, use a merchant vendor approved by FRANCHISOR. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit or debit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, FRANCHISEE shall be PCI compliant by following and adhering to then-current PCI DSS, currently found at www.pcisecuritystandards.org, or any similar or subsequent standard for the protection of cardholder data throughout the term of this Agreement. FRANCHISEE's 1-800-PLUMBER Business shall be in compliance with PCI DSS at all times.

ee. FRANCHISEE expressly authorizes FRANCHISOR and its approved suppliers to contact FRANCHISEE by e-mail, telephone, mail, or any other means related to any aspect of the 1-800-PLUMBER Business, authorized Products and Services, this Agreement, or the System, for so long as this Agreement remains in effect. FRANCHISEE expressly authorizes FRANCHISOR to disclose FRANCHISEE's contact information to FRANCHISOR's approved and designated suppliers to enable such suppliers to contact FRANCHISEE. FRANCHISEE acknowledges that these communications are necessary to facilitate and keep FRANCHISEE updated regarding the ongoing franchise relationship.

ff. In all communications with FRANCHISOR's representatives, FRANCHISEE and its Authorized Representatives must conduct themselves in a dignified, respectful, courteous, and professional manner. No hostile, threatening, or offensive statements or behavior toward any FRANCHISOR representative is permitted.

gg. FRANCHISEE acknowledges and agrees that certain associations between its 1-800-PLUMBER Business, the Marks, and/or the System, on the one side, and a political (including a political party or candidate), religious, social, cultural or similar group, member, cause, and/or activities (collectively, a "**Political or Social Cause**"), on the other side, may result in adverse publicity and other adverse impacts on the Marks and/or System with certain segments of the public. As such, FRANCHISEE agrees that it will not, without FRANCHISOR's prior written consent, make any statement or take any other action (including posting signs) that could be perceived as promoting, approving, disapproving, publicizing, or otherwise commenting on a Political or Social Cause in any manner that is connected to or associated with the 1-800-PLUMBER Business, the Marks, and/or the System.

11.2. Requirements for Entity Franchisees.

If FRANCHISEE is a corporation, partnership, limited liability company or other business entity, the following additional conditions must be met, along with any other conditions as may be established by FRANCHISOR for entity franchisees:

a. Contemporaneously with the business entity acquiring the franchise rights, thereafter upon the issuance or transfer of any ownership interests in the business entity and the appointment or election of any person as director, officer, member or manager of the business entity, and at any other time requested by FRANCHISOR, the shareholders, members, partners, other owners, directors, officers, or managers (as applicable), and any other individuals designated by FRANCHISOR will execute the Guaranty and Assumption of FRANCHISEE's Obligations attached hereto as Exhibit II and incorporated herein by reference, personally guaranteeing full payment and performance of FRANCHISEE's obligations to FRANCHISOR and individually undertaking to be bound, jointly and severally, by all the terms of this Agreement.

b. No shares in the capital of such corporation or other interest in the business entity shall be issued nor shall FRANCHISEE directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such shares or offer or attempt to do so or permit the same to be done without FRANCHISOR's prior written consent. Such actions shall be deemed a Transfer, as defined in **Section 17.2**, and subject to the requirements of **Article 17** below.

c. The business entity shall maintain stop transfer instructions against the Transfer of ownership on its records subject to the restrictions of this Agreement and shall have all outstanding certificates of ownership endorsed with the following legend printed conspicuously upon the face of each certificate:

> ***The transfer of the shares represented by this certificate is subject to the terms and conditions of a certain Franchise Agreement with 1-800-Services, LLC.***

d. The articles of incorporation or organization and by-laws, operating agreement or other governing documents of the business entity shall provide that its objectives or business is confined exclusively to the operation of the 1-800-PLUMBER Business as provided for in this Agreement, and recite that the issuance and Transfer of any ownership interest in the business entity is restricted by the terms of this Agreement. Copies thereof shall be furnished to FRANCHISOR upon request.

11.3. New Products or Services.

On at least 30 days' prior written notice, FRANCHISOR may specify a new Service or Product as a required Service or Product in FRANCHISEE's market area. The new Service or Product will not be deemed a required Service or Product if FRANCHISEE demonstrates to FRANCHISOR's satisfaction either of the following situations will exist:

a. FRANCHISEE will incur a substantial capital improvement not contemplated by this Agreement or in the Operations Manual, thereby resulting in a material hardship to FRANCHISEE. For the purposes of this Subsection, the parties agree that a capital improvement in excess of 10 percent of the FRANCHISEE's Gross Revenue for the prior year will be considered a substantial capital improvement; or

b. FRANCHISEE will incur a material reduction in sales or profitability therefrom. For the purposes of this Subsection, the parties agree that an expected 20 percent decrease in sales from the average sales in the prior 12 months will be considered a material reduction in sales, and a 10 percent reduction in profitability from the average profitability during the previous 12 months will be considered a material reduction in profitability.

Subject to the foregoing, any new or additional required Services or Products introduced into the System by FRANCHISOR must be offered for sale on a continuing basis as part of FRANCHISEE's 1-800-PLUMBER Business at the time and in the manner required by FRANCHISOR, and all equipment, products, supplies and other items necessary to add new required Services or Products must be acquired, installed, and utilized as required by FRANCHISOR.

12. CONTINUING FEES AND PAYMENTS

12.1. Royalty Fee.

FRANCHISEE shall pay to FRANCHISOR a fee equal to a variable continuing percentage set forth in the Addendum of the greater of FRANCHISEE's Gross Revenues, as defined below, or the applicable Minimum Monthly Gross Revenues, as defined below (the "**Royalty Fee**"). FRANCHISEE shall not subordinate to any other obligation its obligation to pay the Royalty Fee or any other fee or charge hereunder.

12.2. Brand Development Fund Fees.

FRANCHISEE shall remit a fee equal to a variable continuing percentage set forth in the Addendum of the greater of FRANCHISEE's Gross Revenues or the applicable Minimum Monthly Gross Revenues (the "**Brand Development Fund Fee**") to the 1-800-PLUMBER Brand Development Fund established by FRANCHISOR (the "**Brand Development Fund**").

12.3. Gross Revenues and Reporting Period Defined.

a. "**Gross Revenues**" means, except as set forth below, the total of all receipts derived from the operation of FRANCHISEE's 1-800-PLUMBER Business, including all work done by employees or sub-contractors, whether the receipts are evidenced by cash, credit, or checks, or exchanged for services, materials, service charges, property or other means of exchange. Gross Revenue does not include the amount of any tax imposed by any federal, state, provincial, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by FRANCHISEE to the appropriate governmental authority. Gross Revenues also does not include the amount of any discounts given to customers, to the extent the customers do not pay such amounts to FRANCHISEE. Gross Revenues shall be deemed received by FRANCHISEE at the time the Services and Products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by FRANCHISEE; provided, however, if less than 25 percent of a job is completed at the end of any Reporting Period (as defined below), the Gross Revenues generated by the job will not have to be reported, and the Royalty Fee, as defined above, will not have to be paid, until the following Reporting Period; provided further that any job which is scheduled to extend beyond the second Reporting Period will need to be settled with the customer once during each Reporting Period, the Gross Revenues will have to be reported, and the Royalty Fee and Brand Development Fund Fees paid during each Reporting Period. Gross Revenues consisting of property or services shall be valued at the retail prices applicable and in effect for the Products and Services at the time that they are received. Cash refunded and credit given to customers, and any

receivable uncollected from customers more than 120 days after billing, may be deducted in computing Gross Revenues only to the extent that the receivable was previously included in Gross Revenues on which a Royalty Fee was paid.

b. "**Reporting Period**" means the period of the 1st day of any month to the 15th day of the same month, or the period of the 16th day of any month to the last day of the same month.

12.4. Minimum Monthly Gross Revenues.

Beginning on seventh full month from the commencement date set forth in Exhibit A-3, FRANCHISEE must achieve the Gross Revenues requirements on a monthly basis as set forth in the Addendum (the "**Minimum Monthly Gross Revenues**"). The Minimum Monthly Gross Revenues will not change if there is an increase or decrease in population in the Service Area during the term of this Agreement. If FRANCHISEE fails to meet the Minimum Monthly Gross Revenues in any calendar month, FRANCHISEE will be required to pay FRANCHISOR its Royalty Fee, its Brand Development Fund Fee, and calculate its Minimum Individual Marketing Expenditure, as defined in **Section 13.3.a**, for the applicable month based on the applicable Minimum Monthly Gross Revenues instead of Franchise's actual Gross Revenues. If FRANCHISEE's total Gross Revenues over any 12-month period during the term of this Agreement does not equal or exceed the total of the Minimum Monthly Gross Revenues over that same 12-month period, then FRANCHISOR may reduce the size of the Service Area, grant another franchise to a third party to operate in some or all of the Service Area, terminate this Agreement, or any of combination thereof, after providing notice to FRANCHISEE in accordance with **Section 18.2.f** below. FRANCHISOR has the right, in its sole discretion and on a case-by-case basis, to waive the obligation of FRANCHISEE or any other franchisee of FRANCHISOR to meet the Minimum Monthly Gross Revenues requirement or to pay any fees or make expenditures calculated based on the applicable Minimum Monthly Gross Revenues. FRANCHISEE acknowledges that FRANCHISOR is entering into this Agreement with the expectation that it will receive Royalty Fees based on the greater of FRANCHISEE's actual Gross Revenues or the Minimum Monthly Gross Revenues over the full term of this Agreement.

12.5. Technology Fee.

FRANCHISEE shall be assessed a monthly Technology Fee ("**Technology Fee**"). Initially, the Technology Fee shall be in the amount of $300 per month per Service Area, but may be increased by FRANCHISOR upon 30 days' prior written notice to FRANCHISEE, not to exceed $1,000 per month per Service Area. The Technology Fee is paid for the software systems made available to FRANCHISEE, the e-mail account provided to FRANCHISEE under **Section 7.1**, and for maintenance of FRANCHISOR's Internet or Intranet sites and, for so long as FRANCHISOR continues to maintain the e-mail account and those sites.

12.6. Payments to FRANCHISOR.

a. FRANCHISEE shall pay the Royalty Fees and Brand Development Fund Fees to FRANCHISOR on the fifth day following the end of each Reporting Period, starting with the Reporting Period in which FRANCHISEE first makes a sale through its 1-800-PLUMBER Business, or at such other frequency as FRANCHISOR may determine in its sole discretion upon written notice to FRANCHISEE, for the immediately preceding Reporting Period. The amount of such payments shall be determined based on the Gross Revenues of FRANCHISEE as calculated based on the information provided through FRANCHISOR's software over the applicable Reporting Period. If any of the reports of Gross Revenues required to be submitted by FRANCHISEE pursuant to **Section 16.1.a** below reveal an underpayment of Royalty Fees and Brand Development Fund Fees, FRANCHISEE will immediately

pay to FRANCHISOR the amount of such underpayment. If any such reports show an overpayment of Royalty Fees and Brand Development Fund Fees, FRANCHISOR will provide a credit to FRANCHISEE's account in an amount equal to the amount of the overpayment.

b. Following the commencement of the Minimum Monthly Gross Revenues, if FRANCHISEE fails to meet the Minimum Monthly Gross Revenues in any calendar month, FRANCHISOR will notify FRANCHISEE of the shortfall in Gross Revenues generated by FRANCHISEE together with the extra amount of Royalty Fees and Brand Development Fund Fees due in accordance with **Section 12.4** above (the "**Extra Fees**") based on the Minimum Monthly Gross Revenues less the actual Gross Revenues generated for the applicable month, which Extra Fees shall be due by the 5th day following the notification by FRANCHISOR.

c. FRANCHISEE shall pay the Technology Fee once a month in advance no later than the 10th day of each calendar month, and as specified by FRANCHISOR.

d. FRANCHISEE shall remit all fees and other amounts due to FRANCHISOR hereunder via electronic funds transfer. FRANCHISEE agrees to comply with procedures specified by FRANCHISOR and/or perform such acts and deliver and execute such documents, including authorization for direct debits from FRANCHISEE's checking or savings accounts, as may be necessary to assist in or accomplish payment by such method. Under this procedure, FRANCHISEE shall authorize FRANCHISOR to initiate debit entries and/or credit correction entries to the designated banking account for payments of fees and other amounts payable to FRANCHISOR and any interest charge due thereon. FRANCHISEE shall make funds available to FRANCHISOR for withdrawal by electronic transfer no later than the due date for payment therefore, and shall at all times maintain a minimum balance of $1,500 in the designated account, which shall be available to FRANCHISOR to cover any required payments to FRANCHISOR. If FRANCHISEE has not timely reported the Gross Revenues to FRANCHISOR or submitted information to FRANCHISOR through its software system as required for any applicable period on which a fee is based, then FRANCHISOR shall be authorized, at FRANCHISOR's option, to debit FRANCHISEE's account in an amount equal to (a) the fees transferred from FRANCHISEE's account for the last applicable period for which a report of the Gross Revenues was provided to FRANCHISOR or for which information was submitted through FRANCHISOR's software system as required hereunder; (b) the amount due based on information retrieved from the computer system approved or required by FRANCHISOR, or (c) the amount due based on the estimate of Gross Revenues prepared by FRANCHISOR under **Section 16.4** below. Such payments shall be deemed the minimum amount of fees due for failure to timely remit all fees and file the required reports, and FRANCHISEE shall remain liable for all fees in excess of such amounts once the actual Gross Revenues for the applicable period are determined.

12.7. Late Fees; Denied ACH Processing; Interest.

To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments or denied or rejected requests for ACH payments, FRANCHISEE shall also pay to FRANCHISOR, upon demand, a late payment charge of $75 per overdue report or fee owed to FRANCHISOR, and $50 for each check that is not honored or ACH payment request that is denied or rejected by FRANCHISEE's bank or other financial institution, plus interest equal to the lesser of (i) the maximum legal rate of interest then charged on open accounts or (ii) 18 percent per annum, on all payments due to FRANCHISOR during the period of time said payments are due and unpaid. This same interest rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to this Agreement. However, if FRANCHISEE fails to pay any fees or other amounts in furtherance of an Act of Deception (as defined in **Section 16.5** below), then the interest due shall be computed in accordance with the terms of **Section 16.5** below.

12.8. Nonrefundable Fees.

Except as specifically contemplated in this Agreement, all fees once paid, shall be nonrefundable in all circumstances.

13. ADVERTISING

13.1. Approval of Advertising.

FRANCHISOR will make available to FRANCHISEE all advertising and promotion materials for its 1-800-PLUMBER Business that are developed by or for FRANCHISOR. If FRANCHISEE desires to acquire these materials, FRANCHISEE must pay for them. FRANCHISOR will provide camera-ready artwork to FRANCHISEE. FRANCHISEE may also develop advertising materials for FRANCHISEE's own use, at FRANCHISEE's own cost; provided that if FRANCHISEE uses an outside marketing or advertising company, it must first obtain the prior consent of FRANCHISOR in accordance with **Section 14.2** below. Before using any promotional and advertising materials, FRANCHISEE will submit to FRANCHISOR or FRANCHISOR's designated agency, for FRANCHISOR's prior written approval, all information pertaining to such promotional materials and advertising developed by FRANCHISEE; including, but not limited to, Yellow Pages or other telephone related materials, print ads, radio and television scripts, Internet advertising, social media, or any promotional creative materials. FRANCHISEE must also notify FRANCHISOR of the intended channels in which such advertising materials are to be used, and obtain FRANCHISOR's approval of those channels in addition to the content of the advertising materials. In the event written approval or disapproval of any such advertising and promotional material has not been given by FRANCHISOR to FRANCHISEE within seven days from the date such information has been received by FRANCHISOR, the materials will be deemed approved as submitted. FRANCHISEE agrees to comply with all of FRANCHISOR's advertising standards and specifications. In particular, FRANCHISOR may require FRANCHISEE to acquire some or all advertising services and products only from media or advertising agencies or other vendors designated as approved suppliers by FRANCHISOR. FRANCHISEE shall display all required promotional materials, signs and other marketing materials in its 1-800-PLUMBER Business in the manner prescribed by FRANCHISOR.

13.2. Market Penetration Strategy Advertising.

FRANCHISEE acknowledges that local advertising in the Service Area is required to notify the public of its 1-800-PLUMBER Business. As such, FRANCHISEE shall advertise and promote the opening of its 1-800-PLUMBER Business at FRANCHISEE's own expense. FRANCHISEE will pay to FRANCHISOR upon execution of this Agreement the amount set forth in the Addendum, which FRANCHISOR shall use to run a promotional campaign and purchase promotional products for FRANCHISEE's opening campaign referred to as the "**Market Penetration Strategy**" using the advertising and suppliers selected by FRANCHISOR, which adverting program will begin approximately 30 days prior to opening FRANCHISEE's 1-800-PLUMBER Business and may last up to six months after FRANCHISEE commences operations of its 1-800-PLUMBER Business. The campaign may include direct mail; public relations services; internet marketing; television and radio advertising; and print advertising.

13.3. Minimum Individual Marketing.

a. FRANCHISOR recommends, but does not require, that FRANCHISEE spend 8 to 10 percent of its Gross Revenue on local marketing of its 1-800-PLUMBER Business. However, if

FRANCHISEE fails to reach its Minimum Monthly Gross Revenues, as defined in **Section 12.4** above, for two consecutive months or three months within any 12-month period during the term of this Agreement, FRANCHISEE is required to spend at least 8 percent of its Gross Revenues on marketing in each of its Service Areas during the following 12-month period. This marketing expense is called the "**Minimum Individual Marketing Expenditure**." Any expenditures on online marketing services and products acquired through a third party vendor shall count toward this Minimum Individual Marketing Expenditure. FRANCHISOR may direct that FRANCHISEE pay all or a portion of its Minimum Individual Marketing Expenditure to a Local Advertising Group, as defined below.

b. Once a Minimum Individual Marketing Expenditure is required, FRANCHISEE shall submit documentation of FRANCHISEE's marketing expenditures at such times and in such form as FRANCHISOR designates. If FRANCHISEE fails to make any required marketing expenditures, FRANCHISOR shall have the right to require FRANCHISEE to contribute the amount of any deficiency to the Brand Development Fund to be used by FRANCHISOR for general marketing and promotion.

13.4. Local Advertising Group.

a. FRANCHISOR may establish a regional advertising cooperative ("**Local Advertising Group**") in a region that includes FRANCHISEE's Service Area. If a Local Advertising Group is established that includes FRANCHISEE's Service Area, FRANCHISEE shall join and participate in it. Each of FRANCHISOR's company-owned and affiliate-owned operations (if any) offering Products and Services similar to a 1-800-PLUMBER Business within the region for which the Local Advertising Group is established will make contributions to the Local Advertising Group equivalent to the contributions required of FRANCHISEE.

b. If FRANCHISOR directs that FRANCHISEE join a Local Advertising Group, FRANCHISEE will pay all or part of its Minimum Individual Marketing Expenditure, if applicable, to the Local Advertising Group as directed by FRANCHISOR.

c. The rules of the Local Advertising Group must be in writing and established by its members, but must be submitted for prior approval to FRANCHISOR (and shall be deemed approved 30 days after submission if FRANCHISOR takes no action). All Local Advertising Groups shall provide quarterly financial reports to FRANCHISOR.

13.5. Brand Development Fund.

a. The Brand Development Fund Fee set forth in **Section 12.2** of this Agreement will be deposited in the Brand Development Fund, which shall be a separate bank account, commercial account or savings account. No action taken by FRANCHISEE or any Local Advertising Group shall diminish FRANCHISEE's obligation to pay the Brand Development Fund Fee to the Brand Development Fund.

b. Advertising materials and services will be provided to FRANCHISEE through the Brand Development Fund. The Brand Development Fund shall be maintained and administered by FRANCHISOR or FRANCHISOR's designee, as follows:

(i) FRANCHISOR or its designee, with recommendations, if established by FRANCHISOR, from the Franchise Advisory Council, as defined below, will oversee and direct all advertising programs and have sole discretion over creative concepts, materials and media used in such programs, including the placement and allocation of advertising. FRANCHISOR or its designee will use the Brand Development Fund to conduct system-wide advertising, and/or, if Local Advertising Groups are developed, to conduct regional or local advertising on FRANCHISEE's behalf. However,

FRANCHISOR or its designee cannot and does not ensure that any particular franchisee will benefit directly or pro rata from the placement of advertising.

(ii) For each of FRANCHISOR's company-owned and affiliate-owned operations (if any) offering Products and Services similar to a 1-800-PLUMBER Business, FRANCHISOR will make contributions to the Brand Development Fund equivalent to the contributions required of FRANCHISEE.

(iii) FRANCHISOR or its designee, with recommendation from the FRANCHISE Advisory Council, if established by FRANCHISOR, will administer and control the Brand Development Fund and will have the absolute and unilateral right to determine how, when and where the monies in the Brand Development Fund will be spent. The Brand Development Fund will be used to promote the Products and/or Services sold by franchisees and company-owned and affiliate-owned operations for the entire network of 1-800-PLUMBER Businesses located in the United States and other countries (the "Franchise Network") and the Products and Services sold by 1-800-PLUMBER Businesses, and will not be used to sell additional franchises; except that it may include a brief statement that 1-800-PLUMBER franchise locations are available and the contact information for acquiring information about 1-800-PLUMBER franchises, and except that the Brand Development Fund may be used for the website which may include information and promotion for the sale of franchises. All sums paid by FRANCHISEE to the Brand Development Fund will be maintained in an account separate from FRANCHISOR's other funds and shall not be used to defray any of FRANCHISOR's general operating expenses; except for such reasonable administrative costs and overhead, if any, as FRANCHISOR may incur in activities reasonably related to the administration or direction of the Brand Development Fund and advertising programs including, without limitation, costs incurred in collecting and accounting for assessments for the Brand Development Fund and salaries for marketing support personnel. The Brand Development Fund may be used to maintain and further develop the 1-800-Plumber website, which may include information and promotion for the sale of franchises.

(iv) If FRANCHISOR places advertising rather than engage an advertising agency for this purpose, FRANCHISOR shall be entitled to receive a reasonable fee for such services, which will not exceed the highest rate charged for similar services by any recognized advertising agency not owned in whole or part by FRANCHISOR or its officers, directors, or employees (in addition to reimbursement for costs incurred).

(v) It is FRANCHISOR's intent that all contributions to the Brand Development Fund will be expended for advertising and promotional purposes during FRANCHISOR's fiscal year within which contributions are made. However, any monies not expended in the fiscal year in which they were contributed will be applied and used for Brand Development Fund expenses in the following year.

(vi) Although FRANCHISOR intends the Brand Development Fund to be of perpetual duration, FRANCHISOR has the right to terminate the Brand Development Fund. FRANCHISOR will not terminate the Brand Development Fund, however, until all monies in the Brand Development Fund have been expended for advertising and promotional purposes.

(vii) An unaudited accounting of the Brand Development Fund contributions and expenditures will be prepared annually and will be made available to FRANCHISEE, no later than 120 days after the end of each calendar year, upon written request. At FRANCHISOR's option, any such annual accounting may include an audit of the contributions and expenditures of the Brand Development Fund prepared by an independent certified public accountant selected by FRANCHISOR and prepared at the expense of the Brand Development Fund.

(viii) FRANCHISOR has no fiduciary obligation to FRANCHISEE in connection with the operation of the Brand Development Fund. FRANCHISOR will not be liable for any act or omission with respect to the operation of the Brand Development Fund or the use of the Brand Development Fund that is consistent with this Agreement and is done in good faith.

(ix) FRANCHISOR may maintain a separate National Brand Fund for its franchisees located in other countries. FRANCHISOR reserves the right to combine the Brand Development Fund with the National Brand Fund for any other country, to be used to promote the Products and/or Services sold by franchisees on an International basis. The FRANCHISE Advisory Council, if established by FRANCHISOR, may also be combined with the FRANCHISE Advisory Council established in any other country or region of the world. FRANCHISOR has the right, in its sole discretion, to choose not to collect a Brand Development Fund Fee from franchisees in other countries or regions of the world, and to not maintain an advertising fund for those franchisees. FRANCHISOR's choice to collect or to not collect a Brand Development Fund Fee or to establish or to not establish an advertising fund in other countries or regions of the world will not in any way affect FRANCHISEE's obligation to pay the Brand Development Fund Fee.

Once FRANCHISEE makes contributions to the Brand Development Fund, all such monies will be used as required by this Section and will not be returned to FRANCHISEE.

13.6. Franchise Advisory Council.

FRANCHISOR has established a council of current franchisees of FRANCHISOR called the Franchise Advisory Council ("**FAC**"). In FRANCHISOR's sole discretion, FRANCHISOR may establish separate FACs for different countries, or different regions of the world. Unless FRANCHISOR authorizes to the contrary, the Franchise Advisory Council will advise and make suggestions to FRANCHISOR regarding advertising and other issues. While FRANCHISOR will consider all recommendations made by the Franchise Advisory Council, FRANCHISOR shall retain the right to direct and have sole discretion over advertising and all other decisions. In FRANCHISOR's sole discretion, FRANCHISOR may change or dissolve the FAC.

14. QUALITY CONTROL

14.1. Standards and Specifications.

FRANCHISOR will make available to FRANCHISEE, via the Operations Manual, standards and specifications for materials and services used by, Products sold through, and Services offered through, FRANCHISEE's 1-800-PLUMBER Business, which standards and specifications FRANCHISOR reserves the right to change upon 30 days' prior written notice to FRANCHISEE. These standards and specifications are designed to protect FRANCHISOR's reputation and the goodwill of the Marks, they are not designed to control the day-to-day operations of FRANCHISEE's 1-800-PLUMBER Business. FRANCHISOR and FRANCHISOR's representatives will have the right to discuss with FRANCHISEE, or other personnel FRANCHISEE may designate, including the General Manager, all matters that may pertain to compliance with this Agreement and with FRANCHISOR's standards, specifications, requirements, instructions and procedures. FRANCHISOR may take photographs of FRANCHISEE's completed work as it relates to its 1-800-PLUMBER Business. FRANCHISEE shall in all respects cooperate with FRANCHISOR's rights under this Agreement. FRANCHISOR also reserves the right to contact any or all of FRANCHISEE's customers, independent agents, employees, suppliers and other service professionals for quality control, market research and such other purposes as FRANCHISOR deems appropriate.

14.2. Restrictions on Services and Materials.

Except if FRANCHISOR has designated exclusive or approved suppliers in the Operations Manual (which may include FRANCHISOR and its affiliates), FRANCHISEE shall have the right to purchase directly from any supplier the equipment, services, and Products required for the operation of its 1-800-PLUMBER Business; provided that the equipment, services, and Products meet all applicable minimum specifications established by FRANCHISOR. FRANCHISOR reserves the right to require approval of any or all of the Products, supplies, equipment, services, and other materials used in connection with FRANCHISEE's 1-800-PLUMBER Business, including marketing products and services, or the suppliers of such materials or services. FRANCHISOR may designate itself or its affiliates as approved suppliers or the sole approved suppliers for certain products, supplies, equipment, services, or other materials. FRANCHISOR may require that FRANCHISEE submit specifications, information or samples of the items for FRANCHISOR's review to determine if they meet FRANCHISOR's specifications and standards set forth in the Operations Manual as to quality, content, composition and service. FRANCHISOR shall notify FRANCHISEE in writing of its approval or rejection of the proposed supplier within a reasonable time, but not to exceed 30 days after FRANCHISOR's completion of its investigation, of the materials or services or the proposed supplier. FRANCHISOR does not currently require that a fee be paid to secure supplier approval; however, FRANCHISOR may require a fee in the future, and in its sole discretion, FRANCHISOR may require the supplier to reimburse FRANCHISOR for any expenses FRANCHISOR incurs in determining if the supplier meets its specifications and standards. FRANCHISOR will provide FRANCHISEE at least 30 days' prior written notice if it is going to charge a fee for supplier approval. FRANCHISOR may revoke its approval of any supplier previously approved by written notice to the supplier and FRANCHISEE, if FRANCHISEE is using that supplier. FRANCHISEE expressly acknowledges and agrees that FRANCHISOR may derive revenue from FRANCHISEE's purchases or leases of equipment from current or future suppliers, and may retain such revenue for FRANCHISOR's use.

14.3. National Account Program.

FRANCHISOR may solicit businesses with locations in multiple geographic areas, including within FRANCHISEE's Service Area, to participate in FRANCHISOR's "**National Account Program**." Participation in a National Account Program is optional, but if FRANCHISEE elects to so participate, FRANCHISEE must abide by and comply with the rules of FRANCHISOR's National Account Program by providing Services to National Account Program customers who have locations within the Service Area. Such rules may include requirements related to the types of Services to be performed, additional training, the pricing for the Services, the payment of any fees to FRANCHISOR for additional training, administering the National Account Program, or referring customers, and a quality review by FRANCHISOR of the Services FRANCHISEE provides. These terms may vary depending upon the National Account Program customer. If FRANCHISEE elects not to participate in a National Account Program, or if FRANCHISEE fails to comply with the terms for the National Account Program or if FRANCHISOR determines at any time that FRANCHISEE has not provided a satisfactory level and quality of service to a customer under the National Account Program, then FRANCHISOR or any affiliate of FRANCHISOR may perform any future Services for, or FRANCHISOR MAY appoint another franchisee to perform any future Services for, that customer's locations within the FRANCHISEE's Service Area. FRANCHISOR will have the right to solicit potential customers for the National Account Program within FRANCHISEE's Service Area, including FRANCHISEE's existing customers. FRANCHISEE shall cooperate with and assist FRANCHISOR as requested in such solicitation. FRANCHISOR reserves the right to make participation in any National Account Program a mandatory part of the System, in which case FRANCHISEE will be required to participate in such program.

15. TRADEMARKS, TRADE NAMES AND PROPRIETARY INTERESTS

15.1. Marks.

FRANCHISEE acknowledges that FRANCHISOR is the exclusive owner of the service mark 1-800-PLUMBER +AIR® and all of the other Marks, and that FRANCHISEE's right to use them is derived solely from this Agreement and limited to the operation of its 1-800-PLUMBER Business in accordance with this Agreement. FRANCHISEE agrees that its usage of the Marks and any goodwill established thereby shall inure to the exclusive benefit of FRANCHISOR. FRANCHISEE shall not use the Marks in any manner calculated to represent that it is the owner of the Marks. FRANCHISEE agrees not to contest or oppose, nor to assist anyone else to contest or oppose, FRANCHISOR's application for, or registration of, any of the Marks, or the validity or ownership of the Marks. FRANCHISEE agrees not to directly or indirectly do or cause to be done, whether by commission or omission, any act, that may in any way jeopardize or adversely affect the validity or distinctiveness of the Marks, or the title of FRANCHISOR thereto. FRANCHISEE agrees that it will, without charge to FRANCHISOR, upon request by FRANCHISOR or its representatives, do all things and execute all documents that may at any time be necessary or desirable to protect or ensure the validity and distinctiveness of the Marks and to ensure the title of FRANCHISOR thereto.

15.2. No Use of Other Marks.

FRANCHISEE agrees to use the mark "1-800-PLUMBER +AIR" as the sole identification of its 1-800-PLUMBER Business. FRANCHISEE agrees that it shall affix a notice in a conspicuous location in or upon the Office, and on bid sheets, invoices and other documents delivered to customers, with content and format acceptable to FRANCHISOR, that it is an independent FRANCHISEE of FRANCHISOR, and as such, an authorized user of the Marks, and that the owner of the Marks is FRANCHISOR.

15.3. System.

FRANCHISEE acknowledges that FRANCHISOR owns and controls the distinctive plan for the establishment, operation and promotion of 1-800-PLUMBER Businesses and all related System. FRANCHISEE acknowledges that much of the information contained in FRANCHISOR's Operations Manual, and any other manual or nonpublic written information about FRANCHISOR, and other confidential information provided to FRANCHISEE by FRANCHISOR, constitutes trade secrets of FRANCHISOR. FRANCHISEE acknowledges that FRANCHISOR has valuable rights in and to such trade secrets. FRANCHISEE further acknowledges that it has not acquired any right, title or interest in the System, except for the right to use the System in the operation of the 1-800-PLUMBER Business as it is governed by this Agreement.

15.4. FRANCHISOR's Rights to New Ideas.

All enhancements and improvements in the System developed by FRANCHISEE shall be and become the sole and absolute property of FRANCHISOR. FRANCHISOR may incorporate such improvements or enhancements into the System and shall have the sole and exclusive right to copyright, register or patent such improvements in FRANCHISOR's own name and FRANCHISEE shall have no right to use such enhancements and improvements, except as set forth in this Agreement. FRANCHISEE shall promptly disclose all such enhancements and improvements to FRANCHISOR (whether or not requested by FRANCHISOR) in such detail as FRANCHISOR may from time to time request. FRANCHISEE shall, without further consideration, but at the expense of FRANCHISOR, execute such

documents and do such acts as may be necessary for FRANCHISOR to copyright, register or patent the enhancements or improvements in FRANCHISOR's own name in any country.

15.5. Copyrights.

FRANCHISEE and FRANCHISOR acknowledge and agree that: (a) FRANCHISOR may authorize FRANCHISEE to use certain copyrighted or copyrightable works (the "**Copyrighted Works**"); (b) the Copyrighted Works are the valuable property of FRANCHISOR; and (c) FRANCHISEE's rights to use the Copyrighted Works are granted to FRANCHISEE solely on the condition that FRANCHISEE complies with the terms of this Section. FRANCHISEE acknowledges and agrees that FRANCHISOR owns or is the licensee of the owner of the Copyrighted Works. Such Copyrighted Works include, but are not limited to, FRANCHISOR's proprietary software programs (if any), the Operations Manual, advertisements, and promotional materials, and may include all or part of the System, trade dress and other portions of a 1-800-PLUMBER Business. FRANCHISEE acknowledges that this Agreement does not confer any interest in the Copyrighted Works upon FRANCHISEE, other than the right to use them in the operation of its 1-800-PLUMBER Business in compliance with this Agreement. If FRANCHISOR authorizes FRANCHISEE to prepare any adaptation, translation or work derived from the Copyrighted Works, or if FRANCHISEE prepares any Copyrighted Works such as advertisements, poster or promotional material, FRANCHISEE agrees that such adaptation, translation, derivative work or Copyrighted Work shall constitute a "work made for hire" as that term is defined in the Copyright Act, 17 U.S.C. § 101 et seq., and shall become the property of FRANCHISOR, and FRANCHISEE assigns all its right, title and interest therein to FRANCHISOR (or such other person or entity identified by FRANCHISOR). FRANCHISEE agrees to execute any documents, in recordable form, which FRANCHISOR determines are necessary to reflect such ownership. FRANCHISEE shall submit all such adaptations, translations, derivative works and Copyrighted Works to FRANCHISOR for approval prior to use. FRANCHISEE shall ensure that all Copyrighted Works used hereunder shall bear an appropriate copyright notice as specified by FRANCHISOR and specifying that FRANCHISOR is the owner of the copyrights therein.

15.6. Infringement.

FRANCHISEE agrees to notify FRANCHISOR in writing of any possible infringement or illegal use by others of a trademark, service mark, logo, or other commercial symbol that is the same as or confusingly similar to any of the Marks, or the Copyrighted Works that comes to its attention. FRANCHISEE acknowledges that FRANCHISOR will have the right, in its sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use. FRANCHISOR may commence or prosecute such action in FRANCHISOR's own name or may join FRANCHISEE as a party to the action, in either event at FRANCHISOR's expense, if FRANCHISOR determines it to be necessary for the continued protection and quality control of the Marks, System or Copyrighted Works. FRANCHISEE agrees that, without a fee or other charge to FRANCHISOR, it shall fully cooperate and participate with FRANCHISOR in any such litigation.

15.7. FRANCHISEE's Business Name.

FRANCHISEE acknowledges that FRANCHISOR has a prior and superior claim to the Marks and FRANCHISOR's corporate name and trade names. FRANCHISEE will not use the designation "1-800-PLUMBER +AIR," "1-800-PLUMBER," or any portions thereof, in the legal name of its corporation, partnership or other business entity, nor use any of such names, the Marks or trade names, or portions thereof, as part of an electronic mail address or on any sites on the Internet, without the prior written consent of FRANCHISOR, which consent may be conditioned upon FRANCHISEE conditionally assigning the name to FRANCHISOR exercisable upon a default by FRANCHISEE under, or expiration

or other termination of, this Agreement. Any sites established by FRANCHISEE on the Internet and any changes subsequently made to those sites must be approved by FRANCHISOR prior to their establishment or change, which consent may be withheld for any reason. FRANCHISEE also agrees not to register or attempt to register any of the above names, the Marks or the trade names of FRANCHISOR, or any portions thereof as a trademark, service mark, or domain name on the Internet. During the term of this Agreement, FRANCHISOR may, however, require that FRANCHISEE post a sign at its Office, and include a reference on its letterhead, e-mails, contracts, business cards and/or other items, stating that it is an "authorized franchisee of 1-800-Services, LLC," or other language specified by FRANCHISOR. If local laws require that FRANCHISEE file an affidavit or other registration indicating that it is conducting business under an assumed, fictitious or trade name, FRANCHISEE shall state in such filing or affidavit that the same is made "as an authorized franchisee of 1-800-Services, LLC."

15.8. Change of Marks.

FRANCHISEE shall use and display the Marks and Copyrighted Works only as specified by FRANCHISOR. If it becomes advisable at any time in the opinion of FRANCHISOR for FRANCHISEE to modify or discontinue use of any of the Marks or Copyrighted Works, or to use one or more additional or substitute names, Marks or Copyrighted Works, FRANCHISEE agrees to do so at its cost, and the sole obligation of FRANCHISOR in any event shall be to reimburse FRANCHISEE for its reasonable out-of-pocket costs of changing the main identifying sign and any other significant signage of its 1-800-PLUMBER Business used to identify the Office as a 1-800-PLUMBER franchise.

15.9. Business Records.

FRANCHISEE acknowledges and agrees that FRANCHISOR owns all records ("**Business Records**") with respect to customers, independent agents, employees, and other service professionals of, and/or related to, FRANCHISEE's 1-800-PLUMBER Business; including, without limitation, all databases (whether in print, electronic or other form) with customer and potential customers, names, addresses, phone numbers, e-mail addresses, and customer purchase records, and all other records contained in the database. FRANCHISEE further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, FRANCHISOR may access such Business Records, and may utilize, transfer, or analyze such Business Records as FRANCHISOR determines to be in the best interest of the System, in FRANCHISOR's sole discretion.

16. REPORTS, RECORDS AND FINANCIAL STATEMENTS

16.1. FRANCHISEE Reports.

a. FRANCHISEE will establish and maintain at its own expense bookkeeping and accounting systems that utilizes an accrual method of accounting and otherwise conforms to the specifications that FRANCHISOR may prescribe from time to time. FRANCHISEE will supply to FRANCHISOR such reports in a manner and form as FRANCHISOR may from time to time require, including monthly balance sheets, profit and loss statements, and cash flow statements in a format prescribed by FRANCHISOR, and, if requested by FRANCHISOR, weekly, semi-monthly and/or monthly reports that are to be typewritten or computer generated and completed on a form and in a format as may be prescribed by FRANCHISOR. Within 20 days of the end of each calendar month, calendar quarter, and calendar year, during the term of this Agreement, FRANCHISEE shall provide FRANCHISOR monthly reports, quarterly reports, and annual reports of Gross Revenues, respectively, as prescribed by FRANCHISOR.

b. FRANCHISEE shall submit to FRANCHISOR current financial statements and other reports as FRANCHISOR may request to evaluate or compile research and performance data on any operational aspect of its 1-800-PLUMBER Business. FRANCHISOR may also pull this data from other reports and information provided by FRANCHISEE hereunder. FRANCHISEE authorizes FRANCHISOR to utilize this information to prepare a financial performance representation, to release this information as necessary to substantiate any financial performance representation made by FRANCHISOR, to share such information in summary form as FRANCHISOR deems necessary or desirable to share with other franchisees at any annual franchise meeting or other franchise business meetings, and to use such data in any other manner and with any other parties that FRANCHISOR deems appropriate without obtaining any further written consent of FRANCHISEE. All financial information transmitted by FRANCHISEE to FRANCHISOR pursuant to this Agreement shall be owned by FRANCHISOR as part of the Business Records as defined in **Section 15.9** above, with no duty on the part of FRANCHISOR to account to FRANCHISEE with respect to the use and exploitation of the same.

c. All reports and financial information to be furnished to FRANCHISOR must be signed and verified by FRANCHISEE, unless such requirement is waived in writing by FRANCHISOR, in its sole discretion.

16.2. Books and Records.

In all instances, the accounting and reporting system, and all statements and reports to be submitted by FRANCHISEE, shall conform to U.S. Generally Accepted Accounting Principles, or other applicable Generally Accepted Accounting Principles if FRANCHISEE is located outside of the U.S., applied consistently on a year-to-year basis. FRANCHISEE shall retain all invoices, order forms, payroll records, checks records, bank deposit receipts, sales tax records and returns, cash disbursements journals and general ledgers as specified in the Operations Manual. FRANCHISEE shall advise FRANCHISOR of the location of all original documents and shall not destroy any records without the written consent of FRANCHISOR. FRANCHISEE shall prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of its 1-800-PLUMBER Business conducted under this Agreement. FRANCHISEE's records shall include tax returns, daily reports, statements of Gross Revenue profit and loss statements, ledgers and balance sheets.

16.3. Audit of Books and Records.

From the date FRANCHISEE and FRANCHISOR sign this Agreement until three years after the expiration or termination of this Agreement, including any successor franchises, FRANCHISOR or FRANCHISOR's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above and any related records wherever they may be located. FRANCHISEE agrees to keep all records and reports for six years from the date such records are created. FRANCHISOR may also request, receive, inspect and audit the records of any party affiliated with FRANCHISEE, including but not limited to FRANCHISEE's Managing Principal, General Manager, owners, guarantors, officers, directors, or other Authorized Representatives, any immediate family members of FRANCHISEE or of such affiliated parties, or any companies or entities associated with FRANCHISEE or such affiliated parties, that FRANCHISOR in its sole discretion determines may be relevant in determining the business results of FRANCHISEE's 1-800-PLUMBER Business; such as verifying that FRANCHISEE has paid all fees owed to FRANCHISOR based on the Gross Revenues of FRANCHISEE. Inspections and audits conducted at the Office may take place without prior notice, during normal business hours. FRANCHISOR may also require at any time the records from FRANCHISEE or its affiliated parties be sent to FRANCHISOR's offices or another location to permit the inspection or audit of such records to be conducted at FRANCHISOR's place of business or the other location. If FRANCHISOR notifies FRANCHISEE that documents are to be sent to a location other than the Office for the purpose of

conducting an inspection or audit at that location, FRANCHISEE shall provide the requested documents to FRANCHISOR within the time period set forth in FRANCHISOR's notice. FRANCHISEE will be responsible for any expenses associated with collecting and delivering any documents requested by FRANCHISOR for its inspection or audit. FRANCHISEE agrees that FRANCHISOR will have the right to inspect and audit any records of FRANCHISEE or any affiliated party that FRANCHISOR determines to be relevant in its sole discretion, which records may include, in addition to those referred to above, (i) tax returns; (ii) quarterly and/or annual financial statements, including profit and loss statements and balance sheets; (iii) copies of checks, check ledgers and bank statements for checking and savings accounts; (iv) all contracts or agreements entered into by FRANCHISEE and any third parties related to its 1-800-PLUMBER Business, including but not limited to contracts with customers; and (v) any other documents requested by FRANCHISOR. FRANCHISOR may inspect and audit documents covering a period beginning with the date on which FRANCHISEE first acquired its 1-800-PLUMBER Business and ending on the date such audit is concluded. All documents provided for FRANCHISOR's inspection or audit must be certified by FRANCHISEE and the appropriate affiliated party, if applicable, as true, complete and correct. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, Minimum Individual Marketing Expenditure, Brand Development Fund Fee, Technology Fee, or other amounts required to be paid or spent under this Agreement, FRANCHISEE shall pay to FRANCHISOR the deficiency with the late payment charge and interest as set forth in **Section 12.7** within 10 business days of notice thereof, without prejudice to any other remedy of FRANCHISOR under this Agreement. In addition, if the deficiency for any audit period equals or exceeds 2 percent of the correct amount of any Royalty Fee, Minimum Individual Marketing Expenditure, Brand Development Fund Fee, Technology Fee, or other amounts due or required to be spent, or FRANCHISEE does not cooperate with FRANCHISOR in the audit process, FRANCHISEE will also pay to FRANCHISOR the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel within 10 business days of notice thereof. Should the audit disclose an overpayment of any Royalty Fees, Brand Development Fund Fees, Technology Fees, or other amounts due FRANCHISOR, FRANCHISOR shall pay FRANCHISEE or credit to FRANCHISEE's account, in FRANCHISOR's sole discretion, the amount of the overpayment within 30 days of FRANCHISOR's verification of such overpayment by FRANCHISEE. For purposes of this Section, each calendar quarter of each calendar year being audited shall constitute its separate audit period.

16.4. Failure to Comply with Reporting Requirements.

If FRANCHISEE's records and procedures are insufficient to permit a proper determination of Gross Revenues, FRANCHISOR shall have the right to deliver to FRANCHISEE an estimate, made by FRANCHISOR, of Gross Revenues for the period under consideration, and FRANCHISEE shall pay to FRANCHISOR any amount shown thereby to be owing within five business days of the date of the notice. Any such estimate shall be deemed the minimum amount of fees due for the required reports, and FRANCHISEE shall remain liable for all fees in excess of such amounts once the actual Gross Revenues related to such reports are determined. Additionally, FRANCHISEE shall be liable for all late fees and interest set forth in **Section 12.7** of this Agreement for any reports not filed when due. In addition, if FRANCHISEE's failure constitutes an Act of Deception, then FRANCHISOR will have the right to proceed in accordance with **Section 16.5**.

16.5. Acts of Deception.

Notwithstanding anything to the contrary contained in this Article, if a breach occurs under **Sections 11.1.n**, **12.1**, **12.2**, **12.5**, **16.1**, **16.2**, or **16.3**, due to FRANCHISEE failing to pay or report to FRANCHISOR any sales or other financial information or information regarding jobs performed pursuant to the terms established hereunder; if FRANCHISEE underpays any amounts owed to FRANCHISOR, including amounts discovered in an audit of FRANCHISEE's books and records; or provides reports to

FRANCHISOR that are incomplete, inaccurate or misleading in any respect, and said breach remains uncured for 25 days or more after notice has been given, said act shall be deemed a deceptive act by FRANCHISEE to prevent FRANCHISOR from receiving its fees based on the Gross Revenues of FRANCHISEE's 1-800-PLUMBER Business and other fees due FRANCHISOR by FRANCHISEE (an "**Act of Deception**"). The occurrence of an Act of Deception will result in serious damage to FRANCHISOR and the System in that it would (i) result in FRANCHISOR receiving less compensation than it is entitled; (ii) result in substantial costs to FRANCHISOR in responding to the Act of Deception, based on the need to research FRANCHISEE's activities, contact third parties, coordinate an audit, and/or take other actions; (iii) demand substantial effort and attention of FRANCHISOR's representatives, in turn diverting their attention from their ordinary duties devoted to FRANCHISOR and its services for the FRANCHISOR's franchise system; and (iv) encourage other franchisees of FRANCHISOR to engage in similar acts, thereby contributing to a general atmosphere of noncompliance within the FRANCHISOR's franchise system. At the same time, FRANCHISOR and FRANCHISEE acknowledge and agree that these damages, due to their nature, would be difficult to quantify. Therefore, upon discovery of an Act of Deception by FRANCHISOR, FRANCHISEE shall pay FRANCHISOR as liquidated damages and not as a penalty, 100 percent of FRANCHISEE's gross income from the entire applicable sale or sales involved in the Act of Deception, together with any late fees in accordance with **Section 12.7** of this Agreement, plus interest at the rate of 2.5 percent per month or the highest rate allowable by applicable law, whichever is less, on such amount from the first date any fees arising from such sales were due to FRANCHISOR. With respect to an Act of Deception, this interest provision shall supersede any other interest provision in this Agreement. This same interest rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to an Act of Deception under this Agreement. Additionally, once an Act of Deception is discovered, FRANCHISOR or its designated representatives may conduct an inspection or audit of the records of FRANCHISEE or any of its affiliated parties as stated in **Section 16.3** above, provided, however, that any inspection or audit conducted as a result of the discovery of an Act of Deception shall be performed at FRANCHISEE's sole cost and expense and shall be conducted at any time of FRANCHISOR's choosing. FRANCHISOR shall provide written notice to FRANCHISEE of its election to conduct an audit of FRANCHISEE's books and records pursuant to this Section and upon receipt of such written notice, FRANCHISEE shall immediately pay to FRANCHISOR $20,000.00 (the "**Audit Fee**"), which Audit Fee shall be utilized by FRANCHISOR to offset the costs and expenses incurred by FRANCHISOR or its designated representatives in conducting such audit. If the final costs and expenses of the audit are less than the Audit Fee, FRANCHISOR shall either, in its sole discretion, refund the excess portion of the Audit Fee to FRANCHISEE or offset such excess portion of the Audit Fee against other amounts determined to be due to FRANCHISOR or which become due to FRANCHISOR in the future. If the actual cost of the audit exceeds the Audit Fee, FRANCHISEE shall pay FRANCHISOR the excess amount within 10 days of written notice of the deficiency and demand for payment. Failure on the part of FRANCHISEE to pay the excess amount shall be deemed a continuing default of FRANCHISEE under this Agreement.

16.6. Financial Information from Third Parties.

FRANCHISEE authorizes FRANCHISOR to make inquiries of FRANCHISEE's bank, suppliers and trade creditors concerning FRANCHISEE's 1-800-PLUMBER Business, and agrees to direct such persons and companies to provide to FRANCHISOR such information and copies of documents pertaining to its 1-800-PLUMBER Business as FRANCHISOR may request.

17. TRANSFER

17.1. Transfer by FRANCHISOR.

FRANCHISEE acknowledges that FRANCHISOR's obligations under this Agreement are not personal, and FRANCHISOR can unconditionally transfer, assign or convey, on its own discretion, this Agreement to another corporation or any other party, including the operator of a competing franchise system. FRANCHISEE further acknowledges and agrees that FRANCHISOR may sell its assets, the Marks or the System to any third party of FRANCHISOR's choice; or may terminate or cease to exist or dissolve, in any such case without FRANCHISEE's consent, and provided the transferee expressly assumes and undertakes to perform FRANCHISOR's obligations in all material respects, free of any responsibility or liability whatsoever to FRANCHISEE after the transaction occurs. With regard to any such sale, assignment or disposition, FRANCHISEE expressly and specifically waives any claims, demands, or damages against FRANCHISOR arising from or related to the transfer of the Marks or the System from FRANCHISOR to any other party.

17.2. Transfer by FRANCHISEE.

FRANCHISEE understands and acknowledges that the rights and duties set forth in this Agreement are personal to FRANCHISEE. Accordingly, FRANCHISOR will not allow or permit any transfer, assignment, subfranchise or conveyance of this Agreement or any interest in this Agreement or all or any part of the business entity that owns it, or all or a substantial portion of the assets of the 1-800-PLUMBER Business (in each case, a "**Transfer**"), except in compliance with **Section 17.3**. The term "Transfer," as used in this Agreement, means and includes the voluntary, involuntary, direct or indirect assignment, sale, gift or other similar disposition. Any unauthorized sale, assignment, transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void and, at the option of FRANCHISOR, grounds for termination of this Agreement by FRANCHISOR.

17.3. Pre-Conditions to FRANCHISEE's Transfer.

No Transfer will be approved by FRANCHISOR or be effective unless and until FRANCHISEE and the transferee obtain FRANCHISOR's written consent and all the following conditions are satisfied:

a. FRANCHISEE is in full compliance herewith (and with any other agreements between FRANCHISEE and FRANCHISOR or its affiliates) and pays to FRANCHISOR all outstanding debts or amounts owing to FRANCHISOR.

b. At FRANCHISOR's sole discretion, the transferee executes FRANCHISOR's then current Franchise Agreement (which shall have a term, including extensions, equal to the remainder of FRANCHISEE's term, but which may contain provisions substantially different from those contained herein), and such other documents then customarily used by FRANCHISOR to grant franchises, and all other documents as may be requested by FRANCHISOR.

c. The FRANCHISEE or the transferee pays to FRANCHISOR a transfer fee in the amount of $15,000 (the "**Transfer Fee**"). The Transfer Fee is nonrefundable in all circumstances once paid.

d. Except where prohibited by law, FRANCHISEE executes of a general release of FRANCHISOR, including its shareholders, officers, directors, agents and employees, from all claims and potential claims of FRANCHISEE.

e. The transferee purchases all of FRANCHISEE's assets used in its 1-800-PLUMBER Business in accordance with all applicable bulk sales rules and regulations and assumes all of the liabilities of the 1-800-PLUMBER Business, unless such liabilities have been paid prior to the closing of the transaction or unless the sale is a sale of shares in the capital stock of FRANCHISEE.

f. The transferee completes, to FRANCHISOR's sole satisfaction, FRANCHISOR's then current training program established by FRANCHISOR for franchisees; unless the training is waived by FRANCHISOR in its sole discretion.

g. The parties to the proposed transaction have entered into a bona fide binding agreement (a "**Purchase Offer**"), subject only to the rights of FRANCHISOR. FRANCHISOR shall be furnished a copy of this Purchase Offer, and such Purchase Offer shall be subject to FRANCHISOR's written approval, and the Right of First Refusal reserved to FRANCHISOR as specified in **Section 17.5** below. FRANCHISEE must advise each prospective transferee of this provision and the other terms of this Agreement. FRANCHISEE shall provide to FRANCHISOR a written transfer request containing any other information and materials that FRANCHISOR may require.

h. If the transferee is a corporation, partnership, limited liability company or other legal entity, the transferee and its stockholders, partners, members or owners of a beneficial interest in the transferee have complied with **Section 11.2** above.

i. The proposed transferee has demonstrated to FRANCHISOR's satisfaction that it, he or she will meet in all respects FRANCHISOR's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote its, his or her full time and best efforts to the operation of the 1-800-PLUMBER Business being transferred, and any other conditions as FRANCHISOR may apply in evaluating new franchisees. All required conditions will be provided by FRANCHISOR to the proposed transferee at time of notification of desire to transfer. FRANCHISOR must be provided all information about the proposed transferee as FRANCHISOR may require. No Transfer to a competitor of FRANCHISOR will be permitted.

j. FRANCHISEE upgrades or modifies the 1-800-PLUMBER Business and its operations, including the Vans and Office, at FRANCHISEE's sole expense (the necessity of which will be in the sole discretion of FRANCHISOR) to conform to the then current Operations Manual.

k. FRANCHISEE agrees that FRANCHISOR has the right to confer with prospective transferees and furnish them with information regarding FRANCHISEE's 1-800-PLUMBER Business, this Agreement, and the proposed transfer without being held liable to FRANCHISEE, except for intentional misstatements made to a prospective transferee.

17.4. FRANCHISEE's Death or Disability.

If FRANCHISEE is an individual, upon the death or permanent disability of FRANCHISEE or its General Manager, or if FRANCHISEE is an entity, upon the death or permanent disability of the Managing Principal, the rights granted by this Agreement may pass to the next of kin or legatees, provided that FRANCHISEE's or its Managing Principal's or General Manager's legal representatives shall within 180 days from the date of death or permanent disability of FRANCHISEE, or the Managing Principal or General Manager, apply in writing to FRANCHISOR for the right to transfer to the next of kin or legatee the rights under this Agreement or the ownership interest of the entity. The proposed transferees must meet each of the requirements set forth in this **Article 17** within 30 days of the receipt of a conditional approval for the transfer. For purposes hereof, the term "permanent disability" will mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually

does prevent FRANCHISEE, or the Managing Principal or General Manager, from supervising the management and operation of the 1-800-PLUMBER Business for a period of 180 days from the onset of such disability, impairment or condition.

17.5. FRANCHISOR's Right of First Refusal.

If FRANCHISEE desires to Transfer, in whole or in part, the 1-800-PLUMBER Business, FRANCHISEE shall obtain a bona fide, executed, written Purchase Offer from a responsible, arms-length, and fully disclosed purchaser for the 1-800-PLUMBER Business and other assets used by FRANCHISEE in its 1-800-PLUMBER Business. FRANCHISEE shall submit an exact copy of the Purchase Offer to FRANCHISOR, which shall, for a period of 30 days from the date of delivery of such offer to FRANCHISOR, have the right, but not the obligation, exercisable by written notice to FRANCHISEE, to purchase all of the 1-800-PLUMBER Business and the assets of FRANCHISEE (the "**Right of First Refusal**"), for the price and on the terms set forth in the Purchase Offer, subject to the provisions of this **Article 17** and provided that:

a. there shall be deducted from the purchase price the amount of any commissions or fees that would otherwise have been payable to any broker, agent or other intermediary in connection with the sale of such property to the offeree; and

b. FRANCHISOR shall have the right to substitute cash for any other form of consideration specified in the Purchase Offer and to pay in full the entire purchase price at the time of closing.

If the sale to such purchaser is not completed within 60 days after delivery of such offer to FRANCHISOR, FRANCHISOR shall again have the Right of First Refusal.

17.6. Post-Transfer Obligations.

With and after each valid Transfer of this Agreement pursuant to this **Article 17**, the transferee or transferees of FRANCHISEE shall be deemed to be the FRANCHISEE under this Agreement and will be bound by and liable for all of FRANCHISEE's existing and future obligations. No owner in any business entity that becomes FRANCHISEE shall have any rights under this Agreement by reason of his, her or its ownership.

18. DEFAULT AND TERMINATION

18.1. Termination by FRANCHISOR–Effective Upon Notice.

FRANCHISOR shall have the right to terminate this Agreement and all rights granted FRANCHISEE hereunder, subject to the provisions of applicable state or provincial law governing franchise termination and renewal, effective upon receipt of notice by FRANCHISEE, upon the occurrence of any of the following events:

a. Unauthorized Disclosure. FRANCHISEE intentionally or negligently discloses to any unauthorized person the contents of, or any part of, FRANCHISOR's Operations Manual or any other trade secrets or confidential information of FRANCHISOR.

b. Abandonment. FRANCHISEE voluntarily abandons the 1-800-PLUMBER Business for a period of 15 consecutive days, or any shorter period that indicates an intent by FRANCHISEE to discontinue operation of its 1-800-PLUMBER Business; unless such abandonment is due to fire, flood,

earthquake or other similar causes beyond FRANCHISEE's control and not related to the availability of funds to FRANCHISEE.

c. Insolvency; Assignments. FRANCHISEE or any guarantor becomes insolvent or is adjudicated a bankrupt; or any action is taken by FRANCHISEE or any guarantor, or by others against FRANCHISEE or any guarantor under any insolvency, bankruptcy or reorganization act; or FRANCHISEE or any guarantor makes an assignment for the benefit of creditors, or a receiver is appointed for FRANCHISEE or any guarantor.

d. Unsatisfied Judgments; Levy; Foreclosure. Any material judgment (or several judgments which in the aggregate are material) is obtained against FRANCHISEE and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or execution is levied against the 1-800-PLUMBER Business or any of the property used in the operation of the 1-800-PLUMBER Business and is not discharged within five days; or the real or personal property of the 1-800-PLUMBER Business is sold after levy thereupon by any sheriff, marshal or constable.

e. Criminal Conviction. FRANCHISEE or any owner of FRANCHISEE's entity is convicted of a felony, a crime involving moral turpitude, a crime related to its 1-800-PLUMBER Business, or any crime or offense that is likely, in the sole opinion of FRANCHISOR, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof.

f. Repeated Noncompliance. FRANCHISEE receives three notices of default with respect to FRANCHISEE's obligations hereunder from FRANCHISOR during the term of this Agreement, regardless of whether the defaults were cured by FRANCHISEE.

g. Unauthorized Transfer. FRANCHISEE sells, transfers or otherwise assigns the 1-800-PLUMBER Business, an interest in its franchise or the FRANCHISEE entity, this Agreement, the 1-800-PLUMBER Business or a substantial portion of the assets of the 1-800-PLUMBER Business owned by FRANCHISEE without complying with the provisions of this Agreement.

h. Under-Reporting of Gross Revenues. FRANCHISEE submits on two or more occasions during the term of this Agreement, or any successor franchise term, a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Revenues by more than 2 percent, or has a variance of more than 10 percent between reports generated through any proprietary or approved scheduling database used by FRANCHISOR and FRANCHISEE's regular accounting reports, unless FRANCHISEE demonstrates to FRANCHISOR's satisfaction that such understatement or variance resulted from inadvertent error.

i. Failure to Deliver Reports. FRANCHISEE submits reports more than five days late on four or more occasions during the term of this Agreement, or during the term of any successor franchise, unless due to circumstances beyond the control of FRANCHISEE.

j. Condemnation or Loss of Office. FRANCHISEE loses possession or the right of possession of all or a significant part of the Office through condemnation, casualty, lease termination or mortgage foreclosure and the 1-800-PLUMBER Business is not relocated or reopened within 60 days of such loss of possession or condemnation or casualty.

k. Contesting Ownership of Marks. FRANCHISEE contests in any court or proceeding the validity of, or FRANCHISOR's ownership of, the Marks.

l. Unauthorized Entity Action. FRANCHISEE is a corporation or other business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate such entity without FRANCHISOR's prior written consent.

m. Failure to Complete Training. Any of FRANCHISEE, FRANCHISEE's Controlling Principals, or the General Manager, as applicable, fail to successfully complete FRANCHISOR's Initial Training Program.

n. Improper Business Practices. FRANCHISOR determines that FRANCHISEE: engaged in an act of fraud with respect to its rights or obligations under this Agreement; engaged in false advertising; failed to, or intentionally underreported, sales or other financial information to FRANCHISOR; made a misrepresentation or gave any false information in any reports or other information provided to FRANCHISOR; or failed to comply with applicable laws, regulations and ordinances.

o. Sexual Harassment or Discrimination. FRANCHISOR receives credible evidence, which it verifies to its satisfaction, that FRANCHISEE, its Managing Principal, its General Manager, or any other management level employee of FRANCHISEE, has sexually harassed or intimidated any individual or intentionally engaged in any racial, ethnic, religious, sexual, or other offensive discrimination against any individual or group.

p. Sales Activity in the Service Area of Another 1-800-PLUMBER Business. FRANCHISEE provides, markets, or sells any of the Products or Services within the Service Area of any 1-800-PLUMBER Business owned by FRANCHISOR, any affiliate of FRANCHISOR or any other franchisee of FRANCHISOR, without the express written consent of FRANCHISOR.

q. Act of Deception. FRANCHISEE has committed an Act of Deception, as defined in **Section 16.5**.

r. Executive Order 13224; Patriot Act. FRANCHISEE, or any officer, director, member, manager, or partner of FRANCHISEE (as applicable), or the General Manager, violates or becomes subject to United States Executive Order 13224 or The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "**Patriot Act**").

s. Breach of Other Agreement. FRANCHISEE breaches the terms of any other agreement between FRANCHISOR and FRANCHISEE and fails to cure said breach during any applicable cure period provided in the other agreement.

t. Inadequate Guaranties. Any guaranty of this Agreement fails to be a continuing obligation fully enforceable against the guarantor signing the guaranty, or there is any inadequacy of the guaranty or guarantor and the guarantor is unable to provide adequate assurances as required by FRANCHISOR.

18.2. Termination by FRANCHISOR with Prior Notice.

FRANCHISOR shall have the right to terminate this Agreement and all rights granted FRANCHISEE hereunder, subject to the provisions of applicable state or provincial law governing franchise termination and renewal, effective after the specified number of days after delivery of written notice by FRANCHISOR to FRANCHISEE:

a. Unauthorized Sales. FRANCHISEE sells or offers for sale any unauthorized merchandise, product or service after 30 days after notification from FRANCHISOR.

b. Failure to Make Payments. FRANCHISEE fails to pay any amounts due FRANCHISOR or affiliates, including the Initial Franchise Fee, the Royalty Fee, the Brand Development Fund Fee, the Technology Fee, and all other fees or sums owed to FRANCHISOR or its affiliates, or any amounts payable to FRANCHISOR or FRANCHISOR's designated supplier for the call center services as described in **Section 11.1.bb**, within 10 days after receiving notice that such fees or amounts are overdue.

c. Misuse of Marks. FRANCHISEE misuses or fails to follow FRANCHISOR's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within 10 days after notification from FRANCHISOR.

d. Failure to Submit Requested Information. FRANCHISEE fails, or refuses, to submit any report, financial statement, tax return, schedule or other information or supporting records required herein within 10 days after notification from FRANCHISOR.

e. Failure to Answer Business Phone. FRANCHISEE fails to employ at least one CSR to answer its published business telephone number between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, holidays excepted, within 10 days after notification from FRANCHISOR.

f. Failure to Meet Minimum Monthly Gross Revenues. FRANCHISEE fails to generate Gross Revenues for any 12-month period which equals or exceeds the Minimum Monthly Gross Revenues for the same period after 10 days' notification from FRANCHISOR.

g. Filing Non-Compliant Legal Action. FRANCHISEE or any of the FRANCHISEE Affiliates, as defined in **Section 20.1**, files or otherwise commences litigation, arbitration, or any other legal action against FRANCHISOR or any of the FRANCHISOR Affiliates, as defined in **Section 22.1**, that is not in compliance with the dispute resolution terms agreed upon in **Article 22** as may be modified by any applicable rider in Exhibit V, and fails to dismiss such action within seven days after notification from FRANCHISOR.

h. All Other Defaults Under Agreement. In addition to the foregoing termination rights, FRANCHISOR shall have the right to terminate this Agreement (subject to any state or provincial laws to the contrary, where state or provincial law shall prevail), effective upon 30 days' written notice to FRANCHISEE, if FRANCHISEE breaches any other provision of this Agreement and fails to cure the default during such thirty 30-day period. In that event, at FRANCHISOR's sole discretion this Agreement will terminate without further notice to FRANCHISEE, effective upon expiration of the 30-day period. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30-day period and FRANCHISEE has commenced and is continuing to make good faith efforts to cure the breach during such 30-day period, FRANCHISEE shall be given an additional reasonable period of time to cure the breach.

18.3. Termination by FRANCHISOR for Continuing Force Majeure Events.

FRANCHISOR shall have the right to terminate this Agreement and all rights granted FRANCHISEE hereunder, subject to the provisions of applicable state or provincial law governing franchise termination and renewal, effective upon receipt of notice by FRANCHISEE, in the event of a force majeure event as described in **Section 23.15** below that continues for a period of six consecutive months or longer and which prevents FRANCHISOR from performing its obligations hereunder.

18.4. Termination by FRANCHISEE.

FRANCHISEE shall have the right to terminate this Agreement as the result of a material breach of this Agreement by FRANCHISOR, provided FRANCHISEE provides FRANCHISOR with written notice of the breach within 30 days of the breach and a reasonable opportunity to cure such breach, which shall in no event be less than 90 days. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within a 90-day or other given period and FRANCHISOR has commenced and is continuing to make good faith efforts to cure the breach during the given period, FRANCHISOR will be given an additional reasonable period of time to cure the breach. If FRANCHISEE terminates this Agreement pursuant to this **Section 18.4**, FRANCHISEE shall remain responsible for complying with the post termination obligations set forth in this Agreement, including in **Section 18.5** below.

18.5. Obligations of FRANCHISEE Upon Termination or Expiration.

FRANCHISEE agrees that upon termination or expiration of this Agreement FRANCHISEE shall do all of the following:

a. Pay within five days of the effective date of termination or expiration of this Agreement all amounts owed to FRANCHISOR, the landlord of the Office (if applicable), the lessor of the Vans (if applicable) and FRANCHISEE's trade and other creditors that are then unpaid. In the event of a termination due to a default by FRANCHISEE, the amounts owed to FRANCHISOR shall include, in addition to all other amounts due FRANCHISOR, a lump sum amount equal to the Royalty Fees that would have been payable based on the greater of (i) an amount equal to the monthly average of FRANCHISEE's actual Gross Revenues for the 12 months prior to the date of termination multiplied by the number of months remaining on the term of this Agreement had it not been terminated, but not to exceed 36, or (ii) the total of the Minimum Monthly Gross Revenues for each month from the date of termination until the lesser of (A) the remaining term of this Agreement had it not been terminated or (B) 36 months.

b. Immediately discontinue the use of all Marks, signs, structures, forms of advertising, telephone listings and service, the Operations Manual, and all materials and Products and Services of any kind which are identified or associated with the System, and return all these materials and Products to FRANCHISOR, at FRANCHISEE's sole cost and expense.

c. Immediately notify the telephone company, all listing agencies, Internet service providers, and social media website operators of the termination or expiration of FRANCHISEE's right to use any telephone number, classified or other telephone directory listing, domain name, or social media website or account associated with the Marks, and authorize the transfer of them to FRANCHISOR or any new franchisee as directed by FRANCHISOR. FRANCHISEE acknowledges as between FRANCHISOR and FRANCHISEE, FRANCHISOR has the sole rights to, and interest in, all telephone numbers, directory listings, web addresses, domain names, and social media websites and accounts used by FRANCHISEE to promote its 1-800-PLUMBER Business and/or associated with the Marks. FRANCHISEE irrevocably appoints FRANCHISOR, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Such appointment is evidenced by Exhibit IV to this Agreement.

d. Make no representation nor state that FRANCHISEE is in any way approved, endorsed or licensed by FRANCHISOR or associated or identified with FRANCHISOR or the System in any manner.

e. Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the Marks, so as to delete the Marks and all references to anything associated with the System.

f. Immediately shut down any Internet site operated by FRANCHISEE to promote the 1-800-PLUMBER Business and assign and transfer all web addresses used by FRANCHISEE for the same purpose.

g. If requested by FRANCHISOR, permit FRANCHISOR to audit and inspect FRANCHISEE's books and records, as described in **Section 16.3**.

h. Comply with the provisions of this Agreement that survive termination, or expiration including in particular, the restrictive covenants in **Article 20**.

18.6. FRANCHISOR's Right to Suspend Services on FRANCHISEE's Default.

If FRANCHISOR has provided FRANCHISEE with a notice of any default pursuant to this **Article 18,** in addition to FRANCHISOR's other remedies, FRANCHISOR reserves the right, on behalf of itself and the FRANCHISOR Affiliates, to suspend any services to be provided by FRANCHISOR or any FRANCHISOR Affiliate or the sales of any products to FRANCHISEE by FRANCHISOR or any FRANCHISOR Affiliate until such time as FRANCHISEE cures the default. The services that may be suspended include but are not limited to any services related to advertising or promotion of FRANCHISEE's 1-800-PLUMBER Business such as the listing of FRANCHISEE's 1-800-PLUMBER Business on any website. The suspension may continue until FRANCHISEE has cured each default identified in the default notice from FRANCHISOR and FRANCHISEE is deemed to be in good standing. FRANCHISEE is not relieved of any obligation to pay any fees during the term of any suspension. The rights afforded to FRANCHISOR in this **Section 18.6** are in addition to any other rights of FRANCHISOR upon a default by FRANCHISEE.

18.7. FRANCHISEE's Failure to Comply With Post-Termination Obligations.

If, within 30 days after termination or expiration of this Agreement, FRANCHISEE fails to:

a. Remove all displays of the Marks from FRANCHISEE's 1-800-PLUMBER Business that are identified or associated with the System, including any signs, decals or wraps at the Office or on any Vans, FRANCHISOR may enter the FRANCHISEE's Office or locations of any Vans to effect removal, except if prohibited by law. In this event, FRANCHISOR will not be charged with trespass nor be accountable or required to pay for any displays or materials.

b. Take all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Marks, then FRANCHISEE irrevocably appoints FRANCHISOR, with full power of substitution, as FRANCHISEE's true and lawful attorney-in-fact, which appointment is coupled with an interest, and in FRANCHISEE's name, place and stead and on FRANCHISEE's behalf, to take action as may be necessary to amend or terminate all registrations and filings if FRANCHISEE fails to timely take such action.

18.8. Effects of Termination or Expiration.

Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which FRANCHISOR may have against FRANCHISEE, whether

such claims or rights arise before or after such termination or expiration. All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of **Sections 11.1.q, 16.3** and **19.3**, and **Articles 20** and **22** of this Agreement shall survive termination or expiration hereof.

18.9. Outstanding Loan Obligations.

In the event that this Agreement expires or is terminated for any reason whatsoever and FRANCHISOR is the lender under any loan agreement ("**Loan**") or the holder of any promissory note ("**Note**") or the holder of any personal property, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever (the "**Security Interest**") from FRANCHISEE concerning assets used at any time by FRANCHISEE in its 1-800-PLUMBER Business or which are situated on the Office, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

18.10. Right to Purchase.

Except upon the grant of successor franchise rights under **Section 3.3**, or a termination due to a default by FRANCHISOR, upon any termination or expiration of this Agreement for any reason, FRANCHISOR shall have the option to purchase the 1-800-PLUMBER Business, or a portion of the assets of the 1-800-PLUMBER Business, which may include, at FRANCHISOR's option, all of FRANCHISEE's interest, leasehold or otherwise, in and to any Vans, equipment, supplies or inventory, and any real estate upon which the Office is located. The purchase price for the assets to be transferred will be the fair market value of the assets, excluding any good will associated with the Marks, as mutually determined by FRANCHISOR and FRANCHISEE, or if they are unable to mutually agree on the purchase price, by FRANCHISOR and FRANCHISEE each choosing one independent appraiser who, in turn, choose a third independent appraiser, with the third appraiser's determination being binding upon the parties. The purchase price for the assets will be adjusted by setting off any amount then owing by FRANCHISEE to FRANCHISOR, including any amounts paid by FRANCHISOR to cure FRANCHISEE's defaults with third parties such as landlords or lenders (the decision to pay such cure amounts to be in the sole and absolute discretion of FRANCHISOR). FRANCHISOR and FRANCHISEE shall each pay the fees and expenses of their chosen appraisers and they shall evenly split the fees and expenses of the third appraiser. The following additional terms shall apply to FRANCHISOR's exercise of this option:

a. FRANCHISOR's option shall be exercisable by providing FRANCHISEE with written notice of its intention to exercise the option no later than the effective date of termination, in the case of termination (unless FRANCHISEE terminates without notice or FRANCHISOR terminates for cause, in which case FRANCHISOR shall have 30 days after receipt of actual notice of the termination or such additional time as is reasonably necessary given the circumstances), or at least 30 days prior to the expiration of the term of the franchise, in circumstances where no successor franchise is granted.

b. FRANCHISOR and FRANCHISEE agree that the terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by FRANCHISOR, in the real property records and FRANCHISOR and FRANCHISEE further agree to execute such additional documentation as may be necessary and appropriate to effectuate such recording.

c. The closing for the purchase of the 1-800-PLUMBER Business will take place no later than 60 days after written notice of FRANCHISOR's exercise of its option is given to FRANCHISEE. FRANCHISOR has the unrestricted right to assign this option to purchase at any time prior to such

closing. FRANCHISOR will pay the purchase price in full at the closing, or, at its option, in 24 equal consecutive monthly installments with interest at a rate equal to the prime lending rate as of the closing at FRANCHISOR's primary bank. FRANCHISEE must sign all documents of transfer as are necessary for purchase of the 1-800-PLUMBER Business by FRANCHISOR, which documents shall include all customary representations and warranties from FRANCHISEE as to ownership, condition of and title to, the assets of the 1-800-PLUMBER Business being transferred. All assets must be transferred free and clear of all liens and encumbrances, with all sales and transfer taxes paid by FRANCHISEE. FRANCHISEE and its owners further agree to sign general releases, in a form satisfactory to FRANCHISOR, of any and all claims against FRANCHISOR and its shareholders, member, managers, officers, directors, employees, agents, successors, and assigns.

d. FRANCHISEE agrees that it shall be obligated to operate the 1-800-PLUMBER Business according to the terms of this Agreement during the period in which FRANCHISOR is deciding whether to exercise its option to purchase and until the closing takes place, and that a condition to closing is that the 1-800-PLUMBER Business has remained open during that time period. FRANCHISOR may decide not to exercise its option to purchase at any time before closing if it determines that any of the conditions noted above have not been or cannot be satisfied.

In the event that FRANCHISOR does not exercise its right to purchase FRANCHISEE's 1-800-PLUMBER Business as set forth above, FRANCHISEE will be free to keep or to sell, after such termination or expiration, to any third party, all of the physical assets of the 1-800-PLUMBER Business; provided, however, that all Marks are first removed in a manner approved in writing by FRANCHISOR and FRANCHISEE complies fully with all of its post termination obligations, including the restrictive covenants in **Article 20**.

18.11 Conflicting Laws.

THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE, PROVINCIAL, OR FEDERAL LAW, SUCH LAW SHALL GOVERN FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

18.12 Remedies Cumulative.

All rights and remedies conferred upon FRANCHISOR by this Agreement and by law shall be cumulative of each other, and neither the exercise nor the failure to exercise any right or remedy shall preclude the exercise of any other right or remedy.

19. BUSINESS RELATIONSHIP

19.1. Business Relationship.

FRANCHISEE acknowledges that it is an independent contractor and is not an agent, partner, joint venturer or employee of FRANCHISOR, and FRANCHISEE agrees not to hold itself out as such. This Agreement does not create a fiduciary or other special relationship between the parties. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. 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. All employees hired by or working for FRANCHISEE shall be the employees of FRANCHISEE and shall not, for any purpose, be deemed employees of FRANCHISOR or subject to FRANCHISOR's control. Neither this Agreement nor the course of conduct between FRANCHISOR and FRANCHISEE is intended, nor may anything in this Agreement (or the course of conduct) be construed, to state or imply that FRANCHISOR is the employer of FRANCHISEE's Authorized Representatives, or vice versa. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations. Notwithstanding any other provisions in this Agreement, FRANCHISOR shall not be responsible for supervising the activities of FRANCHISEE's 1-800-PLUMBER Business.

19.2. Third Party Obligations.

FRANCHISOR will have no liability for FRANCHISEE's obligations, or to pay or otherwise fulfill any of FRANCHISEE's obligations to any third parties.

19.3. Indemnification.

FRANCHISEE agrees to indemnify, defend, release and hold FRANCHISOR, its subsidiaries and affiliates (if any), and their respective shareholders, directors, officers, members, managers, partners, employees, agents, successors and assignees, as applicable, (the "**Indemnified Parties**") harmless against, and to reimburse them for all Claims, (as defined below), any and all third party obligations described above, and any and all claims, obligations and liabilities directly or indirectly arising out of the operation of the 1-800-PLUMBER Business or arising out of the use of the Marks and System in any manner not in accordance with this Agreement. For purposes of this Agreement, "**Claims**" include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. FRANCHISOR will have the right to defend any such Claim against it. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

20. RESTRICTIVE COVENANTS

20.1. Non-Competition During Term.

FRANCHISEE acknowledges that, in addition to the license of the Marks hereunder, FRANCHISOR has also licensed commercially valuable information which comprises and is a part of the System, including without limitation, operations, marketing, advertising and related information and materials, and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the information and materials by all franchisees of FRANCHISOR using the Marks and System. FRANCHISEE therefore agrees that other than the 1-800-PLUMBER Business licensed herein or in another franchise agreement with FRANCHISOR, neither FRANCHISEE, the Managing Principal, the General Manager, nor any of FRANCHISEE's shareholders, directors, officers, members, managers, partners, guarantors, agents, successors and assignees, as applicable (collectively, the "**FRANCHISEE Affiliates**"), nor any member of his, her, or their immediate families, or any Authorized Representative, will during the term of this Agreement:

a. have any direct or indirect controlling interest as a disclosed or beneficial owner in a "Competitive Business," as defined below; or

b. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business.

The term "**Competitive Business**" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, a business that is similar to a 1-800-PLUMBER Business, including a business that provides Plumbing Services or HVAC Services, or both, to residential or commercial customers. However, FRANCHISEE will not be prohibited by this Agreement from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 2 percent or less of that class of securities issued and outstanding.

20.2. Post-Termination Covenant Not to Compete.

Upon termination or expiration of this Agreement for any reason, or the Transfer of the rights under this Agreement, FRANCHISEE and the FRANCHISEE Affiliates agree that, for a period of 24 months commencing on the effective date of termination, expiration, or Transfer, or the date on which FRANCHISEE ceases to conduct business, whichever is later, neither FRANCHISEE and the FRANCHISEE Affiliates nor any Authorized Representative will have any direct or indirect interest (through a member of any immediate family or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business within a 100 mile distance from FRANCHISEE's Service Area or any Service Area of any 1-800-PLUMBER Business owned by FRANCHISOR, any affiliate of FRANCHISOR or any other franchisee of FRANCHISOR. FRANCHISEE and the FRANCHISEE Affiliates expressly acknowledge that they possess business and career skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living. If a former FRANCHISEE, former FRANCHISEE Affiliate, or any former Authorized Representative, breaches this Section, the 24-month period shall start on the date that such person is enjoined from competing or stops competing, whichever is later.

20.3. No Diversion of Business.

During the term of this Agreement, and for a period of 24 months after the termination or expiration of this Agreement, FRANCHISEE and the FRANCHISEE Affiliates agree not to (i) divert or attempt to divert any business related to FRANCHISOR's business or any other business of a franchisee or Area Representative of FRANCHISOR, by direct inducement or otherwise; or (ii) divert or attempt to divert the employment of any employee or other Authorized Representative of FRANCHISOR or another franchisee or Area Representative licensed by FRANCHISOR to use the Marks and System, to any Competitive Business, by any direct inducement or otherwise. If a former FRANCHISEE, former FRANCHISEE Affiliate, or any former Authorized Representative, breaches this Section, the 24-month period shall start on the date that such person is enjoined from such breach or stops breaching, whichever is later.

20.4. Confidentiality of Proprietary Information.

FRANCHISEE and the FRANCHISEE Affiliates will treat all information it receives that comprises or is a part of the System as proprietary and confidential, and will not use or duplicate such information in an unauthorized manner or disclose the information to any unauthorized person, including in any business that may be competitive with FRANCHISOR, without first obtaining FRANCHISOR's written consent. FRANCHISEE and the FRANCHISEE Affiliates acknowledge that the Marks and the System have valuable goodwill attached to them, that the protection and maintenance thereof is essential

to FRANCHISOR and that any unauthorized use or disclosure of the Marks and System will result in irreparable harm to FRANCHISOR.

20.5. Confidentiality Agreements and Acknowledgements.

FRANCHISOR reserves the right to require that FRANCHISEE cause each of its FRANCHISEE Affiliates, any member their immediate families, and any Authorized Representatives, to execute a Nondisclosure and Noncompetition Agreement in a form approved by FRANCHISOR containing the restrictive covenants of this Agreement. If FRANCHISOR requires any immediate family member to execute a Nondisclosure and Noncompetition Agreement subsequent to the execution of this Agreement by FRANCHISEE, FRANCHISEE must use its best efforts to cause that immediate family member to execute the Nondisclosure and Noncompetition Agreement. FRANCHISEE will provide to FRANCHISOR a copy of each Nondisclosure and Noncompetition Agreement signed by any FRANCHISEE Affiliate or Authorized Representative, or any member of their immediate families, immediately following its execution and thereafter upon FRANCHISOR's request.

20.6. Claims Are Not Defenses to Covenants.

FRANCHISEE expressly agrees that the existence of any claim it may have against FRANCHISOR, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by FRANCHISOR of the covenants of this **Article 20**. FRANCHISEE further agrees that FRANCHISOR shall be entitled to set off from any amount owed by FRANCHISOR to FRANCHISEE any loss or damage to FRANCHISOR resulting from FRANCHISEE's breach of this **Article 20**.

21. INSURANCE

21.1. Insurance Coverage.

FRANCHISEE shall, upon commencement of the term of this Agreement, purchase and at all times maintain in full force and effect all of the following coverages:

a. Workers Compensation Insurance in amounts prescribed by law.

b. Comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be appropriate for a plumbing and HVAC installation, repair and replacement service business located in the Service Area, but not less than $1,000,000 per occurrence, $2,000,000 aggregate coverage, insuring both FRANCHISEE and FRANCHISOR against all claims, suits, obligations, liabilities, and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the 1-800-PLUMBER Business, and including, without limitation, blanket business interruption coverage.

c. Motor vehicle liability insurance covering all employees of its 1-800-PLUMBER Business with authority to operate a motor vehicle, including the Vans, with non-owned auto coverage added as a rider, in an amount not less than $1,000,000 or, with the prior written consent of FRANCHISOR, such lesser amount as may be available at a commercially reasonable rate, but in no event less than any statutorily imposed minimum coverage.

d. Fire and lightning, extended coverage, theft, vandalism and malicious mischief, flood, and sprinkler leakage insurance on the Office, Vans, and on all fixtures, equipment, supplies and other

property used in the operation of FRANCHISEE's 1-800-PLUMBER Business, for not less than 100 percent of the cash value of the property, except that an appropriate deductible clause shall be permitted.

e. Such additional insurance as may be required by the terms of any lease or mortgage for FRANCHISEE's Office.

The liability insurance afforded by the policy or policies shall not be limited in any way by reason of any insurance that may be maintained by FRANCHISOR. FRANCHISOR reserves the right to increase or decrease the amounts and types of insurance FRANCHISEE must purchase by providing FRANCHISEE with 30 days' advance written notice of any changes in coverage amounts. All policies of insurance required under this Section will be with responsible companies qualified to do business and in good standing in the state where the FRANCHISEE's 1-800-PLUMBER Business is located, and shall be in a form satisfactory to FRANCHISOR. All liability insurance policies shall name FRANCHISOR as an additional insured to the extent of claims arising out of the operations of FRANCHISEE's 1-800-PLUMBER Business. To the extent FRANCHISOR's preferred insurance provider (if any is designated) is licensed and qualified to do business in the state where FRANCHISEE's 1-800-PLUMBER Business is located, FRANCHISEE shall obtain the above-required insurance coverage from FRANCHISOR's preferred insurance provider, unless FRANCHISOR approves an alternate insurance provider for FRANCHISEE.

21.2. Proof of Insurance.

Prior to opening for business, FRANCHISEE shall furnish to FRANCHISOR certificates issued by each of FRANCHISEE's insurers indicating that all premiums due have been paid, that all required insurance is in full force and effect, and that the insurance will not be terminated or changed without at least 30 days' prior written notice from the insurer to FRANCHISOR. New certificates evidencing renewal of insurance shall be furnished at least 30 days prior to the date of expiration of each policy. Within five business days of any request by FRANCHISOR, FRANCHISEE shall deliver a copy of all insurance policies to FRANCHISOR for examination.

21.3. Failure to Maintain Insurance.

If FRANCHISEE fails to obtain or maintain adequate insurance, in addition to any other remedies available to FRANCHISOR under this Agreement, FRANCHISOR may obtain insurance for and in FRANCHISEE's name. Within five days of any written request by FRANCHISOR, FRANCHISEE shall pay all costs of obtaining adequate insurance.

22. ARBITRATION

22.1. Arbitration.

a. Except as set forth in Section 22.4, all controversies, disputes, claims, causes of action and/or alleged breaches or failures to perform between FRANCHISOR, its parent company, its subsidiaries and affiliated companies or their shareholders, officers, directors, members, managers, partners, agents, employees and attorneys (in their representative capacity) (collectively, the "**FRANCHISOR Affiliates**") and FRANCHISEE and the FRANCHISEE Affiliates (as defined in **Section 20.1** above) arising out of or related to: (1) this Agreement; (2) the relationship of the parties; (3) the validity of this Agreement; or (4) any aspect of the System, will be submitted for binding arbitration to the American Arbitration Association ("**AAA**").

b. Arbitration proceedings will be conducted in Houston, Texas and will be heard by one arbitrator in accordance with the then current rules of AAA that apply to commercial arbitration. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. The arbitrator shall be a resident of the State of Texas, knowledgeable of Texas law and fluent in English. The arbitration proceeding and all other hearings shall be conducted in English only, although FRANCHISEE shall have the right, at FRANCHISEE's option and sole expense, to have a translator present at the proceeding or other hearings. The expense of a translator shall not be considered a cost or expense related to an action pursuant to **Section 23.9** of this Agreement. The parties further agree that, in connection with any arbitration proceeding, each will file any compulsory counterclaim (as defined by Rule 13 of the U.S. Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates.

c. Any party to an arbitration proceeding may apply to the arbitrator for reasonable discovery from the other. In this Agreement, "reasonable discovery" means a party may submit no more than ten interrogatories, including subparts, 25 requests for admission, 25 document requests, and three depositions per side of the dispute. The foregoing discovery rights and limitations shall control over any contradictory discovery rules of AAA, unless the parties agree otherwise.

d. The parties agree that failure or refusal of a party to pay its required share of the deposits for arbitrator compensation or administrative charges shall constitute a waiver by that party to present evidence or cross-examine witnesses. In such event, the other party, at the discretion of the arbitrator, shall be required to present evidence and legal argument either at a hearing or by documents and affidavits. Such waiver shall not allow for an award against the non-paying party in the absence of evidence presented as provided above.

22.2. Arbitration Award.

Subject to **Sections 22.6** and **22.7** below, the arbitrator will have the right to award or include in the award any relief available and appropriate under the applicable law (as set forth in **Section 22.5**) and this Agreement. Any award shall be based on established law and shall not be made on broad principles of justice and equity. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction. This provision will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

22.3. Limitations on Proceedings.

a. FRANCHISOR and FRANCHISEE agree that arbitration will be conducted on an individual basis only. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving FRANCHISOR and FRANCHISEE. Further, neither FRANCHISOR nor FRANCHISEE shall attempt to consolidate or otherwise combine in any manner an arbitration proceeding involving FRANCHISOR and FRANCHISEE with another arbitration of any kind, nor shall FRANCHISOR or FRANCHISEE attempt to certify a class or participate as a party in a class action against the other.

b. The foregoing notwithstanding, in the event FRANCHISEE controls, is controlled by, or is in active concert with another franchisee of FRANCHISOR, or there is a guarantor of some or all of the FRANCHISEE's obligations to FRANCHISOR, then the joinder of those parties to any arbitration between FRANCHISOR and FRANCHISEE shall be permitted, and in all events, the joinder of an owner, director, officer, manager, partner or other representative or agent of FRANCHISEE shall be permitted.

c. FRANCHISEE agrees that no claims may be brought on its behalf or on behalf of any of the FRANCHISEE Affiliates by any third party, including but not limited to any association representing FRANCHISEE.

22.4. Exceptions to Arbitration.

Notwithstanding the terms of **Section 22.1** or anything to the contrary contained in this Agreement:

a. Any actions brought which are primarily related to or based on the Marks or the copyrights of FRANCHISOR or to enforce the provisions of **Article 20** of this Agreement may be brought by FRANCHISOR, at its option, either (i) in a court of competent jurisdiction or (ii) in arbitration pursuant to **Section 22.1**. Further, in the event that FRANCHISEE brings any claims to contest or oppose FRANCHISOR's application for, or registration of, any of the Marks, or the validity or ownership of the Marks (notwithstanding those prohibitions in **Section 15.1** above), FRANCHISEE agrees that such actions must be brought in a court of competent jurisdiction under **Section 22.5**.

b. If an action is based on a separate agreement or instrument between FRANCHISEE or the FRANCHISEE Affiliates and FRANCHISOR or the FRANCHISOR Affiliates (such as a promissory note or lease), the dispute resolution procedure in that agreement or instrument will control, rather than **Section 22.1**; provided that, at FRANCHISOR's sole option, any claim of FRANCHISOR or any FRANCHISOR Affiliate against FRANCHISEE or any FRANCHISEE Affiliate based on such other agreement or instrument may be brought in arbitration in conjunction with a dispute between the parties that is subject to arbitration under **Section 22.1**, regardless of any provisions to the contrary contained in that other agreement or instrument.

c. FRANCHISOR and FRANCHISEE will each have the right in a proper case to obtain temporary or preliminary injunctive relief from a court of competent jurisdiction. Each party agrees that the other may have such temporary or preliminary injunctive relief, without bond, but upon due notice, and with the sole remedy in the event of the entry of such injunctive relief being the dissolution of such injunctive relief, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived by each party). Any such action will be brought as provided below.

22.5. Governing Law/Consent to Jurisdiction/Waiver of Jury Trial.

The United States Federal Arbitration Act shall govern all questions about the enforceability of the dispute resolution procedures in this Agreement and the confirmation of any arbitration awards pursuant to such procedures, and no arbitration issues are to be resolved pursuant to any state or provincial statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or applicable international trademark law, this Agreement shall be interpreted under the laws of the State of Texas and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws (and not the laws of conflict) of the State of Texas, which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Texas Deceptive Trade Practices-Consumer Protection Act (Tex. Bus. and Comm. Code §§ 17.41-17.63) shall not apply to this Agreement or any disputes between the parties. FRANCHISEE and FRANCHISOR have negotiated regarding a forum in which to resolve any disputes that may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding not subject to mandatory arbitration, as specified in **Sections 22.1** and **22.4** above, involving

FRANCHISEE and/or the FRANCHISEE Affiliates and FRANCHISOR and/or the FRANCHISOR Affiliates, the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts located in Harris County, Texas, and each waive any objection either may have to the personal jurisdiction of or venue in such courts. Notwithstanding the foregoing, any legal proceeding by FRANCHISOR or any FRANCHISOR Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, or other geographic area in which the 1-800-PLUMBER Business is located or in which FRANCHISEE or any FRANCHISEE Affiliate resides or owns assets. IF A CLAIM MAY BE BROUGHT IN COURT, THEN FRANCHISOR, THE FRANCHISOR AFFILIATES, FRANCHISEE, AND THE FRANCHISEE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.

22.6. No Punitive or Consequential Damages.

Except as specifically permitted elsewhere in this Agreement, neither FRANCHISOR or any of the FRANCHISOR Affiliates, on the one side, nor FRANCHISEE or any of the FRANCHISEE Affiliates, on the other side, shall be liable to the other for punitive or other damages not measured by the other party's actual damages, except as may be required by statute, in any action between the parties, whether of the type subject to mandatory arbitration under **Section 22.1** or otherwise, and whether such action is brought in arbitration, litigation, or any other legal proceeding.

22.7. No Recourse Against Others.

FRANCHISEE agrees that its sole recourse for claims (whether in contract or in tort, in law or in equity, or granted by statute) arising between the parties shall be against FRANCHISOR or its successors and assigns. FRANCHISEE agrees that the shareholders, officers, directors, members, managers, partners, agents, and employees of FRANCHISOR and its affiliates (the "**Nonparty Affiliates**") shall not be personally liable nor named as a party in any action between FRANCHISOR and FRANCHISEE. To the maximum extent permitted by law, FRANCHISEE waives any such claims against such Nonparty Affiliates.

23. MISCELLANEOUS PROVISIONS

23.1. Modification.

a. This Agreement may only be modified upon execution of a written agreement between FRANCHISOR and FRANCHISEE or, at FRANCHISOR's option, upon notice of the approval of a Super-Majority as defined in **Section 23.1.b** below.

b. This Agreement may be modified by FRANCHISOR at its option whenever FRANCHISOR and a Super-Majority, as hereinafter defined, of franchisees of FRANCHISOR agree to any such modification. A "**Super-Majority**" of FRANCHISOR franchisees shall consist of the owners of at least 75 percent of all 1-800-PLUMBER Businesses, or, if only a portion of 1-800-PLUMBER Businesses are affected by the modification, at least 75 percent of those 1-800-PLUMBER Businesses affected by the modification. Whenever a modification is approved by a Super-Majority, FRANCHISOR may elect to treat the modification as effective to all franchisees or the applicable group thereof, including FRANCHISEE, to the same extent and in the same manner as if the modification was unanimously approved by them, and regardless of whether FRANCHISEE may or may not desire to be bound by the modification. FRANCHISOR shall provide FRANCHISEE with notice of any modification to this Agreement based on a Super-Majority approval at least 30 days prior to the date such modification is to be effective. By signing this Agreement, FRANCHISEE appoints the officers of FRANCHISOR as its attorneys in fact with irrevocable power and authority to execute any such modification so approved.

c. FRANCHISEE acknowledges that FRANCHISOR may modify its standards and specifications and operating, marketing, and other policies and procedures set forth in the Operations Manual unilaterally under any conditions and to the extent in which FRANCHISOR, in its sole discretion, deems necessary, and FRANCHISEE shall be bound by such modifications. These modifications may include regional and local variations. FRANCHISEE may be obligated to invest additional capital in FRANCHISEE's 1-800-PLUMBER Business and incur higher operating costs based on these periodic modifications.

d. FRANCHISOR has the right to vary the franchise agreement and any standards, specifications, policies, and procedures for a particular franchisee based on the circumstances related to the franchisee, its Service Area, or any other condition. FRANCHISEE shall not be entitled to require FRANCHISOR to grant FRANCHISEE a similar variation.

23.2. Entire Agreement.

This Agreement (which includes the Addendum and Exhibits expressly incorporated herein) contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. FRANCHISOR does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. FRANCHISEE acknowledges and agrees that no representations have been made to it by FRANCHISOR or its representatives regarding projected sales volumes, market potential, revenues or profits of FRANCHISEE's 1-800-PLUMBER Business, or operational assistance other than as stated in this Agreement or in any franchise disclosure document or advertising or promotional materials provided by FRANCHISOR in connection herewith. Additionally, FRANCHISEE hereby acknowledges and agrees that, in entering into this Agreement, it is not relying on the existence or non-existence of any particular fact or matter not set forth in this Agreement or in the franchise disclosure document provided to FRANCHISEE. FRANCHISEE agrees and understands that FRANCHISOR will not be liable or obligated for any oral representations or commitments made prior to the execution hereof, for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments, or for claims of negligent or fraudulent omissions or nondisclosure of facts or information. Nothing in this Agreement or in any related agreement is intended to disclaim any representations made by FRANCHISOR in the franchise disclosure document provided to FRANCHISEE.

23.3. Delegation by FRANCHISOR.

From time to time, FRANCHISOR will have the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to third parties, whether they are employees of FRANCHISOR or independent contractors that FRANCHISOR has contracted with to provide such services. FRANCHISEE agrees in advance to any such delegation by FRANCHISOR of any portion or all of its obligations and duties hereunder.

23.4. Consent; Business Judgment.

Wherever FRANCHISOR's consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, FRANCHISOR has the right to withhold its approval at its option, in its business judgment, taking into consideration its assessment of the long-term interests of the System overall. FRANCHISOR may withhold any and all consents or approvals required by this Agreement if FRANCHISEE is in default or breach of this Agreement. FRANCHISOR's approvals and consents will not be effective unless given in writing and signed by one of its duly authorized representatives. In no event may FRANCHISEE make any claim for money damages based on any claim

that FRANCHISOR has unreasonably withheld or delayed any consent or approval to a proposed act by FRANCHISEE under the terms of this Agreement. FRANCHISEE's sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement by specific performance or by declaratory judgment.

23.5. General Economic Conditions.

Neither a general economic downturn or conditions nor FRANCHISEE's financial inability to perform the terms of this Agreement will be a defense to an action by FRANCHISOR for FRANCHISEE's breach of this Agreement.

23.6. Effectiveness.

This Agreement will not be effective until accepted by FRANCHISOR as evidenced by dating and signing by an authorized officer of FRANCHISOR.

23.7. Limitation on Actions.

Notwithstanding anything contained in this Agreement to the contrary, any and all claims and actions arising out of or relating to this Agreement, the relationship between FRANCHISEE and FRANCHISOR, or FRANCHISEE's operation of the 1-800-PLUMBER Business shall be commenced within one year from the occurrence of the facts giving rise to the claim or action.

23.8. Review of Agreement.

FRANCHISEE acknowledges that it had a copy of this Agreement in its possession for a period of time not less than 14 full days, during which time FRANCHISEE has had the opportunity to submit this Agreement for professional review and advice of FRANCHISEE's choosing prior to freely executing this Agreement.

23.9. Attorneys' Fees.

a. Subject to **Section 23.9.b** below, FRANCHISEE shall reimburse FRANCHISOR for its costs and expenses, including, without limitation, attorneys' fees, which FRANCHISOR incurs in pursuit of its rights following a breach or event of default of or by FRANCHISEE whether or not the pursuit of rights involves litigation or arbitration.

b. The prevailing party in any action arising out of, or related to this Agreement (including an action to compel arbitration) is entitled to recover from the other party all costs and expenses related to the action, including reasonable attorneys' fees, and all costs of collecting monies owed. If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party and the relative equities between the parties.

23.10. No Waiver.

No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by FRANCHISOR or FRANCHISEE will be considered to imply or constitute a further waiver by FRANCHISOR or FRANCHISEE of the same or any other condition, covenant, right, or remedy.

23.11. No Right to Set Off.

FRANCHISEE will not be allowed to set off amounts owed to FRANCHISOR for Royalty Fees, Brand Development Fund Fees, Technology Fees, or other amounts due hereunder, against any monies owed to FRANCHISEE, which right of set off is expressly waived by FRANCHISEE. No endorsement or statement on any check or payment of any sum less than the full sum due to FRANCHISOR shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and FRANCHISOR may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. FRANCHISOR may apply any payments made by FRANCHISEE against any past due indebtedness of FRANCHISEE as FRANCHISOR may see fit. FRANCHISOR may set off against any payment due to FRANCHISEE hereunder any outstanding debts of FRANCHISEE to FRANCHISOR, and may, at FRANCHISOR's option, pay FRANCHISEE's trade creditors out of any sum otherwise due to FRANCHISEE.

23.12. Survival of Terms.

Every article and section of this Agreement that by its terms is intended to survive expiration and/or termination of this Agreement shall survive the expiration or termination of this Agreement for any reason and shall apply to a transferor upon a Transfer.

23.13. Invalidity; Authority to Reform.

In the event that any arbitrator or court of competent jurisdiction determines that any provision of this Agreement, including but not limited to any of the restrictive covenants contained in **Article 20** hereof, are unenforceable as written for any reason, including for purposes of the restrictive covenants, reasons that the areas of restriction exceed the reasonable maximum time period, geographic area or scope, then the parties hereby request and authorize the arbitrator or court to "blue pencil" such provision so as to make it enforceable and to best carry out the intent of the parties, or to deem such provision severed from this Agreement if it cannot be so modified. The holding, declaration or pronouncement shall not adversely affect any other provisions of this Agreement, which shall otherwise remain in full force and effect.

23.14. Notices.

All notices required to be given under this Agreement will be given in writing, by personal delivery, certified mail, return receipt requested, e-mail or an overnight delivery service providing documentation of receipt, at the address or e-mail address set forth on the signature page of this Agreement or at such other addresses as FRANCHISOR or FRANCHISEE may designate from time to time. Notice will be effectively given when personally delivered or when delivered by e-mail to the proper e-mail address as long as there is acknowledgment of receipt. Notice will be effectively given three days after being deposited in the United States mail, with proper address and postage prepaid, or one day after being deposited with the overnight delivery service, as may be applicable.

23.15. Force Majeure.

FRANCHISOR will not be liable to FRANCHISEE, nor will FRANCHISOR be deemed to be in breach of this Agreement, if it exercises best efforts to perform its obligations as may be due to FRANCHISEE hereunder, and its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or voluntarily foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instruments of any federal, state, municipal, provincial, or other government or any

department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, municipal, provincial, or other government or any department or agency thereof; (3) viral or bacterial epidemic, pandemic, or other public health crisis; (4) acts of God; or (5) fires, strikes, terrorism, embargoes, war or riot. Any delay resulting from any of these causes will extend performance by FRANCHISOR accordingly or excuse performance by FRANCHISOR in whole or in part, as may be necessary.

23.16. Estoppel Certificates.

FRANCHISEE agrees at any time and from time to time within 10 days after notice from FRANCHISOR, to execute, acknowledge and deliver to FRANCHISOR a statement in writing, form and substance acceptable to FRANCHISOR, verifying that this Agreement is unmodified and in full force and effect (or if there have been modifications, that the Agreement is in full force and effect as modified and stating the modifications), and whether or not there exists any default in the performance of any term, condition or covenant of this Agreement and, if so, specifying each such default, and such other matters related to this Agreement as FRANCHISOR shall request, it being intended that any such statement delivered pursuant hereto may be relied upon by FRANCHISOR and by any lenders of FRANCHISOR, or any prospective purchasers of all or any part of FRANCHISOR's business.

23.17. Charges and Taxes.

All provisions in the Agreement stating that FRANCHISEE will pay or be responsible for any costs, charges or taxes includes all customs or duty charges, foreign currency purchase levies, import and export fees and levies, and other similar costs, charges and taxes.

23.18. Cross-Default and Cross Termination Provisions.

a. A default by FRANCHISEE under this Agreement will be deemed a default of all agreements between FRANCHISEE and/or any company(ies) affiliated with FRANCHISEE, on the one hand, and FRANCHISOR and/or any company(ies) affiliated with FRANCHISOR, on the other hand (the "**Other Agreements**"). A default by FRANCHISEE and/or any company(ies) affiliated with FRANCHISEE under any of the Other Agreements will be deemed a default under this Agreement. A default by any guarantor(s) of this Agreement or of any of the Other Agreements will be deemed a default of this Agreement.

b. If this Agreement is terminated as a result of a default by FRANCHISEE, FRANCHISOR may, at its option, elect to terminate any or all of the Other Agreements. If any of the Other Agreements is terminated as a result of a default by FRANCHISEE and/or any company(ies) affiliated with FRANCHISEE, FRANCHISOR may, at its option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any of the Other Agreements will be grounds for termination of this Agreement and/or any and all of the Other Agreements without additional notice or opportunity to cure.

23.19. Incorporation of Riders.

To the extent that any of the Riders to Franchise Agreement for Specific States attached as Exhibit V is applicable, such rider is incorporated herein and this Agreement is modified accordingly. The provisions in any applicable rider are included as a condition to registration or use in certain jurisdictions, and FRANCHISOR is not precluded from contesting the validity, enforceability, or applicability of such provisions in any action relating to this Agreement or its rescission or termination.

23.20. Acknowledgement.

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY AND DISCUSS ITS PROVISIONS WITH ITS LEGAL COUNSEL. FRANCHISEE ACKNOWLEDGES ALL OF THE FOLLOWING:

A. FRANCHISEE OR ITS MANAGING PRINCIPAL HAS BEEN AFFORDED THE OPPORTUNITY TO ASK QUESTIONS AND REVIEW MATERIALS OF FRANCHISOR THAT FRANCHISEE OR ITS MANAGING PRINCIPAL DEEMS RELEVANT IN ORDER TO MAKE A DECISION TO ENTER INTO THIS AGREEMENT AND ACQUIRE A FRANCHISE HEREUNDER.

B. FRANCHISEE OR ITS MANAGING PRINCIPAL HAS SUCH KNOWLEDGE AND EXPERIENCE IN FINANCIAL, TAX AND BUSINESS MATTERS AND HAS PRIOR EXPERIENCE SO AS TO ENABLE FRANCHISEE OR ITS MANAGING PRINCIPAL TO UTILIZE THE INFORMATION MADE AVAILABLE TO FRANCHISEE AND FULLY UNDERSTAND SUCH INFORMATION.

C. THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS.

D. NO ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, HAS BEEN GIVEN TO FRANCHISEE OR ITS MANAGING PRINCIPAL AS TO THE POTENTIAL SUCCESS OF SUCH BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED.

E. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS DOCUMENT AND IN ANY DISCLOSURE DOCUMENT SUPPLIED TO FRANCHISEE, IS BINDING ON FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT, AND, IN ENTERING INTO THIS AGREEMENT, FRANCHISEE IS NOT RELYING ON THE EXISTENCE OR NON-EXISTENCE OF ANY FACT OR MATTER NOT SET FORTH IN THIS AGREEMENT OR IN A DISCLOSURE DOCUMENT SUPPLIED TO FRANCHISEE.

F. NEITHER FRANCHISEE, NOR ANY FRANCHISEE AFFILIATE, IS SUBJECT TO UNITED STATES EXECUTIVE ORDER 13224 OR THE PATRIOT ACT. IF FRANCHISEE OR ANY FRANCHISEE AFFILIATE BECOMES SUBJECT TO UNITED STATES EXECUTIVE ORDER 13224 OR THE PATRIOT ACT, FRANCHISEE OR THAT FRANCHISEE AFFILIATE SHALL NOTIFY FRANCHISOR IMMEDIATELY THEREOF.

[SIGNATURES FOLLOW ON NEXT PAGE]

The parties have executed this Agreement to be made effective as of the ___ day of _____, 202____ (the "**Effective Date**").

FRANCHISOR:
1-800-SERVICES, LLC,
a Texas limited liability company

By:_____
Date: _____

Address for Notice:

1331 Broadway Street, Suite J
Pearland, Texas 77581

E-mail Address: mcollins@1800plumber.com

FRANCHISEE:
IF AN INDIVIDUAL:

_____
Signature

Print Name: _____

IF A PARTNERSHIP, CORPORATION
OR OTHER ENTITY:

_____
Print Company Name

By: _____
Signature
Print Name and Title: _____
Date: _____

Address for Notice: _____
_____

E-mail Address: _____

EXHIBIT I
TO FRANCHISE AGREEMENT

ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement (the "**Addendum**"), dated as of the date set forth below, modifies and amends that certain 1-800-PLUMBER Franchise Agreement (the "**Agreement**"), by and between 1-800-Services, LLC, hereinafter "**FRANCHISOR**," and the undersigned franchisee, hereinafter "**FRANCHISEE**." This Addendum modifies the terms of the Agreement and in the event of a conflict in terms between the Agreement and this Addendum, the terms of this Addendum shall be controlling.

The parties agree as follows:

1. Location of Office or Target Area. The Office or the Target Area, referenced in **Section 4.1** of the Agreement, shall be: _____ _____. [NOTE: If Target Area is noted, complete Exhibit A-2 once Office is approved by FRANCHISOR.]

2. Franchise Model Type. The franchise model acquired is:

☐ Principal Deployer;
☐ Strategic Developer (This Agreement is __ of 2); or
☐ Enterprise Director (This Agreement is __ of 3).

3. Service Area. The Service Area, referenced in **Section 4.2** of the Agreement will be the geographical areas described as follows: _____, as defined by the Service Area Zip or Postal Codes on Exhibit A-1 attached hereto, with a population of _____.

4. Initial Franchise Fee. The Initial Franchise Fee, referenced in **Section 5.1**. is $_____ and shall be payable to FRANCHISOR as follows: _____ _____.

5. Variable Percentage Rate for Royalty Fees and Brand Development Fund Fees. The variable percentage of the Royalty Fees referenced in **Section 12.1** and the variable percentage of the Brand Development Fund Fees referenced in **Section 12.2** shall be as follows:

Annual Royalty and Brand Development Fund Fee Rate Table		
Gross Revenues Benchmarks	Royalty Fee Rate	Brand Development Fund Fee Rate
First $1,500,000	6.00%	2.00%
Second $1,500,000	5.00%	1.75%
$3,000,000 or More	4.00%	1.50%

The Royalty Fee rate and Brand Development Fund Fee rate at the beginning of each calendar year will be 6.00 percent and 2.00 percent, respectively. When Franchisee reaches a new Gross Revenues benchmark during each calendar year, the Royalty Fee rate and Brand Development Fund Fee rate will

adjust to the new rates shown in the chart above for those Gross Revenues exceeding the relevant benchmark. All adjustments to the Royalty Fee rate and Brand Development Fund Fee rate expire at the end of each calendar year. The Royalty Fee rates and Brand Development Fund Fee rates shown in the chart above are multiplied by the greater of Franchisee's actual monthly Gross Revenues or the Minimum Monthly Gross Revenues set forth below for each month.

6. Minimum Monthly Gross Revenues. The Minimum Monthly Gross Revenues referenced in **Section 12.4** of the Agreement, shall be:

Full Months after Date of Commencement of Operations (Per Exhibit A-3 below)	Minimum Monthly Gross Revenues Per 1,000 Population in Service Area	Total Minimum Monthly Gross Revenues for Service Area
0-6	No Minimums	-0-
7-12	$50	$_____
13-24	$100	$_____
25 and thereafter	$150	$_____

7. Market Penetration Strategy Payment. The Market Penetration Strategy payment referenced in **Section 13.2** of the Agreement, shall be ☐ $16,500; ☐ $25,000; or ☐ $0, if FRANCHISEE is acquiring a Strategic Developer or Enterprise Director franchise model, and the payment is being made under a separate Franchise Agreement.

8. Start Up Bundle Payment. The Start Up Bundle payment referenced in **Section 7.3** of the Agreement, shall be ☐ $47,500; ☐ $66,500, payable upon execution of this Agreement; or ☐ $0, if FRANCHISEE is acquiring a Strategic Developer or Enterprise Director franchise model, and the payment is being made under a separate Franchise Agreement.

9. Other Terms:

Fully executed this ____ day of _____, 202_____.

FRANCHISOR:
1-800-SERVICES, LLC,
a Texas limited liability company

By:_____
Date: _____

FRANCHISEE:
IF AN INDIVIDUAL:

_____
Signature

Print Name: _____

IF A PARTNERSHIP, CORPORATION
OR OTHER ENTITY:

Print Name of Company

By: _____
Signature
Print Name and Title: _____
Date: _____

EXHIBIT A-1
TO ADDENDUM

SERVICE AREA ZIP OR POSTAL CODES

As used in this Agreement, the "**Service Area**" means the geographic area in , comprised of the zip or postal codes set forth below as of the date of this Agreement. For the avoidance of doubt, the Service Area shall also include any other zip or postal codes that may cover the geographic area described by the zip or postal codes set forth below if and to the extent that the government subdivides or otherwise modifies the zip or postal codes set forth below.

EXHIBIT A-2
TO ADDENDUM

OFFICE LOCATION SUPPLEMENT

This is a Supplement ("**Supplement**") to the Addendum to Franchise Agreement (the "**Agreement**") by and between 1-800-Services, LLC, hereinafter "**FRANCHISOR**," and the undersigned franchisee, hereinafter "**FRANCHISEE**." In the Addendum to the Agreement, FRANCHISOR and FRANCHISEE did not designate a specific address for FRANCHISEE's Office. FRANCHISOR and FRANCHISEE specified a Target Area and agreed that a specific address for the Office within that Target Area would be subsequently agreed to by FRANCHISOR and FRANCHISEE. FRANCHISOR and FRANCHISEE have now reached an agreement as to the address of the Office. They desire to execute this Supplement to update the Agreement by memorializing the Office location agreed upon.

It is therefore agreed that the location of the Office, referenced in **Section 4.1** of the Agreement, shall be:_____
_____.

The terms of this Supplement shall control over the conflicting terms of the Agreement, including the Addendum. In all other respects, the Agreement and the Addendum are ratified, affirmed and confirmed, and shall remain in full force and effect in their original form. All capitalized terms in this Supplement that are not defined herein shall have the meaning ascribed to them in the Agreement.

The parties have executed this Supplement to be made effective as of the date of the Agreement, regardless of the date signed.

1-800-SERVICES, LLC

By:_____
Title:_____

FRANCHISEE:

_____

By:_____
Title:_____

By:_____
Title:_____

EXHIBIT A-3
TO ADDENDUM

COMMENCEMENT OF OPERATIONS DATE SUPPLEMENT

This is a Supplement ("**Supplement**") to the Addendum to Franchise Agreement (the "**Agreement**") by and between 1-800-Services, LLC, hereinafter "**FRANCHISOR**," and the undersigned franchisee, hereinafter "**FRANCHISEE**." FRANCHISEE has commenced operations of its 1-800-PLUMBER Business and FRANCHISOR and FRANCHISEE now desire to execute this Supplement to update the Agreement by memorializing the date of commencement of operations.

It is therefore agreed that the date of commencement of operations of FRANCHISEE's 1-800-PLUMBER Business, referenced in **Section 7.5** of the Agreement, shall be:_____.

The terms of this Supplement shall control over the conflicting terms of the Agreement, including the Addendum. In all other respects, the Agreement and the Addendum are ratified, affirmed and confirmed, and shall remain in full force and effect in their original form. All capitalized terms in this Supplement that are not defined herein shall have the meaning ascribed to them in the Agreement.

The parties have executed this Supplement to be made effective as of the date of the Agreement, regardless of the date signed.

1-800-SERVICES, LLC

By:_____
Title:_____

FRANCHISEE:

_____

By:_____
Title:_____

By:_____
Title:_____

EXHIBIT II
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of Franchise Agreement (the "**Franchise Agreement**") dated as of the date set forth below by and between FRANCHISEE identified below and **1-800-SERVICES, LLC,** a Texas limited liability company, having its head office at 1331 Broadway Street, Suite J, Pearland, Texas 77581 ("**FRANCHISOR**"), each of the undersigned personally and unconditionally:

1. Guarantees to FRANCHISOR and its successors and assigns, for the term of the Franchise Agreement ("**Term**"), including renewals and successor franchise terms thereof, that the franchisee named on the signature page hereof ("**FRANCHISEE**") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement.

2. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, including but not limited to, the terms of the articles and sections pertaining to non-competition during and after the Term, confidentiality and the Marks and Copyrighted Works of the FRANCHISOR.

3. Each of the undersigned waives all of the following:

(a) Acceptance and notice of acceptance by FRANCHISOR of the foregoing undertaking.

(b) Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed.

(c) Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed.

(d) Any right he or she may have to require that any action be brought against FRANCHISEE or any other person as a condition of liability.

(e) Notice of any amendment, modification, deletion or addition of any term or condition of or to any of the obligations hereby guaranteed.

(f) Notice of any termination as to future liability of any other guarantor.

(g) Any and all other notices and equitable defenses to which he or she may be entitled.

4. Each of the undersigned consents and agrees that:

(a) His or her direct and immediate liability under this Guaranty shall be joint and several.

(b) He or she shall render any payment or performance required under the Franchise Agreement upon demand if FRANCHISEE fails or refuses punctually to do so.

(c) Such liability shall not be contingent or conditioned upon pursuit by FRANCHISOR of any remedies against FRANCHISEE or any other person.

(d) Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which FRANCHISOR may from time to time grant to FRANCHISEE or to any other person; including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the Term, including renewals and successor franchise terms thereof.

(e) He or she shall be bound by the restrictive covenants, confidentiality provisions, audit provisions, and indemnification provisions contained in the Franchise Agreement.

(f) FRANCHISOR may, at its option, without notice to or further consent of him or her, take any of the following actions:

(i) retain the primary or secondary liability of any other party with respect to all or any part of the obligations hereby guaranteed.

(ii) release or compromise any liability of any other guarantor or any other party with respect to the obligations hereby guaranteed.

(iii) amend, modify, delete, or add any term or condition of or to any of the obligations hereby guaranteed, which may include the creation of new obligations.

5. No delay or neglect on the part of FRANCHISOR in the exercise of any right or remedy existing under law or by virtue of this Guaranty shall operate as a waiver thereof, but such rights and remedies shall continue in full force and effect until specifically waived or released by an instrument in writing executed by FRANCHISOR and designated as a waiver or release; and no single or partial exercise by FRANCHISOR of any right or remedy shall preclude further exercise thereof or the exercise of any right or remedy.

6. The arbitration, injunctive relief, governing law and jurisdiction provisions contained in the Franchise Agreement shall govern this Guaranty, and such provisions are incorporated into this Guaranty by this reference.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the ___ day of _____, 20____.

Name of FRANCHISEE:

_____
(Location Name)

GUARANTOR(S)

_____
Signature

_____
Print Name

_____
Address

_____

Telephone Number _____

_____
Signature

_____
Print Name

_____
Address

_____

Telephone Number_____

_____
Signature

_____
Print Name

_____
Address

_____

Telephone Number_____

EXHIBIT III
TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

STATEMENT OF OWNERSHIP

FRANCHISEE: _____
(Print Company Name or Individual FRANCHISEE's Name)

Trade Name (if different from above): _____

Form of Ownership (Check One)

___ **Individual** ___ **Partnership** ___ **Corporation** ___ **Limited Liability Company** ___ **Other**

If a **Partnership**, provide name and address of each partner showing percentage owned and whether each is active in management, indicate the state in which the partnership was formed and the date it was formed, and provide a copy of the Partnership Agreement.

If a **Corporation**, provide the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each, indicate the state and date of incorporation, and provide a copy of the Articles of Incorporation certified by the Secretary of State or other official for the state in which the corporation was formed.

If a **Limited Liability Company**, provide name and address of each member and each manager showing percentage owned, indicate the state in which the Limited Liability Company was formed and the date it was formed, and provide a copy of the Articles of Organization certified by the Secretary of State or other official for the state in which the Limited Liability Company was formed and the Operating Agreement.

If **another type of business entity**, provide the names and addresses of the owners and any officers or managers showing percentage owned, indicate the state in which the business entity was formed and the date it was formed, and provide a copy of any articles of formation and governing agreements certified, if applicable, by the Secretary of State or other official for the state in which the business entity was formed.

_____

_____

_____

_____

FRANCHISEE acknowledges that this Statement of Ownership applies to the 1-800-PLUMBER Business authorized under Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to FRANCHISOR in writing.

Date _____ Signature: _____

Print Name: _____

EXHIBIT IV
TO FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, AND SOCIAL MEDIA WEBSITES

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, AND SOCIAL MEDIA WEBSITES

THIS COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, TELEPHONE LISTINGS, INTERNET ADDRESSES, AND SOCIAL MEDIA WEBSITES (the "**Assignment**") is entered into on the day and date set forth on the signature page hereof, by and between 1-800-Services, LLC, a Texas limited liability company ("**FRANCHISOR**") and the undersigned franchisee ("**FRANCHISEE**"). This Assignment is executed in accordance with the terms of that certain 1-800-PLUMBER Franchise Agreement (the "**Franchise Agreement**") under which FRANCHISOR granted FRANCHISEE the right to own and operate a 1-800-PLUMBER Business located at the Office location set forth on the signature page hereof (the "**Franchise Business**").

FOR VALUE RECEIVED, FRANCHISEE assigns to FRANCHISOR (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Telephone Numbers and Listings**"), (2) those certain Internet Website Addresses ("**URLs**"), and (3) those certain social media websites or accounts (collectively, the "**Social Media Sites**"), that are associated with FRANCHISOR's trade and service marks and used from time to time in connection with the operation of Franchise Business. This Assignment is for collateral purposes only and, except as specified herein, FRANCHISOR shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless FRANCHISOR shall notify the telephone company and/or the listing agencies with which FRANCHISEE has placed telephone directory listings (all such entities are collectively referred to herein as "**Telephone Company**"), FRANCHISEE's Internet service provider ("**ISP**"), or the relevant social media website operator ("**Social Media Operator**") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), FRANCHISOR shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings, the URLs, and the Social Media Sites, and, in such event, FRANCHISEE shall have no further right, title or interest in the Telephone Numbers and Listings, URLs, and Social Media Sites, and shall remain liable to the Telephone Company, the ISP, and the Social Media Operator for all past due fees owing to the Telephone Company, the ISP, and the Social Media Operator on or before the effective date of the assignment hereunder.

FRANCHISEE agrees and acknowledges that as between FRANCHISOR and FRANCHISEE, upon termination or expiration of the Franchise Agreement, FRANCHISOR shall have the sole right to and interest in the Telephone Numbers and Listings, URLs, and Social Media Sites, and FRANCHISEE appoints FRANCHISOR as FRANCHISEE's true and lawful attorney-in-fact to direct the Telephone Company, the ISP, and the Social Media Operator to assign them to FRANCHISOR, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, FRANCHISEE shall immediately notify the Telephone Company, the ISP, and the Social Media Operator to assign the Telephone Numbers and Listings, URLs, and Social Media Sites to FRANCHISOR. If FRANCHISEE fails to promptly direct the Telephone Company, the ISP, and the Social Media Operator to assign the Telephone Numbers and Listings, URLs, and Social Media Sites to FRANCHISOR, FRANCHISOR shall direct the Telephone Company, the ISP, and the Social Media Operator to effectuate the assignment contemplated hereunder to FRANCHISOR. The parties agree that the Telephone Company, the ISP, and the Social Media Operator may accept FRANCHISOR's written direction, the Franchise Agreement or this Assignment as conclusive proof of FRANCHISOR's exclusive rights in and to the Telephone Numbers and Listings, URLs, and Social Media Sites upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon

Telephone Company's, ISP's, and Social Media Operator's receipt of such notice from FRANCHISOR or FRANCHISEE. The parties further agree that if the Telephone Company, the ISP, or the Social Media Operator requires that the parties execute the Telephone Company's, the ISP's, or the Social Media Operator's assignment forms or other documentation at the time of termination or expiration of Franchise Agreement, FRANCHISOR's execution of such forms or documentation on behalf of FRANCHISEE shall effectuate FRANCHISEE's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of Franchise Agreement.

IN WITNESS WHEREOF, the parties have entered into this Assignment on the ___ day of _____, 20_____.

ASSIGNEE

1-800-Services, LLC

By:_____
Signature
Print Name:_____

Title: _____

ASSIGNOR

_____
(Print Company or Individual FRANCHISEE Name)

By:_____
Signature
Print Name:_____

Title: _____

Office Location: _____

EXHIBIT V
TO FRANCHISE AGREEMENT

STATE RIDERS

RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES

The following Riders to the Franchise Agreement for Specific States ("Riders") are applicable only for those franchisees to whom the franchise laws of the identified state apply. Following the Riders is a signature page designating and incorporating any applicable Riders.

CALIFORNIA RIDER TO THE FRANCHISE AGREEMENT

1. The following language is added at the end of **Section 5.1**:

> The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

2. **Section 22.5** is deleted and replaced with the following language:

> The United States Federal Arbitration Act shall govern all questions about the enforceability of the dispute resolution procedures in this Agreement and the confirmation of any arbitration awards pursuant to such procedures, and no arbitration issues are to be resolved pursuant to any state or provincial statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or applicable international trademark law, this Agreement shall be interpreted under the laws of the State of Texas and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws (and not the laws of conflict) of the State of Texas, which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Texas Deceptive Trade Practices-Consumer Protection Act (Tex. Bus. and Comm. Code §§ 17.41-17.63) shall not apply to this Agreement or any disputes between the parties. If a claim is asserted in any legal proceeding not subject to mandatory arbitration, as specified in **Sections 22.1** and **22.4** above, involving FRANCHISEE and/or the FRANCHISEE Affiliates and FRANCHISOR and/or the FRANCHISOR Affiliates, both parties consent to jurisdiction and venue for disputes between them in the state and federal courts of Texas, and each waive any objection either may have to the personal jurisdiction of or venue in the state and federal courts of Texas. Notwithstanding the foregoing, any legal proceeding by FRANCHISOR or any FRANCHISOR Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, or other geographic area in which the 1-800-PLUMBER Business is located or in which FRANCHISEE or any FRANCHISEE Affiliate resides or owns assets. IF A CLAIM MAY BE BROUGHT IN COURT, THEN FRANCHISOR, THE FRANCHISOR AFFILIATES, FRANCHISEE, AND THE FRANCHISEE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.

3. **SECTION 23.20 A-E** DOES NOT APPLY TO YOU IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN CALIFORNIA.

4. 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 RIDER TO THE FRANCHISE AGREEMENT

1. Illinois law governs the Franchise Agreement.

2. 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.

3. FRANCHISEE's rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. 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.

5. The following language is added at the end of **Article 5**:

> All initial fees payable to Franchisor and any of its affiliates shall be deferred until Franchisor has fulfilled all of its initial obligations to Franchisee and Franchisee has commenced doing business pursuant to this Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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.

7. See the final page of this Exhibit V for your signature.

INDIANA RIDER TO THE FRANCHISE AGREEMENT

The following modifications are made to the Franchise Agreement only to the extent required by the Indiana Franchises Act, IND. CODE § 23-2-2.5, and the Indiana Deceptive Franchise Practices Act, IND. CODE § 23-2-2.7:

1. The Indiana Franchises Act and the Indiana Deceptive Franchise Practices Act supersede any provisions of the Franchise Agreement or Texas state law, if such provisions are in conflict with the Indiana Franchises Act or the Indiana Deceptive Franchise Practices Act.

2. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require FRANCHISEE to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from

liability imposed by the Indiana Deceptive Franchise Practices Act is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is modified to the geographic area of the Service Area.

5. The following provision is hereby added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in this Agreement which limits in any manner whatsoever litigation brought for breach of this Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Act.

MARYLAND RIDER TO FRANCHISE AGREEMENT

1. The following language is added at the end of **Sections 3.3.e** ("Successor Franchise") and **17.3.d** ("Pre-Conditions to FRANCHISEE's Transfer"):

(Any release executed in connection herewith will not apply to any claims that may arise under the Maryland Franchise Registration and Disclosure Law.)

2. The following is added at the end of **Article 5**:

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

3. The following sentence is added to the end of **Section 22.1** ("Arbitration") and **Section 23.7** ("Limitation on Actions"):

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

4. The following paragraph is added to the end of **Section 22.2** ("Arbitration Award"):

This Agreement provides for disputes to be resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

5. **Section 23.2** ("Entire Agreement") is deleted and replaced with the following:

23.2. Entire Agreement.

This Agreement (which includes the Addendum and Exhibits expressly incorporated herein) contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. FRANCHISOR does not authorize any representation of any nature other than those expressed in this Agreement. Nothing in this

Agreement or in any related agreement is intended to disclaim any representations made by FRANCHISOR in the franchise disclosure document provided to FRANCHISEE.

6. **Section 23.8** ("Review of Agreement") is deleted in its entirety.

7. Paragraphs A, B, C, D, and E of **Section 23.20** are deleted in their entirety.

8. 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.

9. 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 RIDER TO THE FRANCHISE AGREEMENT

1. **Articles 3**, **17**, and **18** are modified by the following language:

   FRANCHISOR will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4 and 5, which require (except in certain specified cases) (1) that FRANCHISEE be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of this Agreement, and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

2. The following language is added at the end of **Sections 3.3.e** and **17.3.d**:

   Any release executed in connection herewith will not apply to any claims that may arise under the Minnesota Franchise Act.

3. **Section 15.6** is modified by the following language:

   As it deems necessary, FRANCHISOR will protect FRANCHISEE'S right to use FRANCHISOR's Marks. The Minnesota Department of Commerce requires FRANCHISOR to indemnify franchisees against liability to third parties resulting from claims by third parties that the franchisees' use of FRANCHISOR'S Marks in accordance with the terms of this Agreement infringes upon the trademark rights of the third party.

4. The following is added to the end of **Section 20.3**:

   Minnesota Statutes Section 181.991 prohibits a franchisor from restricting, restraining, or prohibiting in any way a franchisee from soliciting or hiring an employee of the franchisor or an employee of a franchisee of the same franchisor. Any such restrictions in **Section 20.3** are hereby deemed deleted.

5. **Section 22.4** is modified by the following language:

Pursuant to Minnesota Rule 2860.4400(J), a franchisee cannot consent to a franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. Also, a court will determine if a bond is required.

6. **Section 22.5** is modified by the following language:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit FRANCHISOR from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring FRANCHISEE to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or this Agreement can abrogate or reduce (1) any of 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.

7. The following statement is added at the end of **Section 23.7**:

Minnesota law provides that no action may be commenced pursuant to Minnesota Statute Section 80C.17 more than three years after the cause of action accrues. Minnesota Statutes, Section 80C.17, Subd. 5.

NEW YORK RIDER TO FRANCHISE AGREEMENT

1. The following sentence is added at the end of **Sections 3.3.e** and **17.3.d**:

Provided however, that all rights enjoyed by FRANCHISEE and any causes of action arising in its 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.

2. The following sentence is added to **Section 9.3**:

Any new or different requirements set forth in the Operations Manual shall not unreasonably increase FRANCHISEE's obligations or place an excessive burden on FRANCHISEE's operation of the 1-800-PLUMBER Business.

3. The following sentence is added to **Section 17.1**:

However, no assignment shall be made except to an assignee who, in the good faith judgment of FRANCHISOR, is willing and able to assume FRANCHISOR's obligations under this Agreement.

4. The following is added to **Article 18**:

FRANCHISEE may terminate the Agreement upon any grounds available by law.

5. After the first sentence of **Section 19.3**, the following sentence is added:

However, FRANCHISEE shall not be required to indemnify FRANCHISOR for any liabilities which arose as a result of FRANCHISOR's breach of this Agreement or other civil wrongs committed by FRANCHISOR.

6. The following sentence is added to **Section 22.5**:

The foregoing choice of law should not be considered a waiver of any right conferred upon either FRANCHISOR or FRANCHISEE by the General Business Law of the State of New York, Article 33. The preceding sentence has been included in this Agreement as a condition to registration. FRANCHISOR and FRANCHISEE do not agree with the above language and believe that each of the provisions of this Agreement, including all choice-of-law provisions, are fully enforceable. FRANCHISOR and FRANCHISEE intend to fully enforce all of the provisions of this Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

1. The following paragraph is added at the end of **Section 22.5**:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The foregoing language has been included in this Agreement as a condition to registration. FRANCHISOR and FRANCHISEE do not agree with the above language and believe that each of the provisions of this Agreement, including all choice of law provisions, are fully enforceable. FRANCHISOR and FRANCHISEE intend to fully enforce all of the provisions of this Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

VIRGINIA RIDER TO FRANCHISE AGREEMENT

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in this Agreement does not constitute "reasonable cause," as that term is defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

3. Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

4. Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

WASHINGTON RIDER TO THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. 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.

16. Questionnaires and Acknowledgments. 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.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. The following statement is added to **Section 5.1**:

> In lieu of an impound of franchise fees, FRANCHISOR will not require or accept the payment of any initial franchise fees until FRANCHISEE has (a) received all pre-opening and initial training obligations that it is entitled to under this Agreement or offering circular, and (b) is open for business.

20. The following sentence is added to **Section 19.3**:

> Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

21. **Subparts A, B, C**, **D**, and **E** of **Section 23.20** are deleted in their entirety.

WISCONSIN RIDER TO THE FRANCHISE AGREEMENT

1. The following is added at the end of **Article 18**:

> The conditions under which this Agreement can be terminated or not renewed may be effected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

SIGNATURE PAGE TO RIDERS

If any one of the preceding Riders is checked as an "Applicable Rider" below, then that Rider shall be incorporated into the Franchise Agreement entered into by 1-800-Services, LLC and the undersigned FRANCHISEE. To the extent any terms of an Applicable Rider conflict with the terms of the Franchise Agreement, the terms of the Applicable Rider shall supersede the terms of the Franchise Agreement.

Applicable Rider:

UNITED STATES

- ☐ California
- ☐ Illinois
- ☐ Indiana
- ☐ Maryland
- ☐ Minnesota
- ☐ New York
- ☐ Rhode Island
- ☐ Virginia
- ☐ Washington
- ☐ Wisconsin

1-800-SERVICES, LLC

By: _____

Title: _____

Date: _____

_____

FRANCHISEE (Print Name)

By: _____

Title: _____

Date: _____

ATTACHMENT B
(TO DISCLOSURE DOCUMENT)

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement (this "**Agreement**") is made effective on the date set forth on the signature page hereof, by and among **1-800-SERVICES, LLC**, a Texas limited liability company ("**FRANCHISOR**"), located at 1331 Broadway Street, Suite J, Pearland, Texas 77581, the undersigned franchisee or area representative (the "**Company**"), and the undersigned associate of the Company ("**Associate**").

RECITALS

A. FRANCHISOR has developed and owns a unique system for establishing, operating and marketing businesses ("**1-800-PLUMBER Businesses**"), that provide a variety of approved plumbing services (the "**Plumbing Services**"), and heating, ventilation, and air conditioning services to residential and commercial customers (the "**HVAC Services**," the Plumbing Services and HVAC Services shall collectively be referred to as the "**Services**"), and sales of approved supplies, materials, equipment and other products (the "**Products**") under the mark 1-800-PLUMBER®, related service marks, trademarks, logos and trade names (collectively the "**Marks**") and using FRANCHISOR's unique system for operating the business and related licensed methods of doing business ("**System**").

B. FRANCHISOR and its affiliates have developed proprietary methods for establishing, operating and promoting 1-800-PLUMBER Businesses, and have established substantial goodwill and an excellent reputation with respect to the quality of the products and services available in a 1-800-PLUMBER Business, which goodwill and reputation have been and will continue to be of major benefit to FRANCHISOR. FRANCHISOR and its affiliates have also developed proprietary methods for establishing, operating and promoting area representative businesses for the development of territories which will accommodate multiple 1-800-PLUMBER Businesses ("**Area Representative Businesses**").

C. The Company is a franchisee or area representative under an effective franchise agreement or area representative agreement with FRANCHISOR (the "**Franchise Agreement**").

D. Associate is or will become involved with the Company in the capacity of an officer, partner, director, manager, agent, employee, member, Managing Principal (as defined in the Franchise Agreement), Operations Manager (as defined in the Franchise Agreement), Assistant (as defined in the Franchise Agreement), Principal Representative (as defined in the Franchise Agreement), beneficial owner, or independent contractor (such capacities collectively referred to as "**Affiliation**") or is related to a person who has an Affiliation with the Company, and will become privileged as to certain confidential information related to FRANCHISOR, its operations, the 1-800-PLUMBER Businesses, the Area Representative Businesses, and/or the System.

E. FRANCHISOR and the Company require that Associate enter into this Agreement with them before Associate shall be allowed to have access to any confidential information of FRANCHISOR (i) as a material term of the Franchise Agreement; (ii) in order to protect FRANCHISOR's confidential know-how and distinctive systems, designs, décor, trade dress, specifications, standards, procedures and other trade secrets authorized or required by FRANCHISOR for use in the operation of the Company's 1-800-PLUMBER Business and/or Area Representative Business; (iii) in order to protect FRANCHISOR's proprietary rights in, and the Company's right to use, the confidential information of FRANCHISOR; and (iv) in consideration of Associate's Affiliation with the Company.

F. Associate, the Company, and FRANCHISOR have reached an understanding and agreement with regard to nondisclosure by Associate of confidential information and with respect to noncompetition by Associate with FRANCHISOR and the Company.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate, the Company and FRANCHISOR, intending legally to be bound, agree as follows:

1. Confidential Information. Associate recognizes and agrees that certain proprietary information relating to FRANCHISOR and its operations ("**Confidential Information**") is owned by and treated as confidential by FRANCHISOR and the Company, including without limitation, (1) the System; (2) all proprietary information concerning FRANCHISOR's business and the 1-800-PLUMBER Business and Area Representative Business format and operating procedures; (3) sales methods; (4) formulas or processes related to any Products and Services sold at 1-800-PLUMBER Businesses; (5) all of FRANCHISOR's financial information other than financial information filed with any government regulatory agency; (6) information regarding the Office and Vans design, décor and layout; (7) franchise sales processes and promotional methods and materials; (8) all nonpublic statistical information; (9) the strategic plan, budgets and projections for FRANCHISOR; (10) all information concerning negotiations of any kind conducted by FRANCHISOR whether pending or completed; (11) all marketing research data and marketing plans; (12) all lead generation or prospecting methods; (13) all information contained in FRANCHISOR's operations manual, and any other manual, written instructional guides, or other nonpublic written information; (14) internal lists of FRANCHISOR's current and former franchisees and area representatives, and customers of FRANCHISOR and of its franchisees and area representatives, including contact information such as physical addresses and e-mail addresses thereof; and (15) all other information which gives FRANCHISOR and its affiliates an opportunity to obtain an advantage over their competitors or that may be considered a trade secret or proprietary and such Confidential Information that may be further developed from time to time by FRANCHISOR. Such Confidential Information is unique, exclusive property and a trade secret of FRANCHISOR.

2. Use and Disclosure of Confidential Information. Associate acknowledges that, in connection with Associate's Affiliation with the Company, FRANCHISOR or the Company will disclose in strict confidence certain Confidential Information necessary for the operation of a 1-800-PLUMBER Business and/or Area Representative Business. Associate specifically acknowledges that the Confidential Information is valuable, unique and comprises a key portion of the assets of FRANCHISOR; and Associate agrees that he or she will not utilize all or any portion of the same for Associate's personal benefit during the term of Associate's Affiliation with the Company, nor in any manner use the same subsequent to the termination of Associate's Affiliation with the Company or the termination or expiration of the Franchise Agreement, nor disclose any of the same to any person, firm, corporation or other entity whatsoever, including but not limited to a Competitive Business, as defined below, at any time for any reason or purpose, without the prior written consent of FRANCHISOR. Associate shall not copy, publish or otherwise duplicate the Confidential Information or permit others to do so and shall return all Confidential Information to FRANCHISOR or the Company upon termination of Associate's Affiliation with the Company. Associate may disclose to other employees, agents, or representatives of FRANCHISOR or the Company the Confidential Information only to the extent necessary for such employees, agents or representatives to carry out their intended function. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Company. Associate further acknowledges that the Company has expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Company has taken numerous precautions to guard the secrecy of the Confidential Information and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3. Noncompetition Covenant. Associate covenants and agrees that, during the term of his or her Affiliation, except while conducting the Company's business in a manner authorized by

FRANCHISOR and the Company, Associate shall not, either directly or indirectly through any member of Associate's immediate family, separate business entity or otherwise:

a. have any direct or indirect interest as a disclosed or beneficial owner in a "Competitive Business," as defined below;

b. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business;

c. divert or attempt to divert any business related to, or any customer or account of the Company's 1-800-PLUMBER Business and/or Area Representative Business, FRANCHISOR's business, or any other FRANCHISOR franchisee's or area representative's business; or

d. divert or attempt to divert the employment of any employee of the Company, FRANCHISOR, FRANCHISOR's affiliates, or another FRANCHISOR franchisee or area representative, to any Competitive Business.

The term "**Competitive Business**" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, a business that is similar to a 1-800-PLUMBER Business, including a business that provides Plumbing Services or HVAC Services, or both, to residential homes or commercial customers; provided, however, Associate shall not be prohibited by this Agreement from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 2 percent or less of that class of securities issued and outstanding.

As used in this Agreement, "immediate family" shall mean any parent, adult child, spouse or sibling of Associate.

4. Post-Termination Covenant Not to Compete. Associate covenants and agrees that, for a period of 24 months after the earlier of (i) the effective date of termination or expiration of Associate's Affiliation with the Company, or (ii) the effective date of termination or expiration of the Company's Franchise Agreement, neither Associate, nor any member of Associate's immediate family, shall have any direct or indirect interest, as a disclosed or a beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in or with any other capacity, in any "Competitive Business" located or operating within a 100-mile distance from the former Service Area or Territory of the Company or within a 100-mile distance from the Service Area or Territory of any other franchised, company-owned or affiliated-owned 1-800-PLUMBER Business or Area Representative Business. If Associate or any member of Associate's immediate family breaches this Section, then the 24-month period under this Section shall start on the date that Associate or its family member, as applicable, is enjoined from such activity or ceases such activity, whichever is later. Associate expressly acknowledges that it and its immediate family members, officers, directors, shareholders, managers, equity owners, and/or partners possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of this covenant will not deprive them of their personal goodwill or ability to earn a living.

5. Audit of Business Records. FRANCHISOR or its authorized agent may request, receive, inspect, and audit any business records, financial or otherwise, of Associate, Associate's immediate family members, or any party affiliated with Associate or its immediate family members, including any companies or entities associated with Associate or its immediate family members, that FRANCHISOR in its sole discretion determines may be relevant in determining Associate's compliance with the terms of this Agreement or the Company's business results. The records subject to this audit

include but are not limited to (i) tax returns; (ii) quarterly and/or annual financial statements, including profit and loss statements and balance sheets; (iii) copies of check ledgers and bank statements for checking and savings accounts; (iv) copies of any checks or other evidence of payments; (v) all business contracts or agreements; and (vi) any other documents requested by FRANCHISOR. Any such inspection or audit shall be conducted in accordance with the audit provisions set forth in the Franchise Agreement, which are deemed incorporated herein. Inspections and audits conducted at Associate's business location or other location where the records are held may take place without prior notice, during normal business hours. FRANCHISOR may also require at any time the records from Associate or its affiliated parties be sent to FRANCHISOR's offices or another location to permit the inspection or audit of such records to be conducted at FRANCHISOR's place of business or the other location. If FRANCHISOR notifies Associate that documents are to be sent to a location other than Associate's business location for the purpose of conducting an inspection or audit at that location, Associate shall provide the requested documents to FRANCHISOR within the time period set forth in FRANCHISOR's notice. FRANCHISOR may audit and inspect documents covering a period beginning with the date on which Associate's Affiliation commenced and ending on the date such audit is concluded. All documents provided for FRANCHISOR's inspection or audit must be certified by Associate and the appropriate affiliated party, if applicable, as true, complete and correct. Inspections and audits may be conducted following the expiration or termination of Associate's Affiliation for any reason.

6. Invalidity. If any provision of this Agreement is held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority, arbitrator or otherwise having jurisdiction, the parties authorize and request such court, governmental authority, or arbitrator to modify the provision held to be void, voidable, invalid, unenforceable or inoperative to contain such lesser covenants that impose the maximum duty permitted by law so that the provision is upheld as valid, and the parties agree to be bound by such modified provision. Such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

7. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, FRANCHISOR or the Company shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which FRANCHISOR or the Company may be entitled. Associate agrees that FRANCHISOR or the Company may obtain such injunctive relief, without posting a bond or bonds, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon hearing duly had. Associate hereby expressly waives all claims for damages by reason of a wrongful issuance of any such injunction.

8. Assignment. The Company or FRANCHISOR may assign all or part of this Agreement and the rights which inure to either of them hereunder without the consent of Associate, provided that any assignment by the Company shall require the written consent of FRANCHISOR. This Agreement shall not be assignable by Associate.

9. Effect of Waiver. The waiver by Associate, the Company, or FRANCHISOR of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof, and in no event shall such a waiver be binding upon FRANCHISOR unless it is in writing and signed by an authorized representative of FRANCHISOR.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate, the Company, and FRANCHISOR, and their respective heirs, executors, representatives, successors and assigns. This Agreement shall be binding on Associate and enforceable by

FRANCHISOR and the Company regardless of whether or not it is signed by FRANCHISOR or the Company.

11. Entire Agreement. This instrument contains the entire agreement of Associate, the Company, and FRANCHISOR relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought. Both Associate and the Company agree that no change to this Agreement shall be made without the written consent of FRANCHISOR having first been obtained. The Recitals set forth at the beginning of this Agreement are binding on the parties and are specifically incorporated herein by this reference.

12. Governing Law. If FRANCHISOR is a party to any action, this Agreement shall be governed by and construed under the laws of the State of Texas. Otherwise, this Agreement shall be governed by and construed under the laws of the state, province, or country where the Company is located.

13. Arbitration.

a. Any and all controversies, disputes or claims between FRANCHISOR, its subsidiaries and affiliated companies or their shareholders, members, managers, officers, directors, agents, employees and attorneys (in their representative capacity); the Company, its shareholders, members, managers, officers, directors, agents and employees; and/or Associate arising out of or related to: (1) this Agreement; (2) the relationship of the parties; or (3) the validity of this Agreement shall be submitted for binding arbitration; except for actions for injunctive relief pursuant to Section 7 above, which actions FRANCHISOR and/or the Company at their option may bring either in a court of competent jurisdiction or in arbitration. If FRANCHISOR is a party to any controversy, dispute or claim, such arbitration proceedings shall be conducted in Houston, Texas, and will be submitted to the American Arbitration Association ("**AAA**"). Arbitration proceedings will be conducted in Houston, Texas and will be heard by one arbitrator in accordance with the then current rules of AAA that apply to commercial arbitration. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. The arbitrator shall be a resident of the State of Texas, knowledgeable of Texas law and fluent in English. The arbitration proceeding and all other hearings shall be conducted in English only, although any party shall have the right, at that party's option and sole expense, to have a translator present at the proceeding or other hearings.

b. If FRANCHISOR is not a party to such controversy, dispute or claim, such arbitration proceedings shall be conducted within the area in which the Company's 1-800-PLUMBER Business or Area Representative Business is based and will be heard by one arbitrator in accordance with the then current commercial arbitration rules of any arbitration group mutually acceptable to the Company and Associate, and if the Company and Associate cannot agree on an arbitration group within 30 days after demand for arbitration, then the AAA shall conduct such arbitration in accordance with its then current commercial arbitration rules. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court.

14. Attorneys' Fees. If FRANCHISOR or the Company must enforce any of the provisions or rights under this Agreement in any action at law or in equity and if the Company and/or FRANCHISOR is successful in such litigation or arbitration as determined by the court or arbitrator in a final judgment or decree taking into consideration the merits of the claims asserted by each party, then Associate shall pay FRANCHISOR or the Company, as applicable, all costs, expenses and reasonable attorneys' fees incurred by FRANCHISOR and/or the Company (including without limitation such costs, expenses and fees on any appeals), and if FRANCHISOR and/or the Company shall recover judgment in

any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

15. Definitions. All capitalized terms not defined in this Agreement have the respective meanings set forth in the Franchise Agreement between the Company and FRANCHISOR.

16. Cross Default. A default by Associate under this Agreement will be deemed a default of all agreements between the Company and FRANCHISOR, unless waived by FRANCHISOR in writing.

The parties have signed this Agreement on this ____ day of _____, 20_____.

FRANCHISOR:

1-800-SERVICES, LLC,
a Texas limited liability company

By:_____
Its:_____
Date: _____

COMPANY:

_____
a _____

By:_____
Its:_____
Date: _____

ASSOCIATE:

_____
Name:_____
Date: _____

RIDERS TO THE NONDISCLOSURE AND NONCOMPETITION AGREEMENT FOR SPECIFIC STATES

If any one of the following Riders to the Nondisclosure and Noncompetition Agreement for Specific States ("**Riders**") is checked as an "**Applicable Rider**" below, then that Rider shall be incorporated into the Nondisclosure and Noncompetition Agreement entered into by 1-800-Services, LLC and the undersigned Associate and Company. To the extent any terms of an Applicable Rider conflict with the terms of the Nondisclosure and Noncompetition Agreement, the terms of the Applicable Rider shall supersede the terms of the Nondisclosure and Noncompetition Agreement.

APPLICABLE RIDER

- ☐ INDIANA
- ☐ MINNESOTA
- ☐ WASHINGTON

FRANCHISOR:

1-800-SERVICES, LLC
a Texas limited liability company

By: _____
Its: _____

COMPANY:

_____
a _____

By: _____
Its: _____

ASSOCIATE:

_____
Print Name: _____

INDIANA RIDER TO THE NONDISCLOSURE AND NONCOMPETITION AGREEMENT

1. Section 4 is reduced in scope to apply only to the Company's Service Area or Territory.

2. Section 12 is hereby deleted in its entirety and the following is substituted in its place:

> **12. Governing Law.** Except to the extent governed by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law, if FRANCHISOR is a party to any action, this Agreement shall be governed by and construed under the laws of the State of Texas.

MINNESOTA RIDER TO THE NONDISCLOSURE AND NONCOMPETITION AGREEMENT

1. Minnesota Statutes Section 181.991 prohibits a franchisor from restricting, restraining, or prohibiting in any way a franchisee from soliciting or hiring an employee of the franchisor or an employee of a franchisee of the same franchisor. Any such restrictions in Section 3.d are hereby deemed deleted.

WASHINGTON RIDER TO THE NONDISCLOSURE AND NONCOMPETITION AGREEMENT

1. 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 Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

2. 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 Agreement or elsewhere are void and unenforceable in Washington.

ATTACHMENT C
(TO DISCLOSURE DOCUMENT)

STATEMENT OF PROSPECTIVE FRANCHISEE

1-800-SERVICES, LLC
STATEMENT OF PROSPECTIVE FRANCHISEE

(Note: Dates and Answers Must be completed in the Prospective Franchisee's Own Handwriting.)

Since the prospective franchisee (also called "me," "our", "us", "we", and/or "I" in this document) and 1-800-SERVICES, LLC (also called "you", or "your") both have an interest in making sure that no misunderstanding exist between each of us, and to verify that no violations of law might have occurred, and understanding that we are relying on the statements I/we make in this document, I/we advise you as follows:

A. The following dates and information are true and correct:

1. The date of our first face-to-face meeting with any person to discuss the possible purchase of a 1-800-PLUMBER franchise.

_____

2. The date on which I/we received a Franchise Disclosure Document providing me/us with information regarding the purchase of a 1-800-PLUMBER franchise.

_____

3. The date when I/we received a fully completed copy (other than signatures) of the Franchise Agreement and all other documents I/we later signed.

_____

4. The earliest date on which I/we signed the Franchise Agreement or any other binding document (not including any Receipt evidencing our receipt of the Franchise Disclosure Document).

_____

5. The earliest date on which I/we delivered cash, a check or other consideration to you, or any other person or company.

_____

B. Representations and Other Matters:

1. No oral, written, visual or other promises, agreements, commitments, or representations of any type, including, but not limited to, any which expanded upon or were inconsistent with the Franchise Disclosure Document, or the Franchise Agreement, have been made to me/us with respect to any matter nor have I/we relied in any way on such, except as expressly set forth in the Franchise Agreement or a written Addendum thereto signed by me/us and a Managing Member of you, except as follows: _____
_____
_____
_____.

(If none, write NONE in your own handwriting.)

2. No oral, written, visual or other claim, guarantee or representation (including, but not limited to, charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, was made to me/us by any person or entity, nor have I/we relied in any way on any such, except for the information expressly set forth in the Franchise Disclosure Document, if any, except as follows:__
_____
_____
_____
_____.

(If none, write NONE in your own handwriting).

3. No contingency, prerequisite, reservation or other condition exists with respect to any matter (including, but not limited to, my/our obtaining any financing, my/our selection, purchase, lease or otherwise of a location, any operational matters or otherwise) or my/our fully performing any of my/our obligations, nor am I/we relying on you or any other entity to provide or arrange financing of any type, nor have I/we relied in any way on such, except as expressly set forth in the Franchise Agreement or a written Addendum thereto signed by me/us and a Managing Member of you, except as follows: _____
_____
_____.

(If none, write NONE in your own handwriting).

4. I/we understand that the information contained in ITEM 19 of the Franchise Disclosure Document, if any, is not intended to express or infer an estimate, projection or forecast of revenues, sales, expenses, income or earnings to be derived in connection with any particular franchise. I/we understand that you make no representation to whether I/we will ever be able to sell any products or services, or the length of time it will take me/us to realize any gross revenues, net income or any other financial results. I/we understand that my/our actual financial results are likely to differ from the figures presented. I/we understand that you do not represent that I/we can expect to attain the revenues or limit my/our expenses to those contained in ITEM 19 of the Franchise Disclosure Document, if any, or that I/we can do as well as the outlets included therein. If I/we rely on those figures, I/we accept the risk of not doing as well. I/we acknowledge that my/our ability to achieve any level of income will depend upon factors not within your control, including the occurrence of certain start-up and operating expenses and the amount of those expenses, and my/our level of expertise. (This statement does not apply in the State of Washington.)

5. If the prospective franchisee or are representative is a business entity, the individuals signing for the "Prospective Franchisee" constitute all of the executive officers, members, managers, partners, shareholders, investors and/or principals (as applicable) of the Prospective Franchisee and each of such individuals has received the Franchise Disclosure Document and all attachments and carefully read, discussed, understands and agrees to the Franchise Agreement and each written attachment, addendum, or exhibit.

6. I/we have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and you have strongly recommended that I/we obtain such independent professional advice. I/we have also been advised by you to discuss my/our proposed purchase of, or investment in, a 1-800-PLUMBER franchise with one or more of your existing franchisees prior to signing any binding documents or paying any sums and I/we have been supplied with a list of existing 1-800-PLUMBER franchisees.

7. I/we understand that entry into any business venture necessarily involves certain risk of loss or failure, that the purchase of a 1-800-PLUMBER franchise (or any other franchise) is a speculative investment, that investment beyond the amounts outlined in the Franchise Disclosure Document may be required to succeed, that there exists no guaranty against possible loss or failure in this or any other business and that the most important factors in the success of any 1-800-PLUMBER Business, including the one to be operated by me/us, are my/our personal business, marketing, sales, management, judgment and other skills.

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that I sign this document without all of its statements being true, correct and complete, I/we will make a written statement regarding such next to my signature below so that you may address and resolve any such issue(s) at this time and before either party goes forward.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date: _____

PROSPECTIVE FRANCHISEE:

By: _____
Print Name: _____

By: _____
Print Name: _____

By: _____
Print Name: _____

All of the above is true, correct and complete to the best of my knowledge.

Franchise Marketing Representative: _____

Reviewed by: _____(1-800-Services, LLC)

President/Vice President: _____ Agreement Number: _____

ATTACHMENT D
(TO DISCLOSURE DOCUMENT)

CURRENT FORM OF GENERAL RELEASE

THE FOLLOWING FORM OF GENERAL RELEASE AGREEMENT IS A SAMPLE OF OUR CURRENT FORM OF GENERAL RELEASE AGREEMENT. THIS AGREEMENT IS OFTEN MODIFIED TO CONFORM TO THE FACTS SURROUNDING THE EVENT OR INCORPORATED INTO A LARGER AGREEMENT WHICH MORE PRECISELY ADDRESSES THE EVENT. WE MAKE NO REPRESENTATION OR GUARANTY THAT THE GENERAL RELEASE AGREEMENT YOU MAY BE REQUIRED TO SIGN WILL BE IDENTICAL TO THE GENERAL RELEASE AGREEMENT SET FORTH BELOW.

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (this "**Agreement**") is made as of _____, 20____ by and between 1-800-SERVICES, LLC, a Texas limited liability company ("**FRANCHISOR**") and _____ _____, a(n) _____ ("**FRANCHISEE**").

RECITALS

A. FRANCHISOR and FRANCHISEE entered into that certain Franchise Agreement or Area Representative Agreement dated _____, 20___ (the "**Franchise Agreement**").

B. FRANCHISEE desires to _____ its rights and obligations under Franchise Agreement.

C. As a condition to the _____ of FRANCHISEE's rights and obligations under the Franchise Agreement, FRANCHISOR requires FRANCHISEE to execute this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the terms and conditions set forth below, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. **Release**. FRANCHISEE, for itself, its principals, owners, directors, officers, employees, heirs, assigns, agents and representatives, fully and forever unconditionally releases and discharges FRANCHISOR, and its shareholders, directors, officers, employees, successors, assigns, agents and representatives (collectively referred to as "**FRANCHISOR's Affiliates**") from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever, in law or in equity, whether known or unknown to it, which it may now have against FRANCHISOR or the FRANCHISOR's Affiliates or which it may discover hereafter, in connection with, as a result of, or in any way arising from, any relationship or transaction with FRANCHISOR or the FRANCHISOR's Affiliates, however characterized or described, from the beginning of time until the date of this Agreement.

2. **Notice**. Any notice, request, demand, statement or consent made under this Agreement shall be in writing and shall be personally delivered or sent by registered or certified mail, return receipt requested, and shall be deemed given when personally delivered or three days after deposit in the United States Mail, postage prepaid, and properly addressed to the other party at its address as set forth below. Each party may designate a change of address by notice to the other party in accordance with this Section.

If to FRANCHISEE: _____

_____

_____

If to FRANCHISOR: 1-800-Services, LLC
1331 Broadway Street, Suite J
Pearland, Texas 77581

3. **Texas Laws**. This Agreement shall be interpreted by the laws of the State of Texas. Should any provision of this Agreement be found to violate the statutes or court decisions of the State of Texas or of the United States, that provision shall be deemed to be amended to comply with and conform to such statutes or court decisions to affect the intent of the parties hereto.

4. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the successors, assigns, trustees, receivers, personal representatives, legatees and devisees of the parties.

5. **Attorneys' Fees**. Each party shall be responsible for paying its and his or her own costs and expenses incurred in the preparation of this Agreement. However, in the event of any litigation between the parties based upon an alleged breach or default in their respective obligations to be fulfilled pursuant to this Agreement, the prevailing party in the action shall be entitled to recover attorney's fees and court costs from the non-prevailing party(ies).

6. **Entirety**. This Agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and understandings related to the subject matter hereof.

FOR WASHINGTON ONLY:

This Agreement 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 have executed this Agreement as of the date first above written.

FRANCHISOR:

1-800-SERVICES, LLC

By: _____
Name: _____
Title: _____

Date: _____

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____

Date: _____

ATTACHMENT E
(TO DISCLOSURE DOCUMENT)

OPERATIONS MANUAL TABLE OF CONTENTS

DIGITAL OPERATIONS MANUAL

Estimated No. of
Pages in
each Section

Meet Your Support Team 1
Elevate Engine 2
Management 111
B.E.S.T. Technician 77
Accounting and Financials 16
Elevate Conference 6
Introduction to ClickUp 1
Operations 271
B.E.S.T. Representative 28
Marketing 76
B.E.S.T. Fleet 13
Leadership Development 27

Total Number of Pages: 629

NOTE: OUR OPERATIONS MANUAL IS MAINTAINED ELECTRONICALLY AND MADE AVAILABLE TO FRANCHISEES ONLINE. IF IT WERE PRINTED, THE NUMBER OF PAGES OF EACH SECTION AND THE TOTAL NUMBER OF PAGES WOULD BE APPROXIMATELY AS NOTED BELOW.

TOTAL NUMBER OF PAGES: 629

ATTACHMENT F
(TO DISCLOSURE DOCUMENT)

LIST OF FRANCHISEES

LIST OF CURRENT FRANCHISEES
AS OF DECEMBER 31, 2025

California

1-800-Plumber +Air of Monterey
Maldonado Enterprises, LLC
2 Harris Ct., Unit A6
Monterey, CA 93940
831-218-5972
(Two Service Areas)

Connecticut

1-800-Plumber +Air of Fairfield County
J.P.'s Plumbing and Heating, LLC
97 Bridgeport Ave., #8
Shelton, Connecticut 06484
203-921-1560
(Two Service Areas)

Florida

1-800-Plumber +Air of Central Florida
Ingenious, LLC
208 Sunset View Dr.
Davenport, FL 33837
863-259-3530
(Three Service Areas)

1-800-Plumber +Air of Clearwater
TNG Mechanical
3350 Ulmerton Rd., Unit 2
Clearwater, FL 33762
727-219-9473
(Two Service Areas)

Idaho

1-800-Plumber +Air of Meridian
Idaho Plumbing and Air, LLC
870 E. Franklin Rd., Sute 504
Meridian, ID 83642
208-254-6351
(Two Service Areas)

Indiana

1-800-Plumber +Air of North Indianapolis
Flow Master LLC
9753 Crosspoint Blvd., Ste 110
North Indianapolis, IN 46256
317-343-0580
(Five Service Areas)

New York

1-800-Plumber +Air of Babylon
East Coast LI Plumbing INC
36 Gazza Blvd.
Farmingdale, NY 11735
631-412-8092
(One Service Area)

1-800-Plumber +Air of Central Long Island
R&R NY Plumbing LLC
36 Gazza Boulevard,
Farmingdale, NY 11735
631-350-5400
(Three Service Areas)

North Carolina

1-800-Plumber +Air of Charlotte
Sanga Plumbing and HVAC Services LLC
1744 Westchester Dr
Highpoint, NC 27262
336-704-0242
(Four Service Areas)

1-800-Plumber +Air of Raleigh
Sanga Plumbing and HVAC Services LLC
1627 Navaho Dr.
Raleigh, NC 27609
919-446-4617
(Two Service Areas)

1-800-Plumber +Air of Triad
Sanga Plumbing and HVAC Services LLC
1744 Westchester Dr
Highpoint, NC 27262
336-704-0242
(Three Service Areas)

Ohio

1-800-Plumber +Air of Cleveland
Ward Mechanical, LLC
9775 Rockside Rd., Ste 220
Valley View, OH 44125
440-202-9932
(One Service Area)

1-800-Plumber +Air of Columbus
JBJB Ventures LLC
6678 Central College Rd.
New Albany, OH 43054
614-647-2125

1-800-Plumber +Air of Youngstown
Barth Brothers Enterprises, LLC
7631 South Ave., Ste F
Boardman, OH 44514
330-597-0601
(One Service Area)

Oklahoma

1-800-Plumber +Air of Yukon
RNkengenyi LLC
351 East Main Street
Yukon, OK 73099
405-901-1964
(One Service Area)

Oregon

1-800-Plumber +Air Pacific NW
MEP Pros
9735 SW Sunshine Ct, Ste 100
Beaverton, OR 97005
503-676-3449
(Five Service Areas)

Pennsylvania

1-800-Plumber +Air of Lansdale
TAS&JEN LLC
438 Industrial Dr
North Wales, PA 19454
803-702-5372
(Two Service Areas)

Texas

1-800-Plumber +Air of Cypress
Prime Plumbing 1, LLC
17109 South Drive, Suite 1
Cypress, TX 77433
281-223-1126
(Two Service Areas)

1-800-Plumber +Air of Dallas
Bestcare Home Services, LLC
3321 Towerwood Dr., Ste 120
Farmers Branch, TX 75234
214-216-0560
(Four Service Areas)

1-800-Plumber +Air of East San Antonio
Pichardo Home Services, Inc.
8845 FM 1976, Ste. 107,
Converse, TX 78109
210-239-3744
(One Service Area)

1-800-Plumber +Air of Flower Mound
Shanand, Inc.
506 E. Purnell St., Ste. B
Lewisville, TX 75057
469-630-1163
(Two Service Areas)

1-800-Plumber +Air of Frisco
DZH Services, LLC
2601 E. State Hwy 121, Ste. 106
Lewisville, TX 75056
469-384-2954
(Three Service Areas)

1-800-Plumber +Air of Round Rock
Apollo Home Solutions LLC
1400 Chisholm Trail Rd., Ste. E
Round Rock, TX 78681
512-758-6426
(One Service Area)

1-800-Plumber of the Texas Panhandle
Shreiner Home Comfort, LLC
216 S. Lipscomb
Amarillo, Texas 79106
806-622-3862
(One Service Area)

Virginia

1-800-Plumber +Air of Alexandria
M. E Holding Company, LLC
3349 Duke St.
Alexandria, VA 22314
703-249-6816
(Three Service Areas)

Washington

1-800-Plumber +Air of Eastside Seattle
Am Abu, LLC
14630 NE 95th Street
Redmond, WA 98052
425-298-6969
(One Service Area)

FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT ARE NOT OPEN AS OF DECEMBER 31, 2025

Alabama

1-800-Plumber +Air of Birmingham
Ecocomfort Solutions, LLC
TBD*
256-694-4472
(Three Service Areas)

Colorado

1-800-Plumber +Air of Front Range
Lorenz Holdings, LLC
475 W. 115th Ave., Unit 4A,
Northglenn, CO 80234
720-432-4988
(Three Service Areas)

Florida

1-800-Plumber +Air of West Palm Beach
Palm Coast Ventures LLC
2753 Vista Pkwy., Ste. J-12 Lower
West Palm Beach, FL 33411
561-331-6069
(One Service Area)

1-800-Plumber +Air of Cape Coral
Coast 2 Coast Plumbing and Heating, LLC
4519 SE 16th, Ste 102
Cape Coral, FL 33904
631-467-5000
(Four Service Areas)

Georgia

1-800-Plumber +Air of North Atlanta
Precision Multi-Care LLC
1960 Parker Ct, Suite E
Stone Mountain, GA 30087
404-964-8421
(Four Service Areas)

Kentucky

1-800-Plumber +Air of Ashland
Ashland Mechanical LLC
1505 Carter Ave. STE 302
Ashland KY 41101
606-385-4640
(One Service Area)

Maryland

1-800-Plumber +Air of Gaithersburg
Natanael Tewolde and Jason Brown
TBD*
301-437-0775
(One Service Area)

1-800-Plumber +Air of Montgomery County
Mario Perez
TBD
703-895-2519
(Four Service Areas)

Massachusetts

1-800-Plumber +Air of Brockton
Sheila Valme
TBD*
508-436-0526
(One Service Area)

Missouri

1-800-Plumber +Air of Kansas City
Mendoza Enterprises, LLC
5817 NE Antioch Rd
Gladstone, MO 64119
816-604-7665
(One Service Area)

New Jersey

1-800-Plumber +Air of Bergen County
SUBA Mechanical Group, LLC
18-02 River Road, Building 2, Unit 2
Fair Lawn, NJ 07410
201-256-0712
(Three Service Areas)

Texas

1-800-Plumber +Air of Fort Worth
Tripjolt Gill
TBD
817-357-0650
(Two Service Areas)

1-800-Plumber +Air of Garland
Darren Harvey
TBD
972-567-1973
(Three Service Areas)

Virginia

1-800-Plumber +Air of Centreville
Wardak Plumbing & HVAC LLC
TBD
(703) 228-9992
(Four Service Areas)

1-800-Plumber +Air of Woodbridge
Air Solutions Mechanical, LLC
2841 Ps Business Center Dr
Woodbridge, VA 22192
703-895-2519
(One Service Area)

***These locations do not have an office yet**

ATTACHMENT G
(TO DISCLOSURE DOCUMENT)

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

FRANCHISEES WHO HAVE LEFT THE SYSTEM

Listed below is the name and last known city, state and telephone number of every franchisee who has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their respective franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

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

California

Madsum, LLC
Escondido, CA
760-849-1976
(Three Service Areas)

Colorado

Weplin Services, LLC
Northglenn, CO
720-388-8084
(One Service Area)
Transfer

Florida

Mcfamily LLC
New Port Richey, FL
727-777-4384
(One Service Area)

Georgia

GANT Enterprises LLC
Marietta, GA
470-781-3080
(Two Service Areas)

North Carolina

No More Clogs, LLC
Raleigh, NC
919-446-464617
(Two Service Areas)
Transfer

Ohio

Ward Mechanical, LLC
Valley View, OH
440-202-9932
(One Service Area)
Transfer

South Carolina

Paley's Plumbing Professionals, LLC
Columbia, SC
803-702-5372
(One Service Area)

Texas

JELR Enterprises, LLC
New Braunfels, TX
830-743-9103
(One Service Area)

MC1 Plumbing LLC
San Antonio, TX
210-468-3739
(One Service Area)

S Cube Home Solutions, LLC
Round Rock, TX
512-758-6426
(One Service Area)
Transfer

Utah

Idaho Plumbing and Air LLC
Lehi, UT
385-426-3134
(Two Service Areas)
*Paused Operations with intentions to reopen. Owns Meridian, ID location.

Virginia

Gunter and Gilbert, LLC
Richmond, VA
804-406-9261
(One Service Area)

ATTACHMENT H
(TO DISCLOSURE DOCUMENT)

FINANCIAL STATEMENTS

1-800-SERVICES, LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

December 31, 2025

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

1-800-SERVICES, LLC

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Statement of operations	6
Statement of member's deficit	7
Statement of cash flows	8
Notes to the financial statements	9

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Members
1-800-Services, LLC
Pearland, Texas

Opinion

We have audited the accompanying financial statements of 1-800-Services, LLC, which comprise the balance sheet as of December 31, 2025, and the related statements of operations, member's deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 1-800-Services, LLC as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

Kezas & Dunlavy

St. George, Utah
May 5, 2026

1-800-SERVICES, LLC
BALANCE SHEET
As of December 31, 2025

	2025
Assets	
Current assets	
Cash and cash equivalents	$ 221,075
Accounts receivable, net	732,410
Other assets	8,056
Deferred commissions, current	46,611
Total current assets	1,008,152
Non-current assets	
Property and equipment, net	27,504
Intangible assets, net	500,000
Right of use asset	202,855
Deferred commissions, non-current	461,445
Total non-current assets	1,191,804
Total assets	$ 2,199,956
Liabilities and Member's Deficit	
Current liabilities	
Accounts payable and accrued expenses	$ 180,876
Line of credit	5,500
Deferred revenue, current	259,067
Operating lease liability, current	101,114
Loans payable, current	18,603
Total current liabilities	565,160
Non-current liabilities	
Deferred revenue, non-current	2,100,295
Operating lease liability, non-current	101,741
Loans payable, non-current	131,185
Total non-current liabilities	2,333,221
Total liabilities	2,898,381
Member's deficit	(698,425)
Total liabilities and member's deficit	$ 2,199,956

The accompanying notes are an integral part of these financial statements

1-800-SERVICES, LLC
STATEMENT OF OPERATIONS
For the year ended December 31, 2025

	2025
Operating revenue	
Royalty revenue	$ 1,099,077
Franchise fees	590,436
Advertising fund fees	351,974
Market strategy fund fees	105,000
Service revenue	99,201
Total operating revenue	2,245,688
Operating expenses	
General and administrative	2,080,701
Marketing and advertising	485,230
Legal and professional fees	41,766
Commissions	96,816
Total operating expenses	2,704,513
Net loss	$ (458,825)

The accompanying notes are an integral part of these financial statements

1-800-SERVICES, LLC
STATEMENT OF MEMBER'S DEFICIT
For the year ended December 31, 2025

Balance as of January 1, 2025	$	41,883
Correction of error - see note 2 to the financial statements		(145,000)
Member contributions		11,136
Member distributions		(147,619)
Net loss		(458,825)
Balance as of December 31, 2025	$	(698,425)

The accompanying notes are an integral part of these financial statements

1-800-SERVICES, LLC
STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

	2025
Cash flows used in operating activities:	
Net loss	$ (458,825)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	
Depreciation expense	38,529
Change in operating assets and liabilities:	
Accounts receivable	(170,887)
Accounts payable	23,511
Other assets	(8,056)
Deferred revenue	527,344
Deferred commissions	50,147
Net cash provided by operating activities	1,763
Cash flows from financing activities:	
Line of credit	5,500
Loans payable	(57,191)
Due from related parties	74,674
Contributions	11,136
Distributions	(147,619)
Net cash used in financing activities	(113,500)
Net change in cash and cash equivalents	(111,737)
Cash and cash equivalents at beginning of period	332,812
Cash and cash equivalents at end of period	$ 221,075
Supplemental disclosures of cash flow	
Cash paid for interest	$ -

The accompanying notes are an integral part of these financial statements

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

1-800-Services, LLC (the "Company") was formed on March 6, 2015, as a Texas limited liability company. The Company specializes in providing plumbing products and services, and heating, ventilation, and air conditioning (HVAC) products and services to residential and commercial customers.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase.

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and marketing fees. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses ("CECL") model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

As of December 31, 2025, the Company had an allowance for uncollectible accounts of $266,967.

(f) Revenue Recognition

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations,

determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, advertising fund fees, and royalties based on a percentage of gross revenues, marketing strategy fund fees and service fees.

Advertising fund fees, royalties and marketing strategy fund fees

Upon evaluation of the five-step process, the Company has determined that advertising fund fees, royalties and marketing strategy fund fees are to be recognized in the same period as the underlying sales.

Service revenue

The Company provides services to its franchisees on a monthly basis. Upon evaluation of the five-step process, the Company has determined that service revenues are to be recognized in the same period as the services are provided.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, Franchisors—Revenue from Contracts with Customers. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt. These pre-opening services include the following (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

For initial franchise fees, the Company recognizes revenue attributable to pre-opening services when those services have been provided (generally when the franchisee has begun operations). The remaining initial fee is then recognized on a straight-line basis over the life of the agreement, which is generally 10 years.

(g) Income Taxes

The entity is structured as a limited liability company ("LLC") under the laws of the State of Texas. A limited liability company is classified as a partnership for federal and state income tax purposes and, accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions

taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2025, the 2024, 2023, and 2022 tax years were subject to examination.

(h) Leasing

The Company has adopted ASC 842, *Leases* in prior periods. Its operating lease includes office space. This lease required the recognition of a right-of-use asset and lease liability. The lease liability reflects the present value of the Company's estimated future minimum lease payments over the lease terms, discounted using a collateralized incremental borrowing rate. The impact of ASC 842 is non-cash in nature and does not affect the Company's cash flows. In calculating its operating lease assets and liabilities, the Company has used a rate of 10.45%.

The Company has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from any of its short-term leases. All leases with a term of 12 months or less at commencement, for which the Company is not reasonably certain to exercise available renewal options that would extend the lease term past 12 months, will be recognized on a straight-line basis over the lease term.

(i) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the fiscal year ended December 31, 2025, were $485,230. This amount includes expenses related to the Company's market penetration strategy.

(j) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(k) Property and Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets.

(l) Intangible Assets

The Company's intangible assets consist of goodwill. The Company accounts for intangible assets in accordance with *ASC 350, Intangibles—Goodwill and Other*. The Company has determined that these intangible assets have indefinite useful lives as there are no legal, regulatory, contractual, or economic factors that limit their useful lives. Accordingly, these intangible assets are not amortized, but are evaluated for impairment at least annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. During the year ended December 31, 2025, no impairment was deemed necessary.

(m) Concentration of Risk

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Correction of Error – Intangible Assets

During the year ended December 31, 2025, the Company identified an error related to the accounting for a settlement agreement entered into in 2017. In connection with this agreement, the Company had previously recorded certain amounts as intangible assets. Upon further evaluation, management determined that these amounts did not meet the criteria for capitalization under ASC 350, *Intangibles—Goodwill and Other,* and should have been expensed as incurred.

As a result, the Company recorded an adjustment to reduce intangible assets and retained earnings as of January 1, 2025. The correction of this error had no impact on the Company's results of operations or cash flows for the year ended December 31, 2025.

(3) Franchise Agreements

The Company's franchise agreements generally provide for payment of initial fees as well as continuing royalties to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to use the 1-800 system for a period of 10 years. Under the Company's revenue recognition policy, the Company allocates a portion of the initial franchise fee to pre-opening services, which is recognized when those services are performed (generally when the franchisee begins operations). The remainder is deferred, and the revenue is amortized over the life of the contract. In addition, the Company defers related contract costs such as broker commissions over the same period and records them as deferred contract costs.

Disaggregated franchise fee revenue based on the satisfaction of performance obligations in the Company's contracts with franchisees is as follows for the years ended December 31:

	2025
Performance obligations satisfied at a point in time	$ 306,400
Performance obligations satisfied over the life of the contract	261,053
Total initial franchise fee revenue	$ 567,453

For the year ended December 31, 2025, the change in the Company's deferred commissions is as follows:

	2025
Beginning deferred commissions	$ 558,203
Additions	46,669
Expenses recognized	(96,816)
Ending deferred commissions	$ 508,056
Deferred commissions, current	$ 46,611
Deferred commissions, non-current	461,445
Total deferred commissions	$ 508,056

The following table represents the activity of the Company's deferred revenue for the year ended December 31, 2025:

	2025
Beginning deferred revenue	$ 1,832,018
Additions	1,127,780
Revenue recognized from beginning deferred revenue	(288,800)
Revenue recognized from contracts executed in the current year	(301,636)
Ending deferred revenue	$ 2,369,362
Deferred revenue, current	$ 259,067
Deferred revenue, non-current	2,110,295
Total deferred revenue	$ 2,369,362

(4) Accrued Expenses

The Company's accrued expenses consist of payroll liabilities, credit card payables, vehicle finance charges and accrued interest as of year-end.

(5) Property and Equipment, Net

As of December 31, 2025, the Company's property and equipment consist of the following:

	2025
Computers	$ 3,607
Furniture	30,029
Vehicles	33,855
Accumulated depreciation	(39,987)
	$ 27,504

Depreciation expense for the year ended December 31, 2025, was $12,750.

(6) Loans Payable

As of December 31, 2025, the Company's loans payable consisted of the following:

	2025
Note payable with the Small Business Administration under the EIDL program for COVID-19 relief. Face amount of $142,900, payable in 360 monthly installments of $704. Payments are applied to interest first and then to principal. Interest at the rate of 3.75% on the unpaid principal balance. . Final payment is due on May 27, 2050. Collateralized by the assets of the Company.	$ 134,452
Various notes payable to Ally Bank for the purchase of vehicles. Collateralized by the purchased vehicle.	15,336
	149,788
Less: current maturities	(18,603)
	$ 131,185

(7) Operating Lease

The Company is the lessee in an operating lease agreement for office space, which expires in October 2027. As of December 31, 2025, the Company recorded right of use assets of $202,855. As of December 31, 2025, the Company had a lease liability of $202,855, $101,114 of which was classified as current.

As of December 31, 2025, the future minimum lease payments under non-cancelable operating leases are as follows:

For the year ended December 31,		
2026	$	117,590
2027		100,430
Less: amounts representing interest – rate of 10.45%		(15,165)
Total operating lease liability	$	202,855

(8) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(9) Subsequent Events

Management has reviewed and evaluated subsequent events through May 5, 2026, which is the date the financial statements were issued.

1-800 SERVICES, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2024

1-800 SERVICES, LLC

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REESE
CPA LLC

Independent Auditor's Report

To the Members
1-800 Services, LLC
Pearland, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of 1-800 Services, LLC as of December 31, 2024, and 2023 and the related statement of operations, members' equity (deficit) and cash flows for the years ended December 31, 2024, 2023 and 2022, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 1-800 Services, LLC as of December 31, 2024, and 2023 and the results of their operations and their cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 1-800 Services, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 1-800 Services, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 1-800 Services, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about 1-800 Services, LLC's ability to continue as a going concern for a reasonable period of time.

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

Reese CPA LLC

Ft. Collins, Colorado
June 2, 2025

1-800 SERVICES, LLC
BALANCE SHEETS

	AS OF DECEMBER 31, 2024	AS OF DECEMBER 31, 2023
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	$ 332,812	$ 228,228
Accounts receivable, net	561,523	712,518
Contract acquisition costs, current	65,757	47,197
TOTAL CURRENT ASSETS	960,092	987,943
NON-CURRENT ASSETS		
Property and equipment	66,033	49,117
Intangible assets	645,000	645,000
Right to use asset - property lease	303,090	392,740
Contract acquisition costs	492,446	365,776
TOTAL ASSETS	$ 2,466,661	$ 2,440,576
LIABILITIES AND MEMBERS' EQUITY (DEFICIT):		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 157,365	$ 245,996
Revolving line of credit	-	-
Non-refundable deferred franchise fees, current	436,430	337,465
Lease liability, current	98,665	89,650
Long-term debt, current	27,912	65,586
TOTAL CURRENT LIABILITIES	720,372	738,697
LONG-TERM LIABILITIES		
Note payable, less current portion	179,067	177,845
Lease liability, less current portion	204,425	303,090
Non-refundable deferred franchise fees, less current portion	1,395,588	1,085,588
TOTAL LIABILITIES	2,499,452	2,305,220
MEMBERS' EQUITY (DEFICIT)		
Member contributions	117,044	117,044
Accumulated earnings (deficit)	(75,161)	80,260
Due from related parties	(74,674)	(61,948)
TOTAL MEMBERS' EQUITY (DEFICIT)	(32,791)	135,356
TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	$ 2,466,661	$ 2,440,576

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

1-800 SERVICES, LLC
STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,		
	2024	2023	2022
REVENUES			
Franchise sales	$ 560,840	$ 688,100	$ 503,300
Royalty fees	947,809	648,323	456,815
Advertising revenue	457,687	199,472	126,891
Other revenue	63,875	137,073	19,066
TOTAL REVENUE	2,030,211	1,672,968	1,106,072
COST OF SALES	184,036	113,481	123,687
GROSS PROFIT	1,846,175	1,559,487	982,385
OPERATING EXPENSES			
Payroll and related costs	815,297	617,533	539,001
Advertising	606,624	293,179	238,710
General and administrative	456,637	391,429	382,916
Professional fees	88,921	50,478	53,207
Depreciation	21,750	19,086	19,032
TOTAL OPERATING EXPENSE	1,989,229	1,371,705	1,232,866
OPERATING INCOME (LOSS)	(143,054)	187,782	(250,481)
OTHER INCOME (EXPENSE)			
Other income	-	-	7,240
Interest expense	(12,367)	(20,361)	(22,554)
TOTAL OTHER INCOME (EXPENSE)	(12,367)	(20,361)	(15,314)
NET INCOME (LOSS)	$ (155,421)	$ 167,421	$ (265,795)

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

1-800 SERVICES, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Member Contributions	Accumulated Earnings (Deficit)	Total Members' Equity
BALANCE, DECEMBER 31, 2021	**$ 117,044**	**$ 178,634**	**$ 295,678**
Net (loss)	-	(265,795)	(265,795)
BALANCE, DECEMBER 31, 2022	**117,044**	**(87,161)**	**29,883**
Net income	-	167,421	167,421
BALANCE, DECEMBER 31, 2023	**117,044**	**80,260**	**197,304**
Net income	-	(155,421)	(155,421)
BALANCE, DECEMBER 31, 2024	**$ 117,044**	**$ (75,161)**	**$ 41,883**

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

1-800 SERVICES, LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ (155,421)	$ 167,421	$ (265,795)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	111,400	100,465	19,032
Bad debt expense	107,781	88,591	111,215
Recognition of non-refundable deferred franchise sales	(531,535)	(693,050)	(492,670)
Recognition of contract acquisition costs	105,320	102,417	66,188
Forgiveness of PPP loan	-	-	-
Change in assets and liabilities:			
Accounts receivable	43,214	(317,694)	(356,769)
Contract acquisition costs	(250,550)	(253,815)	(146,395)
Accounts payable and accrued expense	(88,631)	41,723	48,834
Lease liability	(89,650)	(81,379)	-
Non-refundable deferred franchise sales	940,500	1,091,700	1,058,950
Net cash provided by operating activities	192,428	246,379	42,590
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	(4,812)	(815)	-
Collection of notes receivable	-	-	-
Net cash (used) by investing activities	(4,812)	(815)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from revolving line of credit	-	-	-
Proceeds from long-term debt	-	-	-
Payments on revolving line of credit	-	(5,500)	(6,000)
Repayment of long-term debt	(70,306)	(77,401)	(73,365)
Member distributions	-	-	-
Advances to related parties	(12,726)	(43,931)	(7,500)
Net cash (used) by financing activities	(83,032)	(126,832)	(86,865)
NET INCREASE (DECREASE) IN CASH	104,584	118,732	(44,275)
CASH, beginning of year	228,228	109,496	153,771
CASH, end of year	$ 332,812	$ 228,228	$ 109,496
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	$ 15,441	$ 22,729	$ 19,000
Cash paid for taxes	$ -	$ -	$ -

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

1-800 SERVICES, LLC
STATEMENTS OF CASH FLOWS (CONTINUED)

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	2023	2022
SUPPLEMENTAL SCHEDULE OF NON-CASH FLOW INFORMATION			
INVESTING ACTIVITIES			
Acquisition of property and equipment	$ (33,854)	$ -	$ -
Recognition of right to use asset - property lease	$ -	$ -	$ (474,119)
FINANCING ACTIVITIES			
Issuance of lease liability	$ -	$ -	$ 474,119
Issuance of note payable	$ 33,854	$ -	$ -

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

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-800 Services, LLC ("the Company") was formed on March 6, 2015, (Inception) in the State of Texas as a limited liability company. The Company grants franchises to qualified persons or business entities for the establishment of businesses specializing in providing plumbing products and services, and heating, ventilation, and air conditioning (HVAC) products and services to residential and commercial customers under the name and mark 1-800-Plumber®. Each franchise operates a service area.

The Company has one affiliate, 1-800 Plumber of Pearland, LLC that was formed on November 7, 2017, as a Texas limited liability Company and operates two 1-800 Plumber businesses similar to the franchise offered by the Company.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any 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 differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2024, and 2023.

Accounts Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of $0, and $0 was necessary as of December 31, 2024, and 2023. Franchisee bad debt expense for the years ended December 31, 2024, 2023 and 2022 was $107,781, $88,591, and $111,215. Franchisee amounts written off for the years ended December 31, 2024, 2023 and 2022 were $107,781, $88,591, and $111,215.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years).

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Income Taxes

The members of the Company have elected to be taxed as a "Subchapter S Corporation" under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state franchise taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's member.

Revenue Recognition, Non-refundable Deferred Franchise Fees, and Deferred Commission Assets

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers".

The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation, and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee purchases a franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("symbolic intellectual property" or "IP"). Revenues related to the designated territory and IP are continuing royalties that are 6.0% of monthly actual gross receipts or monthly minimum gross receipts. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on- going support for the Company's franchisees. The royalties are billed weekly and are recognized as revenue when earned.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition, Non-refundable Deferred Franchise Fees, and Deferred Commission Assets (continued)

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin approach. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the goods or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a contract acquisition asset and are recognized as an expense when the related performance obligation has been satisfied.

Brand Development Fund Fee

The Company has established a national brand development fund to provide regional and national advertising for the benefit of the franchisees. The advertising fees are 2% of monthly actual gross receipts or monthly minimum gross receipts and are recognized as revenue monthly when earned.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense the years ended December 31, 2024, 2023 and 2022 were $606,624, $293,179, and $238,710.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses. The carrying amounts approximate fair value due to their short maturities.

Recently Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31, 2024	December 31, 2023
Contract Acquisition Costs:		
Balance beginning of year	$ 412,973	$ 261,575
Implementation of new revenue standard	-	-
Deferral of franchise acquisition costs	250,550	253,815
Recognition of franchise acquisition costs	(105,320)	(102,417)
Balance at end of year	$ 558,203	$ 412,973
Deferred Non-refundable Franchise Fees:		
Balance beginning of year	$ 1,423,053	$ 1,024,403
Implementation of new revenue standard	-	-
Deferral of non-refundable franchise fees	940,500	1,091,700
Recognition of non-refundable franchise fees	(531,535)	(693,050)
Balance at end of year	$ 1,832,018	$ 1,423,053

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and contract acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2024, is as follows:

	Contract Acquisition Costs	Non-refundable Franchise Fees
Year ending December 31:		
2025	$ 65,757	$ 436,430
2026	65,757	196,630
2027	65,757	196,630
2028	65,757	196,630
2029	64,562	192,632
Thereafter	230,613	613,066
	$ 558,203	$ 1,832,018

NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2024, 2023, and 2022 is as follows:

	2024	2023	2022
Performance obligations satisfied at a point in time	$ 1,599,407	$ 1,250,118	$ 895,502
Performance obligations satisfied by the passage of time	235,935	392,850	210,570
Total revenues	$ 1,835,342	$ 1,642,968	$ 1,106,072

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	2024	2023
Furniture and equipment	$ 33,637	$ 28,825
Vehicles	104,166	70,312
Less accumulated depreciation	(71,770)	(50,020)
	$ 66,033	$ 49,117

Depreciation expense was $21,750, $19,086, and $19,032 for the years ended December 31, 2024, 2023, and 2022, respectively.

NOTE 4 – INTANGIBLE ASSETS

Intangible assets, consist of the following at December 31:

	2024	2023
Purchased goodwill	$ 645,000	$ 645,000

Management has evaluated the purchased goodwill for the years ended December 31, 2024, 2023 and 2022 and determined that there was no impairment of the asset.

NOTE 5 – LONG TERM DEBT

The following is a summary of long-term debt at December 31:

	2024	2023
SBA Note payable with a bank. Face amount of $430,000, payable in 84 monthly installments of $6,230, plus interest at the prime interest rate plus 1.75% (currently 9.25%). Collateralized by the assets of the Company and guarantees by the members.	$ -	$ 54,336
Note payable with the Small Business Administration under the EIDL program for COVID-19 relief. Face amount of $142,900, payable in 360 monthly installments of $704. Payments are applied to interest first and then to principal. Interest at the rate of 3.75% on the unpaid principal balance. . Final payment is due on May 27, 2050. Collateralized by the assets of the Company.	142,900	142,900
Note payable with a bank, Face amount $33,854, payable in 32 monthly installments Of $1,180, including interest at 8% per annum. Due April 17, 2027. Collateralized by a vehicle.	34,065	-
Note payable with a bank, Face amount $70,313, payable in 72 monthly installments Of $1,066, including interest at 5.1% per annum. Due September 11, 2027. Collateralized by a vehicle.	30,014	46,195
	206,979	243,431
Less current maturities	(27,912)	(65,586)
	$ 179,067	$ 177,845

The maturities of the long-term debt are as follows:

Year ending December 31:	
2025	$ 27,912
2026	29,551
2027	16,403
2028	3,513
2029	3,650
Thereafter	125,950
	$ 206,979

Interest expense on the long-term debt were $9,564, $15,802, and $18,591 for the years ended December 31, 2024, 2023 and 2022.

NOTE 6 – RIGHT TO USE ASSET AND LEASE LIABILTY

During 2024, the Company entered into a non-cancelable lease for real property. Under the guidance of ASC 842 "Leases", the Company has recorded a right to use asset and lease liability for the lease. The initial lease term was 63 months, through October 31, 2027. Lease payments over the term are between $8,923 and $10,043. The right to use asset and lease were recorded as an operating lease. The right to use asset and lease liability were valued at $490,366 using the monthly lease payments over the initial term of the lease using a 6% discount rate based on the lessors borrowing rate at the inception of the lease. Total lease expense recorded for the years ended December 31, 2024, 2023, and 2023, for this lease was $89,650, $87,379, and $11,999. Rent expense on the Company's prior lease of real property were $89,549, and $81,798 for the years ended December 31, 2023, and 2022.

Future minimum payments of the lease, including the interest component, is as follows:

Year ending December 31:		
2025	$	114165
2026		117,590
2027		100,430
Total	$	332,185

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 8- SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through June 2, 2025, the date on which the financial statements were available to be issued.

UNAUDITED FINANCIAL STATEMENTS OF
1-800-SERVICES, LLC
AS OF APRIL 30, 2026

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

1-800-Services, LLC

Balance Sheet

As of Apr 30, 2026

	TOTAL
Assets	
Current Assets	
Bank Accounts	**$175,518.40**
Accounts Receivable	**$1,170,181.13**
Other Current Assets	**$43,812.60**
Total for Current Assets	**$1,389,512.13**
Fixed Assets	
Fixed Asset Computers	3,607.25
Fixed Asset Furniture	**$30,029.18**
Franchise Asset	645,000.00
Intangible Assets	**-$259,046.69**
Right to Use Asset	490,366.00
Vehicles	104,167.34
Total for Fixed Assets	**$1,014,123.08**
Total for Assets	**$2,403,635.21**
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	**$147,804.67**
Credit Cards	**$18,719.35**
Other Current Liabilities	**$540,705.03**
Total for Current Liabilities	**$707,229.05**
Long-term Liabilities	**$1,057,986.81**
Total for Liabilities	**$1,765,215.86**
Equity	**$638,419.35**
Total for Liabilities and Equity	**$2,403,635.21**

1-800-Services, LLC

Profit and Loss

January 1-April 30, 2026

	TOTAL
Income	
800-Bio Sales	**$800.00**
Initial Franchise Fee	459,931.34
Interest Income	1,445.07
Late Fee/Returned Item Charge	4,950.00
Plumber University Training	-23.45
Royalties	387,321.54
Technology Fee	14,320.00
Uncategorized Income	545.23
Total for Income	**$869,289.73**
Cost of Goods Sold	
800 Bio Shipping Expense	-136.31
Supplies & Materials - COGS	715.82
Total for Cost of Goods Sold	**$579.51**
Gross Profit	**$868,710.22**
Expenses	
Background Checks	1,398.98
Bank Charges	1,093.11
Call Center Services	4,994.13
Charitable Contributions	400.00
ClickUp	15,540.46
Commissions & fees	**$14,929.77**
Dues & Subscriptions	208.50
Education	12,967.94
Elevate Engine/GHL	602.62
Insurance	**$41,968.40**
Interest Expense	3,023.28
Late Fee	80.00
Legal & Professional Fees	7,585.50
Marketing	-$226.14
Broker Networks	**$8,609.91**
Business Cards	179.28
Franchise Digital Marketing	**$31,874.47**
Franchise Targeted Marketing	**$263.80**
Promotional Products	226.14
Shipping - Swag Boxes	1.00
Signage	625.20
SMS Marketing	489.19
Software (deleted)	26.86
Swag Boxes	-206.76
Video Production	4,653.01
Total for Marketing	**$46,515.96**
Meals and Entertainment	1,587.04

1-800-Services, LLC

Profit and Loss

January 1-April 30, 2026

	TOTAL
Medical Expense	1,781.21
Membership Fees	895.00
Office Expenses	**$23,657.32**
Office/General Administrative Expenses	960.00
Outside Services	460.00
Payroll	**$397,564.00**
Payroll Expenses	**$16,851.24**
Plumber University Meals	1,485.35
Rent or Lease	55,593.57
Stationery & Printing	1,975.47
Taxes & Licenses	4,500.00
Telephone Expense	2,373.36
Training	4,474.02
Training Content Creation	23.45
Travel	**$12,327.75**
Uncategorized Expense	7,110.59
Uniforms	128.88
Utilities	**$3,804.37**
Website	**$8,539.73**
Total for Expenses	**$697,401.00**
Net Operating Income	**$171,309.22**
Net Income	**$171,309.22**

ATTACHMENT I
(TO DISCLOSURE DOCUMENT)

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES AND
AGENTS FOR SERVICE OF PROCESS

STATE	STATE AGENCY	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 One Sansome Street, Suite 600 San Francisco, California 94104-4448 (415) 972-8565 651 Bannon Street, Suite 300 Sacramento, California 95811 (916) 445-7205 (866) 275-2677 (toll free) www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)
FLORIDA	Florida Department of Agriculture and Consumer Services Division of Consumer Services Attn: Finance & Accounting 407 South Calhoun Street Tallahassee, Florida 32399-0800 (850) 410-3800	None
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62701 (217) 782-4465	Illinois Attorney General Same Address
INDIANA	Indiana Secretary of State Division of Securities 302 West Washington Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 200 West Washington Street, Room 201 Indianapolis, Indiana 46204 (317) 232-6531
IOWA	Iowa Secretary of State 321 E. 12th Street Des Moines, Iowa 50319 (515) 281-5204	Same
MARYLAND	Office of Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	Maryland Securities Commissioner Same Address

STATE	STATE AGENCY	AGENT FOR SERVICE OF PROCESS
MICHIGAN	Michigan Attorney General Franchise Section - Consumer Protection Division G. Mennen Williams Building, 1st Floor 525 W. Ottawa Street Lansing, Michigan 48933 P.O. Box 30213 Lansing, Michigan 48909 (517) 373-7117	Michigan Department of Commerce Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 (402) 471-3445	None
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231 (518) 473-2492
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4140	Director of Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4140
RHODE ISLAND	State of Rhode Island and Providence Plantations Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex - Building 69-1 Cranston, Rhode Island 02920 (401) 462-9500	Director of Rhode Island Department of Business Regulation Same Address
SOUTH DAKOTA	South Dakota Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director of South Dakota Division of Insurance Same Address

STATE	STATE AGENCY	AGENT FOR SERVICE OF PROCESS
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South, 2nd Floor Salt Lake City, UT 84114 801-530-6601	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	Director of Financial Institutions 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 P.O. Box 1768 Madison, Wisconsin 53701-1768 (608) 266-8557	Administrator, Division of Securities Same Address

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

ATTACHMENT J
(TO DISCLOSURE DOCUMENT)

STATE SPECIFIC ADDENDA

STATE LAW ADDENDA TO THE
1-800-SERVICES, LLC
FRANCHISE DISCLOSURE DOCUMENT

The following modifications are to the 1-800-Services, LLC Franchise Disclosure Document for the states noted below.

INDIANA

The following modifications are made to the Disclosure Document only to the extent required by the Indiana Franchises Act, IND. CODE § 23-2-2.5, and the Indiana Deceptive Franchise Practices Act, IND. CODE § 23-2-2.7:

1. The following statement is added to Item 12:

Indiana law prohibits us from establishing a franchisor-owned outlet engaged in a substantially identical business within your exclusive territory, or if no exclusive territory is designated, that competes unfairly with you within a reasonable area.

2. The Summary column of Items 17.r and 17.w are deleted and replaced by the following:

17.r: No competing business for 24 months within 100 miles of the former Service Area (including after assignment).

17.w: Except to the extent governed by federal law, disputes related to a violation of the Indiana Franchises Act or the Indiana Deceptive Franchise Practices Act shall be governed by those laws, and all other matters regarding the Franchise Agreement shall be governed by the laws of the State of Texas (subject to state law). The Texas Deceptive Trade Practices-Consumer Protection Act does not apply.

MINNESOTA

1. Special Risks to Consider About This Franchise:

MINNESOTA STATUTES, SECTION 80C.21 AND MINNESOTA RULE 2860.4400(J) PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA, REQUIRING WAIVER OF A JURY TRIAL, OR REQUIRING YOU TO CONSENT TO LIQUIDATED DAMAGES, TERMINATION PENALTIES OR JUDGMENT NOTES. IN ADDITION, NOTHING IN THE DISCLOSURE DOCUMENT OR AGREEMENT CAN ABROGATE OR REDUCE (1) ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR (2) YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION.

2. The following statements are added to the Cover Page:

THIS FRANCHISE HAS BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF

MINNESOTA OR A FINDING THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

3. In Item 6, the following replaces the Insufficient Funds Fee row in the chart:

Insufficient Funds Fee[(1)]	$30 per instance	As incurred	Payable any time you bounce a check to us or your bank account does not have sufficient funds to cover any direct debits that we submit to your bank.

4. The following statement is added at the end of Item 13:

We will protect your right to use our Marks in the manner authorized by us. The Minnesota Department of Commerce requires franchisors to indemnify franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's marks infringes upon the trademark rights of the third party.

5. The following statement is added at the end of Items 17.c and 17.m:

(Any release executed in connection herewith shall not apply to any claims that may arise under the Minnesota Franchise Act. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided, it does not bar the voluntary settlement of disputes.)

6. The following statements are added at the end of Item 17:

We 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.

Minnesota Statutes, Section 80C.17, Subd. 5 provides that any claims and actions based on a violation of Chapter 80C of the Minnesota statutes or any rule or order thereunder shall be commenced within three years from the occurrence of the facts giving rise to such claim or action.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Disclosure

Document or agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

Minnesota Statutes, Section 181.991 prohibits a franchisor from restricting, restraining, or prohibiting in any way a franchisee from soliciting or hiring an employee of the franchisor or an employee of a franchisee of the same franchisor. Any such restrictions in the Franchise Agreement are deemed deleted.

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

NEW YORK

1. The following information is added to the Cover Page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN ATTACHMENT I OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following paragraphs are added at the end of Item 3:

With the exception of what is stated above, the following applies 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 sentence is added to the end of Item 5:

We use the proceeds from your payment of the Initial Franchise Fee to defray our costs and expenses for providing training and assistance to you and for other expenses.

4. The following statement is added to the end of the "Summary" sections of Item 17.c, titled "Requirements for franchisee to renew or extend," and Item 17.m, titled "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 hereunder 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.

5. The following language replaces the "Summary" section of Item 17.d, titled "Termination by franchisee":

You may terminate the Franchise Agreement upon any grounds available by law.

6. The following statement 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 our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

7. The following statement 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 either us or you by Article 33 of the General Business Law of the State of New York. (The foregoing language has been included in this Disclosure Document as a condition of registration. We and you do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. We and you intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by us, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.)

8. Franchise Questionnaires and Acknowledgements. 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.

9. Receipts. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship

WE REPRESENT THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

RHODE ISLAND

1. The following statement is added at the end of Item 17:

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

The preceding language has been included in this Disclosure Document as a condition to registration. We and you do not agree with the above language and believe that each of the provisions of the

Franchise Agreement, including all venue provisions, are fully enforceable. We and you intend to fully enforce all of the provisions of the Franchise Agreement, and all other documents signed by us, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

VIRGINIA

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for 1-800-Services, LLC for use in the Commonwealth of Virginia shall be amended as follows:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

3. Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

4. Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

WISCONSIN

REGISTRATION OF THIS FRANCHISE IN THE STATE OF WISCONSIN DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

The conditions under which the Franchise Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	SEE CALIFORNIA-SPECIFIC FDD
Hawaii	NOT REGISTERED
Illinois	SEE ILLINOIS-SPECIFIC FDD
Indiana	PENDING
Maryland	SEE MARYLAND-SPECIFIC FDD
Michigan	PENDING
Minnesota	PENDING
New York	PENDING
North Dakota	NOT REGISTERED
Rhode Island	PENDING
South Dakota	PENDING
Virginia	PENDING
Washington	SEE WASHINGTON-SPECIFIC FDD
Wisconsin	PENDING

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Receipt

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If 1-800-Services, LLC ("we") offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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, DC 20580, and the appropriate state agency identified on Attachment I.

We authorize the parties identified on Attachment I to receive service of process for us in the particular state.

The following Franchise Sellers were involved in the offering of this franchise:

The following employee(s) of ours, having a principal business address of 1331 Broadway Street, Suite J, Pearland, Texas 77581 and telephone number of 281-766-8535: Mark Collins and_____.

The following independent sales agent (we request that the prospective franchisee fill in the information if known): _____, having a principal business address at: _____, telephone number: _____.

Issuance Date: May 15, 2026

I received a Disclosure Document dated May 15, 2026, that included the following Attachments:

Franchise Agreement (Attachment A); Nondisclosure and Noncompetition Agreement (Attachment B); Statement of Prospective Franchisee (Attachment C); Current Form of General Release (Attachment D); Operations Manual Table of Contents (Attachment E); List of Franchisees (Attachment F); List of Franchisees Who Have Left the System (Attachment G); Financial Statements (Attachment H); List of State Agencies/Agents for Service of Process (Attachment I); and State Addendum to Disclosure Document (Attachment J).

DATE: _____

_____
Prospective Franchisee
Print Name: _____

Please retain this copy for your records.

Receipt

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DATE: _____

_____
Prospective Franchisee
Print Name: _____

IMPORTANT: PLEASE IMMEDIATELY SIGN AND SCAN AND E-MAIL IT TO MARK COLLINS, MCOLLINS@1800PLUMBER.COM, THEN RETURN THE ORIGINAL OF THIS PAGE BY MAIL OR COURIER TO 1-800-SERVICES, LLC, 1331 BROADWAY STREET, SUITE J, PEARLAND, TEXAS 77581.