FRANCHISE DISCLOSURE DOCUMENT

1-800 WATER DAMAGE International, LLC
A Delaware Limited Liability Company
731 Fairfield Court
Ann Arbor, Michigan 48108
1-734-864-9799
1800waterdamage.com

We offer qualified individuals the right to operate a business offering water damage restoration services, carpet, mold remediation, odor removal, fire, smoke and-related cleaning and remediation products and services utilizing the 1-800 WATER DAMAGE system.

The total investment necessary to begin operation of a 1-800 WATER DAMAGE Business in a single Territory ranges from $207,589 to $297,084. This includes $110,600 to $116,550 that must be paid to us or our affiliates. The total investment necessary to begin the operation of a conversion 1-800 WATER DAMAGE Business is $70,489 to $276,034. This includes $41,500 to $96,400 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Stephanie Stevens-Barbatano, Legal Administrator, at 731 Fairfield Court, Ann Arbor, MI 48108, 734-864-9799.

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

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

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

Issuance date: March 31, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
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 Exhibits 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 Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only 1-800 WATER DAMAGE 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 WATER DAMAGE franchisee?	Exhibits 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 Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit E.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Michigan. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Michigan than in your own state.

2. **Minimum Sales Requirement.** The Franchisor has minimum sales performance standards that you must maintain. You may want to consider this when making a decision to purchase this franchise opportunity.

3. **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 you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

4. **Minimum Mandatory Payments**. You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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ADDITIONAL DISCLOSURES FOR THE STATE OF 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. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 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.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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(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; or

(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 ENFORCEMENT BY THE ATTORNEY GENERAL.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor 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 this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
(517) 373-7117
miag@michigan.gov

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

1.1 The Franchisor, Parents, Predecessor and Certain Affiliates.

The franchisor is 1-800 WATER DAMAGE International, LLC. Our principal business address is 731 Fairfield Court, Ann Arbor, MI 48108. To simplify the language in this Disclosure Document, "we," "us," "our," "Company", and "WATER DAMAGE" means 1-800 WATER DAMAGE International, LLC. "You" or "your" means the person to whom a franchise is awarded.

If the 1-800 WATER DAMAGE Business is awarded to a legal or business entity, "you" or "your" means the legal or business entity and the owners of the legal or business entity.

We were formed on April 16, 2015, as a Delaware Limited Liability Company, and we do business under the name "1-800 WATER DAMAGE." We do not do business under any other name and have not offered franchises in any other line of business. We have never operated a business offered under this Disclosure Document. We have no other business activities except franchising. Our agent authorized to receive service of process is listed in Exhibit D of this Disclosure Document.

Our parent is BELFOR Franchise Group, LLC (f/k/a "DUCTZ Holdings, LLC") a Michigan Limited Liability Company formed on July 3, 2007 ("BFG"), which has a principal business address of 731 Fairfield Court, Ann Arbor, MI 48108. BFG is a wholly owned subsidiary of BELFOR (USA) Group, Inc. ("BELFOR"), a Colorado corporation formed on June 9, 1995, and located at 185 Oakland Ave, Suite 150, Birmingham, MI 48009. BELFOR is a wholly owned subsidiary of BELFOR Holdings, Inc., a Delaware corporation incorporated on May 24, 2006 and located at 185 Oakland Ave, Suite 150, Birmingham, MI 48009. BELFOR offers property and electronic restoration, machinery refurbishment, data and document restoration, mold remediation, emergency and rapid response. BELFOR does not currently operate any, nor has it offered, franchises in any line of business, although it reserves the right to do so in the future. As of December 31, 2022, BELFOR owns and operates 169 outlets in the United States and Canada.

BELFOR Holdings, Inc. is fully owned by ASP BF Intermediate Sub, LLC, a Delaware limited liability company formed on December 21, 2018. Its principal business address is 299 Park Avenue, 34th Floor, New York NY 10171. ASP BF Intermediate Sub, LLC purchased BELFOR Holdings, Inc. on April 4, 2019.

Our predecessor is LLB Group, Inc. (f/k/a The Cure Service Group, Inc. ("LLB Group"), a Washington corporation with a principal business address of 1167 Mercer Street, Seattle, Washington 98109. LLB Group offered and sold 1-800 WATER DAMAGE franchises beginning in 2002 through 2013. On May 6, 2015, we purchased certain assets of LLB Group, including the 1-800 WATER DAMAGE marks, business system and existing franchise agreements. As a result,

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we became the new franchisor of 1-800 WATER DAMAGE franchises and began offering franchises on October 15, 2015. The existing 1-800 WATER DAMAGE franchisees operate under the same marks and offer the same services that you will offer as a 1-800 WATER DAMAGE franchisee.

1.2 The WATER DAMAGE Model

We presently offer and grant the right to operate a business (the "1-800 WATER DAMAGE Business" or "Business") that offers water damage restoration services, carpet, mold remediation, odor removal, fire, smoke and related restoration and cleaning services, which services list may be amended to include other services and products from time-to-time in the operations manual or otherwise, (collectively, the "Remediation Services"), and ancillary products under the 1-800 WATER DAMAGE mark or other marks we may specify (the "Marks"). The Business operates utilizing our methods and operating systems as defined in our proprietary operations manuals (the "Operations Manuals"). Businesses may be eligible to offer reconstruction services in conjunction with the Remediation Services such as selective drywall removal and installation, floor covering repair and installation, painting, structural repair and installation, finish carpentry, cabinet replacement, roofing, interior finishing, door replacement, electrical, mechanical, plumbing and heating services ("Reconstruction Services") with required licensing, training, and our prior permission. If the Business is not qualified to provide Reconstruction Services, it shall provide Remediation Services only. In the event that a customer of the 1-800 WATER DAMAGE Business requires Reconstruction Services and you are not eligible to perform the work, you must refer the customer to us or BELFOR (a "Preferred Referral"). If you are purchasing a Conversion Franchise (as defined below) or have construction experience and you are interested in offering Reconstruction Services, then you are required to provide proof that you meet our minimum standards, attend any training we deem necessary and seek and obtain our written approval before you are permitted to provide Reconstruction Services.

Until 2018, we previously offered an additional franchise model, the "Managing Operator Model" where the relationship regarding the Business between us and the franchisee was governed by the terms of a franchise operator agreement, under which the franchisee agreed to operate the Business in strict accordance with the System. Upon signing the franchise operator agreement, WDNA (then-called the "Operating Entity") owned the Business and leased office space for the franchisee located within the Territory. The Operating Entity would pay for and provide all furnishings, the van, all equipment, computer(s), inventory and all supplies necessary to establish and operate the Business. Each franchisee under this model (then-called a "Managing Operator") was responsible for hiring, training and firing the employees of the Operating Entity, marketing and soliciting business, scheduling and performing Services, maintaining the Business's equipment and office, and any other responsibilities required to operate the Business. The Managing Operator and the Business's technicians would be employees of the Operating Entity and the Managing Operator was entitled to receive an annual salary from the Operating Entity for the first two years and also was entitled to a draw against the future profits of the Operating Entity. In exchange for the payment of certain fees, we or an affiliate would manage all back-office functions of the Business and other aspects of the Business.

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Each 1-800 WATER DAMAGE Business is operated in accordance with our distinctive and proprietary business formats, systems, methods, procedures, techniques, designs, standards and specifications, specific marketing and sales procedures, cleaning, and restoration processes and systems, all of which we (or our affiliates) may improve, further develop or otherwise modify from time to time (collectively referred to as the "System"). You will identify that you are a 1-800 WATER DAMAGE Business by exhibiting the Marks on your marketing materials, vehicles, employee uniforms, stationery, business cards, invoices, and other business supplies and materials.

Each 1-800 WATER DAMAGE Business will operate within a specifically defined non-exclusive territory (the "Territory") as defined in the Franchise Agreement. Under certain conditions, other franchisee(s), operators, "Company Business(es)" (which are operated by us or WDNA), and/or our affiliates may also solicit and perform Remediation Services and Minor Reconstruction Services (collectively, the "Services").

We grant franchises to qualified individuals (each, a "Franchisee") the right to own and operate a 1-800 WATER DAMAGE Business. Our relationship with you is governed by the terms of the Franchise Agreement (the "Franchise Agreement"), attached as Exhibit A-1 to this Disclosure Document, under which you agree to operate the 1-800 WATER DAMAGE Business in strict accordance with the System. You are responsible for all costs in obtaining all furniture, fixtures, the van, all equipment, computer(s), inventory and all supplies necessary to establish and operate the Business. You are also responsible for all back-office functions of the Business, including all accounts payable, customer invoicing and collections, and payroll.

Conversion Franchisees (as defined in Item 5) are also required to enter into our standard Conversion Addendum, which is currently attached as Exhibit H to the Franchise Agreement.

1.3 Competition and Laws and Industry Regulations

The Business will compete with similar water damage restoration services like carpet cleaners, carpenters, property remediation contractors, and cleaning services, including other national, regional and local franchise systems. Additionally, the Business may compete with businesses owned by BELFOR (USA) which provide similar remediation services as those provided by the Business. The market for water damage restoration services is well developed.

The Business is subject to all federal, state and local laws regulating water damage restoration and mold remediation services, including all health, safety, environmental and sanitation laws and regulations. Your state, county or local government may also require a contractor's license or permit to perform some of the restoration and mold remediation work we permit you to perform, and you must be licensed before offering any regulated services. Certain states also require a license for mold inspection and/or mold remediation.

Your 1-800 WATER DAMAGE Business will also be subject to laws or regulations that are not specific to the water damage restoration industry, but applicable to businesses in general, including zoning laws, labor laws, the Fair Labor Standards Act, workers' compensation laws, business licensing laws and tax regulations, the Occupational Health and Safety Act, and the Americans with Disabilities Act.

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Regardless of any applicable regulations, you must demonstrate to us that you possess the qualifications required to perform the services offered by 1-800 WATER DAMAGE Businesses.

You should investigate these laws and regulations and keep appraised of changes that are made in areas that you service. You are solely responsible to investigate and determine licensing requirements or testing requirements in the area you would like to service before signing the Franchise Agreement. It is your sole responsibility to investigate and comply with these laws and regulations.

You must maintain any required license(s) and/or permits in good standing with the applicable licensing authority for the entire term of the Agreement.

1.4 Affiliates

BELFOR, or our parent, BFG, also owns the companies that offer franchises in the chart below. The franchising companies have offered franchises since their year of formation, only offer franchises in the line of business in the chart, and have never offered franchises in any other line of business. All of the BFG franchising companies in the chart below have the following principal business address: 731 Fairfield Court, Ann Arbor, MI, except the Canadian companies, which have the following principal business address: 3300 Bridgeway Street, Vancouver, British Columbia V5K 1H9, and the U.K. company which has the following business address: Curzon Street, Business Centre, Curzon Street, Burton-On-Trent, Staffs, DE14 2DH. The principal business address for Winmar is 175 Stonach Crescent, London, ON N5V 3G5. Belfor Franchise Group UK Limited has a principal business address of Curzon Street Business Centre, Curzon Street, Burton-On-Trent, Staffs, DE14 2DH.

Company	State/Type of Entity	Date of Formation	Number of Outlets	Franchise Offering
BFG				
HOODZ International, LLC ("HOODZ")	Delaware LLC	Oct. 3, 2008	128	Performing commercial kitchen exhaust system cleaning, inspection, maintenance and restoration services.
DUCTZ International, LLC ("DUCTZ")	Michigan LLC	Mar. 30, 2004	67	HVAC restoration and duct cleaning services to various large volume, emergency, and rapid response projects.
PACKOUTZ International, LLC ("BLUE KANGAROO PACKOUTZ")	Delaware LLC	August 29, 2019	22	Contents restoration, packing, cleaning, and permanent climate-controlled storage.
PLUMBERZ International, LLC ("Z PLUMBERZ")	Michigan LLC	Mar. 25, 2019	30	Plumbing, sewer, and drain service to residential, commercial, and industrial buildings.
Patch Boys International, LLC ("THE PATCH BOYS")	Delaware LLC	May 6, 2020	298	Performing light restoration and reconstruction services in residential homes and commercial businesses.
RedBox+ International, LLC ("REDBOX+")	Michigan LLC	May 28, 2021	277	Dumpster and portable restroom rental services

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Company	State/Type of Entity	Date of Formation	Number of Outlets	Franchise Offering
1-800 BOARDUP International, LLC*("1-800 BOARD UP")	Delaware LLC	July 8, 2022	90	Emergency structural stabilization services
Safer Home Services International, LLC ("SAFER HOME SERVICES")	Michigan LLC	September 29, 2022	2	Pest protection, termite control, rodent control, and other related services to residential and commercial markets
COOL BINZ International, LLC ("COOL BINZ")	Michigan LLC	September 29, 2022	0	Portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and freezers
HOODZ Canada, Inc.	Federal company (Canada)	Oct. 4, 2011	1	Performing commercial kitchen exhaust system cleaning, inspection, maintenance and restoration services.
DUCTZ Canada, Inc.	Federal company (Canada)	Jan. 12, 2018	2	HVAC restoration and duct cleaning services to various large volume, emergency, and rapid response projects.
Patch Boys Canada, Inc.	Federal company (Canada)	Jan. 12, 2018	0	Performing light restoration and reconstruction services in residential homes and commercial businesses.
Winmar (Canada) International Ltd. ("Winmar")	Federal company (Canada)	Dec. 7, 2018	91	Restoration services for residential and commercial properties across Canada that specialize in water damage, fire and smoke restoration services, mold inspection and removal as well as damage restoration and recovery.
BELFOR FRANCHISE GROUP UK LIMITED (originally organized on August 20, 1987 as Exactrule Limited, but changed to Chem-Dry Limited on December 7, 1987 and then changed to the above name on April 15, 2021)	Private Limited Company (United Kingdom)	Aug. 20, 1987	3	Commercial exhaust hood system and oven cleaning, inspection, maintenance and restoration services.

*1-800 BOARDUP International, LLC is a "fractional franchise," as it is defined in 16 CFR §436.2(d)(2007). In some states, 1-800 BOARDUP International, LLC is not considered a franchise.

Our parent, BFG, also owns the following companies that do not currently have or offer franchises, but reserve the right to do so in the future, and may offer products or services to franchisees:

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Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
1-800 WATER DAMAGE North America, LLC ("WDNA")	Delaware LLC	Sept. 28, 2015	731 Fairfield Court, Ann Arbor, MI 48108	0	Water damage restoration services, carpet cleaning services, mold remediation, odor removal, fire and smoke and related cleaning services.
DUCTZ North America, LLC ("DZNA")	Delaware LLC	July 24, 2007	731 Fairfield Court, Ann Arbor, MI 48108	5 (company-owned DUCTZ Businesses)	HVAC restoration and duct cleaning services to various large volume, emergency, and rapid response projects.
HOODZ North America, LLC ("HZNA")	Delaware LLC	Nov. 12, 2009	731 Fairfield Court, Ann Arbor, MI 48108	6 (company-owned HOODZ Businesses)	Commercial exhaust hood system and oven cleaning, inspection, maintenance and restoration services.
PACKOUTZ North America, LLC ("BLUE KANGAROO PACKOUTZ NA")	Michigan LLC	March 25, 2019	731 Fairfield Court, Ann Arbor, MI 48108	1	Contents restoration, packing, cleaning, and permanent climate-controlled storage.
PLUMBERZ North America, LLC ("Z PLUMBERZ NA")	Michigan LLC	March 25, 2019	731 Fairfield Court, Ann Arbor, MI 48108	7	Plumbing, sewer, and drain service to residential, commercial, and industrial buildings.
Safer Home Services North America, LLC ("SHS NA")	Michigan, LLC	October 29, 2022	731 Fairfield Court, Ann Arbor, MI 48108	3	Pest protection, termite control, rodent control, and other related services to residential and commercial customers
COOL BINZ North America, LLC ("CBNA")	Michigan, LLC	October 29, 2022	731 Fairfield Court, Ann Arbor, MI 48108	1	Portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and freezers
BHI Distribution, LLC ("BHI")	Delaware LLC	Feb. 19, 2008	731 Fairfield Court, Ann Arbor, MI 48108	1	Procurement and distribution of vehicles, equipment and supplies for BELFOR USA and its affiliates and subsidiaries.

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Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
CS Holdings, LLC d/b/a Colman Wolf ("Colman Wolf")	Michigan LLC	June 29, 2009	185 Oakland Ave, Birmingham, Michigan 48009	1	Supplier of certain sanitary and paper products.
DRIPLOC, LLC	Delaware LLC	May 12, 2010	731 Fairfield Court, Ann Arbor, MI 48108	1	Grease containment, may provide equipment and related services to franchisees.

BFG Holdco, Inc. ("BFG Holdco," formerly known as HRI Holdings, Inc.) our affiliate, and wholly owned subsidiary of BELFOR also owns the following franchise companies that offer the franchise offerings in the chart below and that may also offer products or services to franchisees:

Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
Chem-Dry, Inc., ("CDI," formerly known as Harris Research, Inc.)	Utah Corp.	March 1994 (originally a California Corp. formed in Nov. 1977)	3310 West End Avenue, Suite 620 Nashville, TN 37203	1,437	carpet cleaning and upholstery cleaning franchises. Offered N-Hance franchises in the U.S. and Canada from May 2003 until August 2017.
NHance, Inc. ("NHI")	Delaware Corp.	Dec. 31, 2012	3310 West End Ave., Suite 620, Nashville, TN 37203	317 (plus 1Master franchisee in Canada)	Wood cleaning, coating, protection and other wood care and renewal products and services for wood flooring, cabinetry, trim and other wood furnishings
Devere International, Inc. ("DII")	California Corp.	Sept. 1987	3310 West End Avenue, Suite 620 Nashville, TN 37203	51 Chem-Dry	Offers Chem-Dry and N-Hance master franchises outside of the United States and Canada
Delta Development Group, LLC ("DDG")	Colorado LLC	Mar. 14, 2018	3310 West End Ave., Suite 620, Nashville, TN 37203	0	Commercial and residential property mitigation, reconstruction, remodeling and consulting services.

Other than as disclosed in this Item, no parents, predecessors, or affiliates are required to be disclosed in this Item.

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ITEM 2: BUSINESS EXPERIENCE

President: Timothy Fagan

Mr. Fagan has served as the President of 1-800 WATER DAMAGE International, LLC in Ann Arbor, MI from August 2018 to the present. Mr. Fagan also serves as President of PACKOUTZ International, LLC since June 2020 and of 1-800 BOARD UP International, LLC since September 2022, each company is located in Ann Arbor, MI. Prior to his position as President of 1-800 WATER DAMAGE International, LLC, Mr. Fagan was the General Manager of BELFOR Property Restoration located in Livonia, MI from October 2010 until August 2018.

President: Rusty Amarante

Mr. Amarante currently serves as President of BELFOR Franchise Group, LLC, located in Ann Arbor, MI and has done so since March 2012. He has served as the President of Redbox+ International, LLC, located in Ann Arbor, MI since September 2022. Mr. Amarante also currently served as President of 1-800 WATER DAMAGE North America, LLC, located in Ann Arbor, MI from October 2015 to August 2018. Mr. Amarante previously served as President of 1-800 WATER DAMAGE International, LLC from April 2015 until August 2018. Mr. Amarante has served as Director of Operations for BELFOR USA Group, Inc., located in Birmingham, MI, since November 1999. Mr. Amarante also serves as Executive Chairman of BFG Holdco, located in Nashville, TN, from July 2019 to present.

Chief Executive Officer: Sheldon Yellen

Mr. Yellen has served as Chief Executive Officer for DUCTZ International, LLC, BELFOR Franchise Group, LLC, and DUCTZ North America, LLC, located in Ann Arbor, MI from July 2007 to the present. Mr. Yellen has also served as Chief Executive Officer of HOODZ International, LLC and HOODZ North America, LLC, located in Ann Arbor, MI, from September 2008 to the present. Mr. Yellen also serves as Chief Executive Officer of 1-800 WATER DAMAGE International, LLC and 1-800 WATER DAMAGE North America, LLC, located in Ann Arbor, MI, from October 2015 to the present. Mr. Yellen has served as Chief Executive Officer of BELFOR USA Group, Inc., located in Birmingham, MI from April 2004 to the present. Mr. Yellen also has served as Director and CEO of BELFOR Holdings, Inc., in Birmingham, MI, since its inception in September 2006 to the present, and as Director of BFG Holdco, located in Nashville, TN since July 2019 to present.

Treasurer and Secretary: Chris Jones

Mr. Jones has served as Treasurer and Secretary of BELFOR Franchise Group, LLC, DUCTZ North America, LLC, and DUCTZ International, LLC, located in Ann Arbor, MI, from July 2007 to present. Mr. Jones has also served as Treasurer and Secretary of HOODZ International, LLC, and HOODZ North America, LLC, located in Ann Arbor, MI, from September 2008 to the present. Mr. Jones also serves as Treasurer and Secretary of 1-800 WATER DAMAGE International, LLC and 1-800 WATER DAMAGE North America, LLC, located in Ann Arbor, MI, from October

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2015 to the present. Mr. Jones has also served as Group Controller for BELFOR USA Group, Inc., located in Birmingham, MI, from July 2005 to the present.

Senior Vice President of Legal and Franchise Administration: Melanie Parker

Ms. Parker has been the Senior Vice President of Legal and Franchise Administration for all brands owned by BELFOR Franchise Group, LLC and BFG Holdco since September 2019. Ms. Parker became the Vice President of Legal and Franchise Administration for CDI in October 2015, and serves in the same capacity for NHI, since October 2015, and DDG, since March 2018.

Senior Vice President of Franchise Sales and Development: Doug Smith

Mr. Smith has been the Senior Vice President of Franchise Sales and Development for all brands owned by BELFOR Franchise Group, LLC and BFG Holdco since September 2019. Mr. Smith joined the management team at CDI in August 2015 as Senior Vice President of Franchise Sales and Development.

Senior Vice President of Marketing: William Zinke

Mr. Zinke has been the Senior Vice President of Marketing for all brands owned by BELFOR Franchise Group, LLC and BFG Holdco since December 2019. Mr. Zinke joined CDI as Vice President of Marketing for Chem-Dry in May 2012 and was named Senior Vice President of Marketing for CDI in January 2018 and has served in the same capacity for DDG since March 2018.

Vice President of Franchise Development: Ken Osness

Mr. Osness has served as Vice President of Franchise Development for BELFOR Franchise Group, LLC, which is located in Ann Arbor, MI, since October 2019. Previously, he served as Director of Franchise Development for BELFOR Franchise Group, LLC, from December 2015 to October 2019.

Director of Operations: Tim Singnysane

Mr. Singnysane has been the Director of Operations for BELFOR Franchise Group, LLC in Ann Arbor, MI since September 2017 to present.

ITEM 3: LITIGATION

Concluded Predecessor Litigation: Our predecessor LLB Group, Inc., formerly known as The Cure Service Group, Inc., was a party to the following concluded matters:

California Corporations Commissioner vs. The Cure Service Group, Inc. et al., (OAH-N2006050063, File No.: 993-1560). On July 13, 2006, LLB Group and two of its officers entered

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into a settlement agreement with the California Corporations Commissioner in which they acknowledged that between 2002 and 2004, LLB Group sold unregistered franchises in California and sold franchises with disclosure documents that failed to disclose certain prior lawsuits and convictions involving LLB Group's prior Chief Executive Officer. LLB Group agreed to disclose the terms of the settlement agreement, along with other required matters in any application for franchise registration filed with the California Department of Corporations.

State of New York. In November 2005, LLB Group voluntarily acknowledged to the State of New York, Department of Law that that its disclosure documents filed in New York in 2003 may not have contained all disclosures required by the New York State Franchise Act (the "New York Act"). In February 2006, LLB Group entered into an Assurance of Discontinuance with the State of New York Department of Law under which it agreed that it would not offer or sell franchises within or from the State of New York without compliance with the New York Act. LLB Group agreed to offer its New York franchisee the right to rescind its franchise agreement, which the franchisee rejected, and paid the State of New York Department of Law $4,750 as costs and disbursements.

Concluded Franchisor Litigation:

1-800 Water Damage North America, LLC and 1-800 Water Damage International, LLC v. Kent Ristow, Stacey Ristow, and Kent Kleen LLC (State of Michigan, Washtenaw County Circuit Court). On August 9, 2022, the Franchisor filed a complaint for breach of contract against a franchisee for its failure to pay sums due to Franchisor pursuant to an Asset Purchase Agreement entered into by and between the parties, and for unpaid royalties and other fees. The Court entered a default judgment against the franchisees for failure to respond on November 1, 2022. The parties entered into a Settlement Agreement on December 21, 2022, whereby the franchisee would pay Franchisor the sum of $24,200.00.

Other than the matters listed above, 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

5.1. Initial Fee for Standard Franchises

Upon signing of the Agreement for a new 1-800 WATER DAMAGE Business ("Standard Franchise"), you must pay an initial fee to us of $59,000 (the "Initial Fee") for a single Territory with a population of approximately 350,000 people. We have the right to offer a discounted Initial Fee from time to time. If you wish to purchase additional Territory, the Initial Fee will equal $59,000, plus $170 per thousand in population in excess of 350,000 (the "Additional Fee"). For example, the Initial Fee for a single Territory with 385,000 in population will be computed as follows:

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$59,000 + (35 x $170) = $64,950

As the Territories are generally defined by ZIP codes, we reserve the right not to charge the Additional Fee if we are unable to meet the 350,000 population count without exceeding due to highly populated areas. Each Territory will have a maximum of 500,000 people. The purchase of more than 500,000 in population in the aggregate at any time during the term of the Agreement will require the payment of an additional Initial Fee.

We provide a 20% discount on the Initial Fee for one (1) Territory to veterans of the U.S. Armed Forces who have been honorably discharged and meet the requirements of the VetFran Program. We reserve the right to require proof that the applicant qualifies for this discount.

We also offer a $2,500 discount on the Initial Fee on the first Territory to first responders, which include sworn police officers, paid and volunteer firefighters, and paid and volunteer emergency medical technicians and paramedics. You may use this discount to purchase one (1) Territory. This discount may not be used in conjunction with the veteran discount. We reserve the right to require proof that the applicant qualifies for this discount.

If you qualify for the VetFran discount, then your Initial Franchise Fee will be reduced by $11,800, such that your Initial Franchise Fee may be as low as $47,200. If you also qualify for our financing, as described in detail in Item 10, then you may only pay 50% of the Initial Franchise Fee upon signing the Franchise Agreement, such that the initial payment for your Initial Franchise Fee is equal to $23,600 (including both the discount and the financing arrangement).

If you wish to purchase multiple Territories at the time you sign your first Franchise Agreement with us, then we will discount the Initial Franchise Fee for the additional Franchise Agreement(s) by $10,000. The discount is only applicable toward your initial purchase of a Standard Franchise and cannot be combined with any other discount. At this time, we only permit franchisees to purchase up to three (3) Franchise Agreements at one time.

In 2022, one franchisee received a reduced Initial Fee of $39,000 for a Standard Franchise.

5.2. Initial Package Fee

You must also obtain a fixed initial package ("Initial Package") that will cost $51,000 (the "Initial Package Fee"). The Initial Package includes the equipment package, small tools and safety package, digital marketing package, our marketing materials, promotional items, logo wear, and a $749 convention allowance (the "Convention Allowance") for the 1-800 WATER DAMAGE annual convention (the "Annual Convention") which occurs approximately every 12 to 18 months. The Convention Allowance covers the registration fee for one person to attend the first 1-800 WATER DAMAGE Annual Convention that is scheduled following your successful completion of our Business Manager and Technical Operations Training Program. The Convention Allowance cannot be used to offset any other expenses or requirements associated with your Business and if you do not attend the convention, we will not provide you with the Convention Allowance.

5.3 Initial Fees for Conversion Franchises

If you are an existing restoration business that has grossed at least $100,000 in annual sales in your two (2) most recent fiscal years, then you may qualify to purchase a 1-800 WATER

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DAMAGE Business as a conversion franchise ("Conversion Franchise"). To be eligible to purchase a Conversion Franchise, you must provide two (2) years' worth of tax returns (Form 1040 with schedule C, E, or F, Form 1065, Form 1120S, or Form 1120) and any additional information that we reasonably request. The Initial Fee for a Conversion Franchise shall be reduced according to the chart below.

Conversion Tiers	Grossed Annual Sales	Initial Fee	Re-Branding Credit*
Tier One	$100,000 - $249,999	$44,000	$5,000
Tier Two	$250,000 - $499,999	$39,000	$10,000
Tier Three	$500,000 +	$34,000	$15,000

*If you are eligible to purchase a Conversion Franchise, then you may also be eligible to receive a one-time re-branding credit ("Re-Branding Credit") that will be applied toward the cost of vehicle graphics, signage, logo wear, other branded items and items from us, our vendors, or our affiliate(s) that must be used within six (6) months after signing the Franchise Agreement.

If you wish to purchase multiple Territories at the time you sign your first Franchise Agreement with us, then we may discount the Initial Fee for the second Franchise Agreement by $5,000. If you qualify for a Conversion Franchise, then your Initial Franchise Fee may be as low as $27,900 (Tier Three). If you also qualify for our financing, as described in detail in Item 10, then you may only pay 25% of the Initial Franchise Fee upon signing the Franchise Agreement, such that the initial payment for your Initial Franchise Fee is equal to $6,975.

Depending on the types and condition of the equipment you already own, the Initial Package Fee may be waived or reduced in our sole discretion or you may be required to purchase the entire Initial Package Fee. At minimum, you will be required to purchase the Marketing and Operations Package component of the Initial Package for $6,900, which includes logo wear, stationery, digital marketing kit, and Convention Allowance to be used at the first convention following your successful completion of our Business Manager and Technical Operations Training Program. We reserve the right to require Conversion Franchises to purchase a complete Initial Package if we deem it necessary. Conversion Franchises are not eligible for any other discounts to the Initial Fee.

As stated in Item 1, Conversion Franchisees are required, in addition to the Franchise Agreement, to enter into our standard Conversion Addendum, which is currently attached as Exhibit H to the Franchise Agreement.

5.4 Related Franchisee Package

If you are currently a franchisee in good standing, as determined by us, with of one of our franchising affiliates (a "Related Franchisee"), then you may qualify to purchase a 1-800 WATER DAMAGE Business with discounted initial fees The initial fees for a Related Franchisee will be reduced by twenty-five percent (25%) of the then-current Initial Fee for Standard Franchises, and such discounted fee is limited to up to two (2) Standard Franchises, which must be purchased at the same time.

A Related Franchisee cannot use any other discounts, including for a Conversion Franchise. Depending on the types and condition of the equipment you already own, the Initial Package Fee may be waived or reduced in our sole discretion. At minimum, you will be required to purchasing

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the Marketing and Operations Package component of the Initial Package for $6,900, which includes logo wear, stationery, digital marketing kit, and Convention Allowance to be used at the first convention or following your completion of successful completion of our Business Manager and Technical Operations Training Program. We reserve the right to require Related Franchises to purchase a complete Initial Package if we deem it necessary.

5.5 Franchise Expansion for Existing Franchisees

If you are an existing 1-800 WATER DAMAGE franchisee in good standing, as determined by us, you may qualify to purchase an additional 1-800 WATER DAMAGE Business with discounted initial fees. Upon signing of the Agreement for a new 1-800 WATER DAMAGE Business ("Expansion Franchise"), you must pay an Initial Fee $49,000 to us for a single Territory with a population of approximately 350,000 people. If you wish to purchase additional Territory beyond the 350,000 people, the Initial Fee will equal $49,000, plus $170 per thousand in population in excess of 350,000 (the "Additional Fee"). For example, the Initial Fee for a single Territory with 385,000 in population will be computed as follows:

$$\$49,000 + (35 \times \$170) = \$54,950$$

Depending on the quantities, types, and condition of the equipment you already own, the Initial Package Fee may be waived or reduced in our sole discretion. We reserve the right to require Expansion Franchises to purchase a complete Initial Package if we deem it necessary. Expansion Franchises are not eligible for any other discounts to the Initial Fee.

5.6 Franchise Renewals and Transfers

Upon the expiration and renewal of your franchise agreement ("Renewal Term"), you will not be required to pay the Initial Fee or Initial Package Fee, but you must pay our then-current renewal fee, and you may be required by us to purchase new or additional equipment, at your sole expense.

If you are acquiring your 1-800 WATER DAMAGE Business via transfer ("Transfer Term"), then (a) we currently waive the Initial Fee, (b) you or the seller must pay our then-current Transfer Fee, and (c) you may be required to purchase some or all of the Initial Package, in our discretion.

The Initial Franchise Fee offsets the expenses we incur in registering, marketing, awarding, training, and opening new franchises. The Initial Franchise Fee and Initial Package Fee are paid to us, are non-refundable, and deemed fully earned upon payment.

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ITEM 6: OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty	The following percentages of Gross Sales: Remediation Services: - 10% of Gross Sales of up to $499,999.99 per year - 9% of Gross Sales of more than $500,000 per year - 8% of Gross Sales of more than $1,000,000 per year - 7% of Gross Sales of more than $2,000,000 per year or Reconstruction Services: - 10% of Gross Sales until Remediation Services Gross Sales exceed $500,000; and then 3% of Gross Sales	This fee is due by automatic debit each month by the 10th (or another day we may designate) for Gross Sales generated during the preceding month	See Notes 1 and 2. Beginning in the 13th month of operation (the "Transition Date"), if your Royalty percentages do not exceed $500 per month, you must pay the minimum monthly payment of $500 per month.
Transfer Fee	Our then current fee, per Territory; presently, this is $9,900 if transferred to a new franchisee, or $3,000 if transferred to a current franchisee.	Due upon Franchisor drafting the transferee's new Franchise Agreement	We reserve the right to increase this fee.
Transfer - Broker Fee	If you authorize us to enlist a third-party broker to locate the transferee, there will also be a broker fee, which currently ranges from $25,000 - $30,000.	Due upon closing of the sale of the Business	Payable only if the third-party broker located the transferee. Payable to and imposed and collected by us if a broker fee was paid by us to the third party. Payable to and imposed and collected by the broker if we do not pay a broker fee to the third party.
Renewal Fee	10% of the then-current Initial Fee	At the time you sign a Franchise Agreement for a renewal term.	You will sign our then-current Franchise Agreement for the renewal term, which may include materially different terms, including the Royalty rate and/or Territory.

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Name of Fee	Amount	Due Date	Remarks
Technology Fee	Our then-current fee, which is presently $500	This fee is due by automatic debit each month by the 10th (or another day we may designate)	We will provide one website page for your 1-800 WATER DAMAGE Business
Software Fee	Our then-current fee, which is presently $399	This fee is due by automatic debit each month by the 10th (or another day we may designate)	Software, software upgrades, and updates necessary to operate the Business.
National Marketing Fund Contributions	2% of Gross Sales	This fee is due by automatic debit each month by the 10th (or another day we may designate) for Gross Sales generated during the preceding month.	
Late Report Fee	$50 per day that a report is late	Due by automatic debit the Friday (or another day we may designate) after the report is late	Due for each day a report is late.
Late Payment Fee	$50 per week	Due by automatic debit on the Friday (or another day we may designate) following the due date for each late payment	Due for any payment that is not paid when due.
Non-Sufficient Funds (NSF) Fee	Our then current fee, which is presently $50 per NSF	Due by automatic debit the Friday (or another day we may designate) after the NSF occurs	Due if and when we debit your account for monies owed and there are insufficient funds available
Administrative Fee	Our then-current fee, which is presently $500 per transaction	As incurred	Due upon your request or when we are required due to your actions or request, to amend the Franchise Agreement or when you ask us to consent to various transactions or to services for which a specific fee is not imposed elsewhere in this agreement or the System.

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Name of Fee	Amount	Due Date	Remarks
Transfer of Corporation Fee	$500	Due upon signing transfer documents	Due if you change the legal entity that owns the Franchise, other than one initial transfer prior to the commencement of business.
Improper Marketing or Service Fee	Our then-current fee, which is presently the greater of $500 per transaction or 20% of the total invoice for the job for each incident	As incurred	See Note 3. You may not establish an office, advertise, solicit, or market in any way to customers or customer service locations outside the Territory without our prior written consent. If you do so, then you must pay us this fee. This fee is in addition to, and not in lieu of, any other rights we have under the Agreement.
Conventions, Regional Meetings and/or Additional Training	The then current fee, which is presently $1,000 max. per person per event	Before the start of meeting; you must attend convention every year and period training at least once per year	To help offset our out-of-pocket expenses for meeting room space, meals during the meeting, audiovisual rental, workbooks, speakers, etc. Does not include travel, lodging or all meals. Location varies, these fees are payable to and imposed and collected by third parties.
Convention Non-Attendance Fee	Our then current fee, which is presently $1,000	Due to us if you fail to attend the Annual Convention and did not receive our prior written permission.	See Note 5.
Collection Fee	Our then current fee, which is presently up to 10% of gross amounts collected on your behalf	As incurred	Due when we collect payment on your behalf for customers who are delinquent in their payment of 90 days or more.
Interest	Lesser of 18% per annum or the maximum permitted by law, whichever is less	Due by automatic debit each Friday (or another day we may designate)	Due on all overdue amounts from the date the amounts were originally due.
Audit Fee	Cost of audit plus 10% of the total amount of understated Gross Sales.	As invoiced	See Note 6.

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Name of Fee	Amount	Due Date	Remarks
Insurance	Cost of insurance; if you fail to maintain insurance as required, we have the right to procure insurance on your behalf and you must pay us on demand the costs and premiums we incur.	As invoiced	You are required to maintain the types and amounts of insurance specified in Item 8.
Indemnification	Will vary under circumstances.	As incurred	You must reimburse us if we are held liable for claims directly or indirectly arising out of your Business' operation.
Attorneys' Fees	Actual attorneys' fees and costs incurred.	As incurred	
Additional Training	Our then current fee, which is presently $50 per person, per day.	As incurred	See Note 7.

Notes

The preceding table describes other reoccurring or isolated fees or payments that must be paid to us or our affiliates, or which we or our affiliates may impose or collect on behalf of a third party, in whole or in part. All fees, unless otherwise specified, are uniformly imposed and collected by and payable to us and are non-refundable.

1. For purposes of paying the Royalty, we follow the calendar month. You will pay the Royalty percentages of your Gross Sales, as follows: 10% of all Gross Sales, up to $499,999.99 in total Gross Sales from Remediation Services. If your Gross Sales meet or exceed $500,000.00 in any given calendar year, we will reduce your Royalty for Remediation Services to 9% for the remainder of the calendar year in which you exceeded $500,000.00, plus the entire following calendar year. If you fail to achieve over $500,000.00 in Gross Sales in the following calendar year, your Royalty will revert to 10% until such time as your Gross Sales meet or exceed $500,000.00. If your Gross Sales meet or exceed $1,000,000.00 in any given calendar year, we will reduce your Royalty for Remediation Services to 8% for the remainder of the calendar year in which you exceeded $1,000,000.00, plus the entire following calendar year. If your Gross Sales meet or exceed $2,000,000.00 in any given calendar year, we will reduce your Royalty for Remediation Services to 7% for the remainder of the calendar year in which you exceeded $2,000,000.00, plus the entire following calendar year. If you fail to achieve over $1,000,000.00 in Gross Sales in the following calendar year, your Royalty will revert to one of the following: (i) 9% for Gross Sales that meet or exceed $500,000.00; or (b) 10% for Gross Sales less than $500,000.00, until such time as your Gross Sales meet or exceed $1,000,000. If your total Gross Sales from Remediation Services exceed $500,000.00, we will reduce your Royalty for Reconstruction Services to 3% of Gross Sales for so long as you are qualified to offer

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Reconstruction Services. Beginning in the 13th month of operations (the "Transition Date"), if your Royalty percentages do not exceed $500 per month, you must pay the minimum monthly payment of $500 per month.

The Royalty will be assessed to you upon the earlier of (a) receipt of funds from the customer; or (b) 180 days after the date an original invoice is issued to the customer, regardless of whether the invoice is paid in full. If you transfer the Franchise Agreement to a new owner, the Royalty for all jobs completed prior to the transfer must be paid on the day of closing, regardless of whether the invoice(s) is paid in full. On the effective date of termination of the Franchise Agreement, either by you or by us, you must pay us the Royalty for all jobs completed prior to termination. We will draft the Royalty from your bank account on 10th of the month (or another day we may designate) for the preceding month. You must pay the Royalty by electronic funds transfer or by such other means as we may specify. We may periodically specify other dates for payment of the Royalty.

If you are in default of the Franchise Agreement, including but not limited to, delinquent in providing required reports, we reserve the right to revert and reset your Royalty fee to the highest tier currently required.

2. Royalties are payment for the use of the Marks, System, Territory, and System Standards. "Gross Sales" means all revenue generated from operating the 1-800 WATER DAMAGE Business, whether in cash, in services in kind, from barter and/or exchange, or otherwise. You may deduct sales tax and returns.

3. You may not establish an office, advertise, solicit, or market in any way to customers or customer service locations outside the Territory without our prior written consent. If you do so, then you must pay us a fee equal to the greater of $500 or 20% of the total invoice for job for each incident (the "Improper Marketing or Service Fee"). This fee is in addition to, and not in lieu of, any other rights we have under the Agreement.

4. If you are in breach or default of any monetary or non-monetary material obligation under the Agreement or any related agreement between you and us or our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the Agreement, and your claim in such action is denied or the action is dismissed, we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

5. If you fail to attend the Annual Convention, without our prior written permission, you must pay a convention non-attendance fee of $1,000 (the "Convention Non-Attendance Fee"). If you miss your first Annual Convention, the $749 Convention Allowance included in the Initial Package will be applied toward the Convention Non-Attendance Fee.

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6. We have the right, at any time during business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, any and all financial statements, reports, income tax records, sales tax records, payroll records, software databases, and other records. You promise to cooperate fully with our representatives and independent accountants we hire to conduct any inspection or audit. If any inspection or audit discloses an understatement of Gross Sales, we can debit your account for the Royalty and National Marketing Fund contributions which are due on the amount of the understatement, plus interest, at the rate of 18% per annum or the maximum rate permitted by applicable law, whichever is lesser, and all late fees, from the date originally due until the date of payment.

Furthermore, if we conduct an inspection or audit due to your failure to (a) furnish reports, supporting records, or other information as required, (b) furnish these items on a timely basis, or (c) record all customer payments in the WATER DAMAGE Software within 48 hours of their receipt, or we discover that an understatement of Royalty is greater than 3% for any period reviewed, you promise to reimburse us for the cost of the inspection and/or audit, including without limitation, the charges of attorneys and independent accountants, the travel, room and board expenses, and compensation of our employees. Further, if an understatement of the Royalty is greater than 3%, you also promise to pay us an additional penalty fee equal to 10% of the total amount of the understated Gross Sales. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

7. You must attend periodic refresher training courses and conferences, not to exceed one convention/conference per year, at the times and locations we determine, and for which we may charge fees. This training may, at our option, be online. You must attend Reconstruction Training prior to offering Reconstruction Services. We will determine the duration, curriculum, and/or location of any online or other training. You will be responsible for all travel and living expenses that are incurred by you while attending such additional courses, conferences, and sessions (Section 3.A of the Franchise Agreement). You must employ a full-time experienced service technician (the "Service Technician") who will be responsible for performing and overseeing your Remediation Services. The Business' Service Technicians may be required to attend periodic refresher training courses and conferences, not to exceed one session per year, at the times and locations we determine, and for which we may charge a fee. This training may, at our option, be online. We will determine the duration, curriculum, and/or location of any online or other training. You are responsible for training any additional or replacement Service Technicians. (Section 3.A of the Franchise Agreement).

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ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Standard Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is To Be Made
Initial Fee per Territory (Note 1)	$59,000	$64,950	Lump sum	On signing your Franchise agreement	Us
Initial Package Fee/Marketing and Operations Package/Equipment and Products Package Fee (Note 2)	$51,000	$51,000	Lump sum	On signing your Franchise Agreement; not applicable for additional franchises awarded to you	Us
Food and lodging while at training, not including the cost of transportation (Note 3)	$1,800	$2,500	Lump sum	As incurred	Third Parties
Vehicle with upfitting (Note 4)	$70,000	$105,000	Lump sum or monthly payments.	As incurred	Third Parties
Full time Service Technician (Note 5)	$6,336	$16,896	Payroll	Per your standard payroll policy	Employee
Business Telephone Fee (Note 6)	$0	$150	Lump sum	As incurred	Third Parties
High Speed Internet, Anti-Virus Software and Electronic Mail	$267	$477	Lump sum	As incurred	Third Parties
Computer System (Note 7)	$0	$2,875	Lump sum	As incurred	Third Parties
Software Implementation Fees (Note 7)	$600	$600	Lump Sum	As incurred	Us or third parties
Insurance (Note 8)	$4,500	$8,750	Depends on insurance agency	Depends on insurance agency	Third Parties

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Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is To Be Made
Global Positioning System/Data Communications Services Fee (Note 9)	$86	$86	Monthly/36-month contract	As incurred	Third Parties
Rent (Note 10)	$3,000	$9,000	Lump sum	As incurred	Third Parties
Leasehold Improvements (Note 11)	$0	$1,200	Lump sum	As incurred	Third Parties
Security Deposits/ Utility Deposits (Note 12)	$1,000	$3,000	Lump sum	As incurred	Third Parties
Licenses and Permits (Note 13)	$0	$600	Lump sum	As incurred	Third Parties
Additional funds for the first 3 months (Note 14)	$10,000	$30,000	Lump sum	As incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT & ADDITIONAL EXPENSES	$207,589	$297,084			

B. Conversion Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is To Be Made
Initial Fee per Territory (Note 1)	$34,000	$44,000	Lump sum	On signing your Franchise agreement	Us

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Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is To Be Made
Initial Package Fee (Note 2)	$6,900	$51,000	Lump sum	On signing your Franchise agreement; not applicable for additional franchises awarded to you	Us
Food and lodging while at training, not including the cost of transportation (Note 3)	$1,800	$2,500	Lump sum	As incurred	Third Parties
Vehicle(Note 4)	$6,000	$105,000	Lump sum or monthly payments.	As incurred	Third Parties
Full time Service Technician (Note 5)	$6,336	$16,896	Payroll	Per your standard payroll policy	Employee
Business Telephone Fee (Note 6)	$0	$150	Lump sum	As incurred	Third Parties
High Speed Internet, Anti-Virus Software and Electronic Mail	$267	$477	Lump sum	As incurred	Third Parties
Computer System (Note 7)	$0	$2,875	Lump sum	As incurred	Third Parties
Software Implementation and Data Migration Fee (Note 7)	$600	$1,400	Lump Sum	As incurred	Us or Third Parties
Insurance (Note 8)	$4,500	$8,750	Depends on insurance agency	Depends on insurance agency	Third Parties
Global Positioning System/Data Communications Services Fee (Note 9)	$86	$86	Monthly/36-month contract	As incurred	Third Parties
Rent (Note 10)	$0	$9,000	Lump sum	As incurred	Third Parties

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Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is To Be Made
Leasehold Improvements (Note 11)	$0	$1,200	Lump sum	As incurred	Third Parties
Security Deposits/ Utility Deposits (Note 12)	$0	$2,500	Lump sum	As incurred	Third Parties
Licenses and Permits (Note 13)	$0	$200	Lump sum	As incurred	Third Parties
Additional funds for the first 3 months (Note 14)	$10,000	$30,000	Lump sum	As incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT & ADDITIONAL EXPENSES	$70,489	$276,034			

Notes

Our estimate of your initial investment to develop one 1-800 WATER DAMAGE Business is described in the table above. The estimate covers the period before the opening and includes a category for additional expenses you may incur during the initial three-month phase after the opening. The estimate does not include an owner's salary or draw. The estimate also does not include cash requirements to cover operating losses or owner's draw after the initial three-month phase of operation. You may need additional funds available, whether in cash or through unsecured credit lines or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your franchise. The estimates below also do not reflect an amount for investment in real estate, since it is assumed that you will lease your premises. We urge you to retain the services of an experienced accountant or financial adviser in order to develop a franchised business plan and financial projections for your 1-800 WATER DAMAGE Business.

Your actual investment may vary depending on local conditions particular to your geographic area or market, for example, real estate demand, availability and occupancy rates. Additional variables that may impact your initial investment may be: the size of your facility; age of the structure; length of your lease or other instrument granting you the right to occupy the premises; if your space is to be built out by the developer with no initial out-of-pocket costs to you; lease arrangements; location in the market; costs of demolishing existing leasehold improvements; construction costs; other variable expenses and whether you currently hold a lease for an acceptable location.

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In general, none of the expenses listed in the above chart are refundable, except security or utility deposits may be refundable.

1. The low Initial Franchise Fee is the base fee for a Standard Franchise. The high Initial Fee has been calculated by adding the Additional Fee to the Initial Fee for a Standard Franchise. See Item 5 for a full explanation of the available discounts, amounts and refundability of the Initial Fee for a Standard Franchise, Related Franchisee, and Conversion Franchise.

2. Estimates are based on a new franchise owner buying their first Franchise. However, the Initial Package Fee is waived for Renewal Terms. The Initial Package Fee includes a 1-800 WATER DAMAGE equipment package, safety package, small tools package, initial marketing materials, promotional items, logo wear for owner and employee uniforms with our Marks, and the Convention Allowance. For Conversion Franchises, the amount of the Initial Package may be reduced or waived. For Related Franchisees, the initial fees (Initial Fee, Marketing and Operations Package Fee and Equipment and Product Package Fee) may be discounted as described in Item 5. Related Franchisees may not be required to pay an Initial Package Fee.

3. This estimate covers out-of-pocket expenses for lodging and meals for two attendees, who are sharing one hotel room, not including transportation.

4. All vehicles must be leased or purchased through our then currently approved supplier(s). All vehicles must have the equipment and the 1-800 WATER DAMAGE decal package per our standards and specifications. For a Standard Franchise, the low range estimate is for a new vehicle with equipment and vinyl decal package (depending on market conditions), but does not include sales tax. For a Standard Franchise, the high range estimate is for a new vehicle with a truck mount unit, equipment, and vinyl decal package (depending on market conditions), but not including sales tax. For Conversion Franchises, the low range estimate assumes that you have an existing white vehicle that complies with our standards and specifications that does not have wrapping that needs to be removed and the high range estimate assumes that you are purchasing a brand new vehicle that needs decals, but does not include sales tax. You are required to only use vehicle signs and wrapping we permit. All vehicle wraps may only be performed by our authorized vendors. Your cost may differ from our estimates based on market demand, the year and model, interest rate, and if you choose a longer/shorter term. The costs referenced include up-fitting charges. Vehicle delivery, applicable sales tax and licensing are not included.

5. You must dedicate a full-time Service Technician to perform the actual cleaning services for the Business. This low range estimate is based on a Managing Owner working with the technician and the high range estimate is based on employing a certified crew leader and a technician.

6. We will provide to you, at no charge, the business phone number to be used by the Business. This number will be forwarded to any device you choose. The low range estimate is based on having this business number forwarded to your existing device(s). The high range

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estimate is based on the business acquiring a second landline with a separate phone service provider.

7. You must have a computer located at your Office that meets the requirements of System Standards and for handling of our then-current 1-800 WATER DAMAGE franchise management software. If you are a Conversion Franchise, you may be required to pay our approved software vendors for the conversion of your business data into the approved service business software.

8. Before beginning the 1-800 WATER DAMAGE Business, you shall obtain and maintain in full force and effect throughout the term of the Franchise Agreement and at your sole expense, certain insurance coverages as described in the Franchise Agreement. This item estimates the cost to attain insurance for the first three months of operation. You must provide us with evidence of insurance coverage prior to attending training. Franchisees in the State of New York will have higher requirements based on New York law, which could increase this estimate. Other states may also implement similar requirements, and we strongly recommend that you investigate the impact of applicable state laws on your insurance costs prior to entering into a Franchise Agreement.

9. You are required to have installed and maintain a GPS unit in each service vehicle throughout the term of the agreement. Currently, the monthly service fee for three (3) months is $86. There is no unit or installation fee.

10. You must lease or own a space for your Business, you will need approximately 1,200 square feet of space and will include commercial office space with a garage to store the service vehicle. The rent per month will be determined by the size of the space and the location.

11. You may need to purchase minimal leasehold improvements. The cost will vary depending on the size of the Business and any landlord contributions.

12. You may be required to pay a security deposit. The cost will vary depending on your landlord. You may also be required to pay utility deposits. The cost will vary depending on the provider in your area.

13. Before you open your Business, you must obtain any required licenses and business permits. You must verify all of the licenses and permits that you need for your 1-800 WATER DAMAGE Business.

14. This Item estimates the working capital needs for the first three months of operation, not including those expenses identified separately in the table. It includes payroll costs for operation and customer service employees, out-of-pocket direct mail costs, general auto maintenance and gasoline, and office overhead. The estimate of additional funds does not include an owner's salary or draw. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the Business. The amount of working capital you need will depend on a number of factors. These factors include the area you are located in; how much you follow our methods and procedures; your management skill;

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experience and business acumen; local economic conditions; the relative effectiveness of your staff; the prevailing wage rate; competition; and the sales level reached during the initial period.

We have relied upon the experiences of our 1-800 WATER DAMAGE franchisees, to compile these estimates. You should review them carefully with a business advisor before making any decision to purchase a franchise.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

8.1 Initial Equipment and Inventory

You must purchase the Initial Package consisting of an equipment package, small tools and safety package, digital marketing package, our marketing materials, promotional items, logo wear, and the Convention Allowance as described and listed in Exhibit B to the Franchise Agreement. Our affiliates, BHI or Colman Wolf, are the only approved suppliers for the small tools, equipment and safety package, and branded apparel. The items included in the Initial Package will change to reflect the changing needs of the Business in accordance with System procedures, and changes in suppliers and/or product specifications. We retain the right to derive revenue or other material consideration from required purchases and leases of products and services. The marketing materials and trademarked office supplies that are included in the Initial Package are shipped, from our approved supplier(s) located in Exton, PA, and Tecumseh, MI. You must purchase the entire Initial Package, except as described in Item 5.

The Initial Package may be modified or waived for Conversion Franchises, but only with our prior written approval.

8.2 Required Purchases

All products and supplies used in connection with the Business will be purchased from us, our affiliates or our designated vendors and suppliers. Some of our officers have an ownership interest in our affiliates BELFOR, BHI, CDI, and Colman Wolf, which may supply products and services to the Business. There are no other suppliers in which any of our officers owns an interest at this time, although they reserve the right to do so in the future.

We have developed standards and specifications for various services, products, materials and supplies sold by or used in the operation of the Business. You must operate the Business according to these standards. These standards will regulate the types, models and brands of required fixtures, furnishings, equipment, signs, materials and supplies to be used in operating the Business, the products and services offered to customers and the product categories and designated or approved suppliers of these items (which may be limited to or include us).

If you are a Related Franchisee, in lieu of an Initial Package, you shall purchase the Marketing and Operations Package Fee, which includes logo wear, stationery, digital marketing kit, and Convention Allowance to be used at the first convention following your successful completion of our Business Manager and Technical Operations Training Program; and depending on the equipment, tools, consumables, promotional items and safety items you currently have, you

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may be required to purchase, equipment, tools, consumables, promotional items and safety items for a fee ("Equipment and Product Package Fee"). We have the right, in our sole discretion, to waive the Equipment and Product Package Fee in its entirety. You will not be able to purchase a partial Equipment and Product Package Fee.

8.3 Email and Web Site

We will provide to you an email address that will have "@1800waterdamage.com" as its suffix. Emails sent to you at 1800waterdamage.com will be automatically forwarded to you at your email account.

In exchange for the Technology Fee, we will create one interior page on the website(s) that contains information about your 1-800 WATER DAMAGE Business and other 1-800 WATER DAMAGE Businesses.

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Business, including any profile on Facebook, Twitter, LinkedIn, Plaxo, YouTube, Pinterest, Instagram, or any other social media and/or networking site. If such approval is granted by us, you must: (i) establish and operate such World Wide Web or Internet site in accordance with System standards and any other policies we designate in the Operations Manuals or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s).

8.4 Insurance

Before attending the Business Manager and Technical Operations Training, you promise to purchase and maintain in full force and effect throughout the term of the Franchise Agreement and at your expense, insurance protecting you, your employees, and us, our officers, and our employees, against loss, liability, fire, personal injury, death, property damages, or theft arising from, or occurring in connection with, the operation and promotion of the 1-800 WATER DAMAGE Business as specified in detail in the Franchise Agreement or otherwise in writing from us. Currently, the minimum insurance requirements are as follows: (a) commercial general liability insurance in the minimum amount of $2,000,000 general aggregate, $2,000,000 products and completed operations aggregate, $1,000,000 personal and advertising injury limit and $1,000,000 per occurrence limit; (b) automobile liability insurance with a combined single limit of at least $1,000,000 for bodily injury and property damage for all owned or leased vehicles and for hired and non-owned motor vehicles; (c) workers' compensation and employers' liability insurance in the minimum amount of $500,000 by accident, $500,000 by disease and $500,000 policy limit, or the minimum limit required by your state, whichever is higher; (d) employee dishonesty insurance in the minimum amount of $50,000 per loss; (e) a commercial umbrella liability insurance policy with a limit of at least $2,000,000 per occurrence and aggregate and shall list the commercial general liability and automobile liability policies as scheduled underlying policies; (f) a pollution insurance policy with a limit of at least $1,000,000 for each loss, and $1,000,000 aggregate policy limits, providing for mold, bacteria and fungi remediation and the testing, monitoring, clean-up, removal, treatment or neutralizing of various pollutants; and (g) other insurance as required by any state, county, local, or other municipal insurance requirements.

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All policies will be written by an insurance company(ies) that is/are licensed in the state in which you are doing business, and that has an A.M. Best rating of "A" or better. Currently, you are not obligated by the terms of the Franchise Agreement to purchase your insurance from any specific provider, although we reserve the right to specify the specific provider that you must use in the future.

We may, periodically determine and modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstance. To gain adequate protection, you should discuss with your insurance agent and financial advisor to determine if your personal situation requires you to maintain coverage in excess of the minimums that we require. If any lease or Customer contract requires an insurance policy amount to be higher than the amounts we have listed above, you must obtain the highest amount for such policy.

All general liability insurance policies will name us, BELFOR Franchise Group, LLC, BELFOR USA Group, Inc., and our designated affiliates, employees, officers and directors (the "Indemnified Parties") as additional insureds, and will contain no provision which in any way limits or reduces coverage for you if a claim is made by any one or more of the Indemnified Parties, and will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 30 days' notice of any intent to cancel or materially alter any policy.

At least ten (10) days before attending either the Business Manager and Technical Operations Training, commencing the operation of the 1-800 WATER DAMAGE Business, whenever a change is made to your policy, and before expiration of any insurance coverage, you must provide us a copy or certificate or other acceptable proof of such insurance. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our sole option and in addition to our other rights and remedies under the Franchise Agreement, any required insurance coverage on your behalf. We are under no obligation whatsoever to obtain such insurance, but if we do so, you must fully cooperate with us in our efforts and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your 1-800 WATER DAMAGE Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf, will reduce or absolve you of any obligations of indemnification described in the Franchise Agreement. You promise to promptly report all material claims, or potential claims, against you, any Indemnified Party or us, to the insurer and to us. You may not commence your 1-800 WATER DAMAGE Business until you have provided the certificates of insurance or other acceptable proof of all insurances.

You may not commence your 1-800 WATER DAMAGE Business until you have provided the certificates of insurance or other acceptable proof of all insurances. You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent.

You must provide us with copies of any insurance claims or insurance cancellations within 24 hours. You have a 24 hour opportunity to cure any lapses in insurance coverage. No insurance

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policy must be subject to cancellation, termination, nonrenewal or material modification, except upon at least 30 days prior written notice from the insurance carrier to us. We have the right to increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to you, and you shall comply with any such modification within the time specified in said notice.

8.5 Material Benefits

As a Franchisee, you will not receive any material benefits from the Business' purchase of certain products or services or use of particular suppliers.

8.6 Approval of Alternative Suppliers

All products and materials must meet our standards and specifications and must be pre-approved by us regardless of the supplier. In the event you wish to purchase an unapproved item for the Business, including inventory, and/or acquire approved items for the Business from an unapproved supplier, you must provide us with a proof of the materials you wish to order and a written request for approval. We will notify you in writing of our approval or disapproval within ten days of receipt of the materials and your written request. We have no obligation to approve any particular products, service or supplier. If you do not receive approval within ten days, you should consider the materials disapproved. All products and materials must meet the quality of our current suppliers, and correctly bear the Marks. Standards and specifications for suppliers and products are periodically modified, in our sole discretion, to meet changing market conditions and are published in our Operations Manuals, other publications, and on our website. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments and financial stability. There is no fee to secure approval to purchase from alternative suppliers, but you must reimburse us our reasonable costs, regardless of approval of your request. At our discretion, we may, with notice to you, revoke our approval of any previously approved products due to changes in standards and specifications or if such products subsequently fail to meet the quality of our current suppliers.

Use of products and materials that have not received our prior written approval and/or do not meet our standards and specifications can result in the termination of your Agreement.

8.7 Business Phone

We will provide to you free of charge, the business phone number to be used by the Business. The business number will be owned by us and will be forwarded to any device(s) you select. We may require you to use the phone service provider, phone models and type from the supplier(s) that we designate. The business phone number provided by us will be the only number aside from the 1-800 WATER DAMAGE phone number you will be allowed to advertise.

8.8 Standards and Specifications

You must operate the Business according to our standards, specifications, and operating procedures. We will formulate and modify standards and specifications based on our and our

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franchisees' experiences in operating the Business. Our standards and specifications may impose requirements for performance, reputation, quality, and appearance. Our Operations Manuals and other communications identify our standards and specifications and/or names of designated or approved suppliers. Standards and specifications are updated periodically at our sole determination.

8.9 Vehicle Standards and Specifications

The initial vehicle and any additional vehicles, if any, must be leased or purchased through our then currently approved supplier(s). 1-800 WATER DAMAGE Businesses will use vehicles for the Business that meet our design and operating specifications for model type, color, trademark representation, and appearance. These specifications are included in our Manuals. All vehicles purchased or leased for the Business are to be, and maintained, in a "good" condition as defined by KELLEY BLUE BOOK ("good" condition means that the vehicle is free of any major defects) and must include a global positioning system with continuous data communication service. The paint, body and interior must have only minor (if any) blemishes, and there may not be any major mechanical problems. In states where rust is a problem, this should be very minimal. All vehicles used in connection with the business are to be decaled as required by us and the decals are to be free of defects at all times. We reserve the right to require you to purchase a new service vehicle(s) if you are unable to maintain your vehicle in accordance with our standards.

8.10 Computer Hardware and Software Components

You will be required to purchase at your expense, the required computer hardware and software.

We shall have the right to specify or require the Business to update or upgrade the Business' computer hardware and software and specify that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by the Business, including without limitation: (i) a compatible back office computer system that complies with our standards and specifications; (ii) a custom and proprietary point of sale system (the "POS System") if we make such a POS System part of our proprietary operating system in the future; (iii) printers and other peripheral hardware or devices; (iv) archival back-up systems; (v) Internet access mode and speed; and (vi) physical, electronic, and other security systems (collectively, the "Computer System").

We shall have the right, but not the obligation, to develop or designate: (i) computer software programs you must use in connection with any component of the Computer System, including the WATER DAMAGE Software, which you shall install at your own expense; (ii) updates, supplements, modifications, or enhancements to the WATER DAMAGE Software, which you shall install at your own expense; (iii) the tangible media upon which you record data; and (iv) the database file structure of the Computer System.

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8.11 Revenues from Franchisee Purchases

In the fiscal year ending December 31, 2022, we derived no revenue from sales of the Initial Package or other items to franchisees. In 2022 our affiliates, BHI derived $307,700, and Colman Wolf derived $1,141,937.68, from the sale of vehicles, equipment and supplies to franchisees.

We estimate that the cost of items purchased according to our specifications will be approximately 65% of your overall purchases in establishing the business and 20-25% of your total purchases during the operation of the business. If you purchase a Conversion Franchise, the items purchased according to our specifications will be approximately 20% to 25% of the overall purchases in establishing the business, and approximately 5% to 25% of the total purchases during the operation of the business.

We reserve the right to mark up and earn a profit, or to otherwise derive revenue, from the products purchased from us or our approved or designated suppliers.

8.12 Cooperatives

As of the date of this offering, we do not have any distribution cooperatives or vendor programs, but reserve the right to establish these cooperatives in the future.

8.13 Advertising

You must use our approved advertising and marketing materials or receive our written approval of any and all other advertising and marketing materials from us before their first use.

8.14 Purchasing Arrangements

As of the date of this offering, we do not have any purchasing arrangements, but reserve the right to establish these purchasing arrangements in the future.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 1.C and 3.A	Item 6 and 11
b. Pre-opening purchases/leases	Sections 1.E, 2.A and 2.B	Items 6, 7 and 8
c. Site development and other pre-opening requirements	Sections 1.C and 3.A	Items 7 and 11
d. Initial and ongoing training	Section 3	Items 6, 7 and 11
e. Opening	Sections 2, 3 and 7	Item 11

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Obligation	Section in Franchise Agreement	Disclosure Document Item
f. Fees	Sections 2, 10.B, 11.D, 13.A, 15.C and 16	Items 5, 6, 7 and 11
g. Compliance with Standards and Policy	Sections 1, 2.G, 2.H, 3, 4 and 7	Items 8, 11, 13, and 16
h. Warranty and customer service requirements	Section 7.A	None
i. Trademarks and proprietary information	Sections 4, 5, 6, 13.B and 13.C	Items 8, 13 and 14
j. Restrictions on products/services offered	Sections 1 and 7	Items 8, 12 and 16
k. Territorial development and sales quotas	Sections 1.C, 2.F and 2.G	Item 6 and 12
l. Ongoing product/service purchases	Section 1.E , 2 and 7	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 7, 11.B and 11.C	None
n. Insurance	Sections 7.D	Items 6, 7, and 8
o. Advertising	Sections 1.C, 1.D, 2.G, 3.B and 7.A	Items 6, 8 and 11
p. Indemnification	Section 14.C	Items 6, 8 and 12
q. Owner's participation/ management/ staffing	Sections 1, 6, 7.A and 7.C	Items 11 and 15
r. Records/reports	Sections 3.B, 7.A, 7.E and 8	Item 6 and 11
s. Inspections and audits	Section 8	Item 6, 11 and 17
t. Transfer	Section 10	Items 6 and 17
u. Renewal	Section 11	Item 6 and 17
v. Post-termination obligations	Sections 6 and 13	Item 17
w. Non-competition covenants	Sections 6 and 13.D	Item 17
x. Dispute resolution	Section 15.F	Item 17

ITEM 10: FINANCING

10.1 Initial Fee

If we grant you the right to open and operate a 1-800 WATER DAMAGE Business for a Standard Franchise, we may offer you financing for a portion of the Initial Fee if you meet our qualifications. The following table summarizes the financing we may offer you for Initial Fee for a Standard Franchise.

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Source of Financing	Us
Amount Financed	Up to 50% of the Initial Fee for the Standard, Related or Expansion Franchise / Up to 75% of the Initial Franchise Fee for Conversion Franchise
Down Payment	Minimum of 50% of the Initial Franchise Fee for Standard, Related, or Expansion Franchise / Minimum of 25% of the Initial Franchise Fee for Conversion Franchise
Term (number of years)	Up to 36 months
Rate of Interest plus Finance Charge	0%, first 12 months, 10% beginning month 13
Monthly Payment	Varies depending on amount financed and term.
Prepayment Penalty	None
Security Required	Personal Guaranty
Guaranty	Personal Guaranty
Liability upon Default	Termination or other loss of Franchise; you must also pay entire amount due and our attorneys' fees and court costs in collecting debt
Loss of Legal Rights Upon Default	You must waive presentation for payment, demand, notice of non-payment, protest, and all other demands and notices required by law (statutory or otherwise)

If you would like to finance a portion of the Initial Fee, and you meet our credit standards, you may do so through a promissory note (the "Note"), which is currently attached as Exhibit A-2 to the Franchise Agreement. You must make a down payment of at least fifty percent (50%) of the Initial Franchise Fee if you are purchasing a Standard, Related, or Expansion Franchise and twenty-five (25%) of the Initial Franchise Fee if you are purchasing a Conversion Franchise. We are currently charge an interest rate of 0% for the first twelve (12) months, 10% in months thirteen (13) to thirty-six (36). We will not adjust APR of the Note once your Franchise Agreement has been signed. A late fee of 5% or $50, per week, whichever sum is greater, will be collected if you fail to make timely payments or your payments are returned to us with non-sufficient funds. The only security we require is a personal guaranty of the Note by you and by all the owners, as well as all respective spouses, of the company, although we reserve the right to request additional security in our sole discretion.

The term of the Note will be up to 36 months, as agreed between you and us. You may prepay the Note without penalty at any time during its term. If you fail to make any payment, we can call the Note and demand immediate payment of the full outstanding balance. We can also terminate your Franchise Agreement if you fail to make payments as agreed; however, before your Franchise Agreement can be terminated, you will receive a notice of default and have a ten-day period to cure the default. The Note shall survive termination of the Franchise Agreement.

10.2 Additional Information

We provide certain information and assist in facilitating SBA loans including 7(a) and 504 loans.

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Other than described above, we will not guarantee any notes, leases or obligation. We and our affiliates have no past practice or future intent of selling, assigning or discounting franchisees' financing arrangements to a third party, although we reserve the right to do so in the future. We and our affiliates do not receive any direct or indirect payments or any other consideration from any person for the placement of financing with the lender; however, we reserve the right to do so in the future.

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

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

11.1 Pre-Opening Obligations

Before you open your Business, we will:

1. Designate the Territory for the Business (Sections 1.B and 1.C, and Summary Page of the Franchise Agreement). We do not provide any assistance with (a) selecting a business site or negotiation of any lease or purchase of any site, (b) conforming the site to local ordinances and codes and obtaining any required permits, or (c) hiring and training employees (other than the required training discussed in Section 3.A of the Franchise Agreement). Your Office must be located within the Territory and must contain a minimum of 1,200 – 1,500 sq. ft. of space and will include office space with a garage to store the vehicle. Provided the Office meets the criteria described in this section, no further approval is required from us. (Section 3.A of the Franchise Agreement).
2. Provide to you an Initial Package that includes the items as listed in Exhibit B of the Franchise Agreement (Section 2.B of the Franchise Agreement). The items in the Initial Package are provided by us and by designated suppliers named by us.
3. Loan to you a copy of our copyrighted Manuals, and other proprietary materials or manuals as we may publish and distribute to you periodically (Section 3 of the Franchise Agreement).
4. Give prior approval for use of business forms, business stationery, business cards, advertising materials, permanent materials, and forms that you intend to use (Section 4.C of the Franchise Agreement). We will continue to do this after you open the Business.
5. Give prior approval to all marketing, advertising, and promotional materials prepared by you within ten days of our receipt of the proposed materials for Franchises (Section 4.C and Section 7.A of the Franchise Agreement). We will continue to do this after you open the Business.
6. Specify minimum policy limits for certain types of insurance coverage (Section 7.D of the Franchise Agreement). We will continue to do this after you open the Business.

Provide the Business Manager and Technical Operations Training to (a) the Managing Owner, if he or she is managing the Business, (b) the Designated Manager, if applicable, and (c) one other person, at no additional fee or other charge (Section 3.A of the Franchise Agreement).

11.2 Franchisor's Obligations after the Opening of the Business

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Once the 1-800 WATER DAMAGE Business has commenced operations, we or our designee will provide the following assistance:

1. Provide new products, services and methods that we may have discovered or have developed for the System. (Sections 3 and 7 of the Franchise Agreement).

2. Formulate and implement marketing, advertising, and promotional programs, including the National Advertising Fund, using the merchandising, advertising, and research data and advice as we may, periodically, develop for use in your local market. (Sections 3 and 7 of the Franchise Agreement).

3. Provide you with other business and marketing advice. (Sections 3 and 7 of the Franchise Agreement).

4. Provide support for our WATER DAMAGE Software. (Section 3.B.6 of the Franchise Agreement).

5. Provide support on financial and daily operation of the Business including its accounting and record keeping functions (Section 3 and 7 of the Franchise Agreement).

6. Maintain a 24-hour call-in center and distribute leads, in our sole discretion, to Franchisees and Managing Operators for customers and service locations within the Territory. (Section 1.H of the Franchise Agreement).

7. Provide periodic modifications to the Operations Manuals to reflect changes in the System Standards. (Section 3.E and Section 7.B of the Franchise Agreement).

8. Provide periodic refresher training courses and conferences, not to exceed one per year. (Section 3.A of the Franchise Agreement).

11.3 Typical Length of Time to Open the 1-800 WATER DAMAGE Business

The typical length of time between the signing of the Agreement and payment of any consideration for the 1-800 WATER DAMAGE Business and the opening of the Business is between 60 and 90 days. Factors affecting this length of time usually include normal business startup considerations, completion of the Jumpstart Training Program and Business Manager and Technical Operations Training, the vehicle delivery date and securing the Business's Office within the Territory.

You must commence operation of the 1-800 WATER DAMAGE Business within four (4) months of signing this Agreement and/or two (2) months following your successful completion of the Jumpstart Training Program whichever is later (Section 3.A. of the Franchise Agreement). In the event that you do not do so, in our discretion, we may terminate this Agreement pursuant to Section 12 of the Franchise Agreement.

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11.4 Local Marketing and Advertising

We do not require the Business to spend any minimum amount per month on marketing, advertising and promotional programs at the local level, but recommend that you spend amounts in excess of 3% of Gross Sales on marketing and advertising at the local level. (Section 2.G of the Franchise Agreement).

We encourage our franchisees to partner with third party administrators that represent insurance companies and consumer services ("TPA"). When an insurance claim arises or a consumer contacts the TPA for services, the TPA selects one of their partners and assigns the services needing to be done to that partner. If you elect to partner with one or more TPAs, then you may accept assignments outside of your Territory, even if the assignment location is in another franchisee's Territory. You must strictly adhere to all TPA program guidelines and requirements as set forth in the Operations Manuals and/or in other writings provided by us or the TPA directly. Your failure to adhere to program guidelines and requirements will constitute a default under the Franchise Agreement with us (for which you will receive notice and a 15-day cure period). Upon notice of default, we may require you to attend additional training, put you on hold with the TPA(s) or have you removed from a TPA program(s). Application fee and cost per referral will vary depending on which TPA(s) you select.

11.5 National Marketing Fund, Advertising Cooperative and Advertising Committee

In addition, we have established a national marketing fund (previously defined as the "National Marketing Fund") for the common benefit of existing System franchisees and Managing Operators. You must participate in and contribute 2% of the Business' Gross Sales on a monthly basis throughout the term of the Franchise Agreement. We will design and direct all activities and programs funded by the National Marketing Fund with the assistance of the Brand Marketing Fund Committee which is comprised of seven 1-800 WATER DAMAGE franchisees and our employee(s). The current council members are disclosed in Exhibit H-1.

We will use the National Marketing Fund contributions, in our sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in our sole judgment, the services offered by existing System franchisees and Managing Operators. We shall have the sole right to determine contributions and expenditures from the National Marketing Fund, or any other advertising program, and the sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend National Marketing Fund contributions in the general best interests of the System on a national or regional basis. We may use the National Marketing Fund to satisfy any and all costs of maintaining, administering, directing, preparing, producing, and implementing advertising, including the cost of: (i) preparing, producing, and implementing television, radio, magazine and newspaper advertising campaigns; (ii) direct mail and outdoor billboard advertising; (iii) public relations activities and advertising agencies; (iv) developing and maintaining an Internet website; and (v) personnel and other departmental costs for advertising that we internally administer or prepare. Nevertheless, you acknowledge that not all existing System franchisees and Managing Operators will benefit directly or on a pro rata basis from such expenditures. While we do not

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anticipate that any part of the National Marketing Fund contributions will be used for advertising which is principally a solicitation for franchises, we reserve the right to use the National Marketing Fund for public relations or recognition of the "1-800 WATER DAMAGE®" brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." (Section 2.G of the Franchise Agreement).

We may periodically assist franchisees and operators to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the National Marketing Fund. (Section 2.G of the Franchise Agreement).

We have the right to reimburse ourselves from the National Marketing Fund contributions for such reasonable costs and overhead, if any, that we may incur in activities reasonably related to the direction and implementation of the National Marketing Fund. (Section 2.G of the Franchise Agreement).

Outlets owned by us or our affiliates are not required to contribute to the National Marketing Fund. We may, but are not obligated to, advance money to the National Marketing Fund to fund National Marketing Fund programs. In the event that we advance monies to the National Marketing Fund, we will determine, in our sole discretion, the manner and timing for the repayment, to us, of some, or all, of the funds we advance. (Section 2.G of the Franchise Agreement).

We will prepare on an annual basis, within 120 days of the end of the fiscal year, and make available to you upon written request, a statement of contributions and expenditures for the National Marketing Fund. The National Marketing Fund does not have to be independently audited. (Section 2.G of the Franchise Agreement). If we do not spend all National Marketing Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year.

We have the right to require that advertising cooperatives be formed, changed, dissolved or merged. Currently, you are not required to participate in any local or regional advertising cooperative. (Section 2.G of the Franchise Agreement).

In the fiscal year ended December 31, 2022, we spent National Marketing Fund contributions in the following categories: (a) media placement (87%), (b) production (10%), and (c) administrative (3%).

Other than the advertising requirements described above, there are no additional advertising fees required by us. It is at our discretion to determine how much to spend, and where to market, advertise and promote the System.

11.6 Computer Software and Systems.

We have developed the WATER DAMAGE franchise software management system (the "WATER DAMAGE Software"), which consists of software program(s) which you must use to maintain customer records, bid on jobs, create estimates and operate the 1-800 WATER DAMAGE Business. We will provide you with the 1-800 WATER DAMAGE Software for use in the

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operation of the 1-800 WATER DAMAGE Business. As part of the WATER DAMAGE Software, we currently provide XactAnalysis. There will be a transaction fee of approximately $16 per estimate uploaded in XactAnalysis that is charged and collected by Xactimate and you are responsible for the transaction fee. You will obtain for your use a computer that meets our then-current System Standards. (Section 2.H of the Franchise Agreement). We estimate the cost to purchase the Computer System to be $2,875.

We have the right to access the Computer System, the data in it, and the reports it generates at any time. We can do this electronically and/or at your business. (Section 2.H of the Franchise Agreement). The Agreement does not impose a limit as to what data we may access or how we may use the data.

We or our affiliates will provide one website page for your 1-800 WATER DAMAGE Business. In consideration of these services, the Business shall pay us a monthly technology fee of $500 per month ("Technology Fee"). We require you to purchase all software, software upgrades, and updates necessary to operate the Business, and pay us a monthly software fee, which is currently $399 per month ("Software Fee"). We reserve the right to increase the Technology Fee and the Software Fee during the term of the Franchise Agreement, due to business necessity.

Neither we, nor any affiliate or third party is obligated to provide ongoing maintenance, repairs, upgrades or updates to the Computer System. We currently do not require that you purchase a maintenance, repair, upgrade or update service contract for the Computer System, but we reserve the right to do so in the future. We do not provide support or warranties for hardware or third party software; any support or warranties are provided solely by the manufacturer.

You promise to subscribe to, maintain, and utilize a DSL, cable or satellite high-speed Internet connection and electronic mail (referred to as "e-mail") network account with independent supplier. As technology advances and new discoveries are made, we have the right to update and upgrade the technological items and designate the specific companies, models and/or types that are required for use in the 1-800 WATER DAMAGE Business. We may require you to upgrade computer hardware, but no more than two times during the initial term, at a cost not to exceed $3,000. You must also utilize at your expense QuickBooks Online Accounting Software and maintain our specified Chart of Accounts. QuickBooks Online generally costs approximately $42 per month.

We will provide you with an email address that will have, as its suffix, "@1800waterdamage.com." Emails sent to you at 1800waterdamage.com will be automatically forwarded to you at your electronic mail account.

11.7 Telephone Listings

We will provide to you a business telephone number and fax telephone number, which will have a local area code that is assigned to the Territory. We will forward all calls to the business telephone number and fax telephone number to any device(s) you select.

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11.8 Operations Manuals

Topic	Number of Pages
1-800 WATER DAMAGE OPERATIONS MANUALS	
Table of Contents	4
Introduction	2
Office Administration	5
Office Policies and Procedures	6
A Day In a Life	9
Recordkeeping and Reports	2
Pricing and Invoicing	1
Service Vehicles	2
Insurance	3
Management Documents	3
Total Pages	**37**

Topic	Number of Pages
SAFETY MANUAL	
Table of Contents	6
Introduction	2
Administration	5
General Safety	19
Motor Vehicle Safety	4
Site Safety	41
Subcontractor Safety	2
Orientation and Training	1
Appendix	2
Checklists and Forms	80
Total Pages	**162**

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11.9 Jumpstart Training Program

Your Managing Owner and, if applicable, Designated Manager, must successfully complete our Jumpstart Training Program within two months of signing the Franchise Agreement, before attending Business Manager and Technical Operations Training and before the opening of the 1-800 WATER DAMAGE Business. The Jumpstart Training Program is our preparation program that includes numerous pre-opening activities.

This Jumpstart Training Program is a self-guided process, with additional guidance from our training team, along with the 1-800 WATER DAMAGE System Standards. You must prepare a comprehensive financial plan, review the 1-800 WATER DAMAGE System Standards, complete a Territory review, coordinate your initial advertising program, acquire proper insurance, select and lease office space, and acquire all permits, licenses, and approved vehicles. All Jumpstart Training Program activities are to be completed before attending Business Manager and Technical Operations Training and before the opening of the 1-800 WATER DAMAGE Business and are conducted in your hometown by you with assistance from our home office staff. You shall begin Jumpstart Training immediately upon your signing and returning to us of the Franchise Agreement and all initial fees. During the Jumpstart Training Program, we will schedule a Business Manager and Technical Operations Training for you to attend at a later time. Business Manager and Technical Operations Training sessions are typically offered each quarter.

We may waive your attendance at the Jumpstart Training Program if you already operate a 1-800 WATER DAMAGE Business and purchase of an additional franchise from us.

11.10 Business Manager and Technical Operations Training for Managing Owner and Designated Manager

Before you begin operating the Business and after you have completed Jumpstart Initial Training, we will provide our training program ("Business Manager and Technical Operations Training") to you at no additional fee. You must complete the Business Manager and Technical Operations Training Program to our satisfaction within four months of signing the Franchise Agreement, and failure to do so will result in the termination of the Agreement. The Business Manager and Technical Operations Training may not commence until you have paid all fees due to us. (Section 3.A of the Franchise Agreement).

The Business Manager and Technical Operations Training will last up to 12 days in duration at our headquarters or another location designated by us. You will be responsible for all travel and living expenses that you and your employees/owners incur for the Business Manager and Technical Operations Training Section 3.A of the Franchise Agreement).

In the event that you own multiple 1-800 WATER DAMAGE Businesses and have already completed the Business Manager and Technical Operations Training, you will still be required to successfully complete the most recent online training modules essential to the role of ownership. There is no charge for this training.

You may designate, with our approval and on a "space available" basis, additional persons to attend other sessions of the Business Manager and Technical Operations Training. You will be responsible for all costs associated with the additional persons attendance, the training costs payable to us is currently $50 per additional person per day. In addition, each person we approve to attend the Business Manager and Technical Operations Training will be required to sign our

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then current confidentiality and non-compete agreement before the start of Business Manager and Technical Operations Training.

Ted Foster directs the technical operations portion of the Business Manager and Technical Operations Training. Mr. Foster has 46 years of experience in a combination of the commercial cleaning industry, sales, and franchising industries and 11 years of experience with our brand. Tim Fagan directs our business manager portion of the Business Manager and Technical Operations Training Program. Mr. Fagan has 29 years of experience in a combination of the commercial cleaning, sales and franchising industries and 12 years with Belfor and then our brand. Mr. Foster and Mr. Fagan are supported by other training staff periodically. Each trainer has a minimum of 5 years of experience with our brand.

Training modules cover:

- Marketing, public relations, and relationship and direct selling techniques to build the customer base;
- The System for water damage restoration services, carpet, mold remediation, odor removal and related cleaning

  and
- Administrative activities including use of the 1-800 WATER DAMAGE Business Operating and Support System.

Listed below are the specific modules and details of the Business Manager and Technical Operations Training Program. We reserve the right to modify the Business Manager and Technical Operations Training Program, including the training materials and subjects at any time.

INITIAL TRAINING PROGRAM

Business Operations

Subject	Hours of Classroom Training*	Hours of On-The-Job Training	Location
Sales	5	-	Ann Arbor, MI
Marketing	3	-	Ann Arbor, MI
Software / Technology	5.25	-	Ann Arbor, MI
Business Operations	67	-	Ann Arbor, MI
Total Hours*	80.25	-	Ann Arbor, MI

*Does not include meals, breaks, etc.

Technical

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Subject	Hours of Classroom Training*	Hours of On-The-Job Training	Location
Technical Training – Safety, Equipment, Chemicals	5	-	Ann Arbor, MI
Technical Training – Standards, Guidelines, Implementation	27	39	Ann Arbor, MI
Total*	32	39	

*Includes meals, breaks, etc.

11.11 Account Transition and Observation Training

Upon your successful completion of training, we may, at our discretion, require a transitional period of approximately 90 days ("Transitional Period"), in which you and or your Service Technician will have the opportunity to observe a customer service call for customer locations within your Territory which exceed your current level of experience and expertise. Depending on the scope of work, we reserve the right to refer any jobs within your Territory to a neighboring franchisee, Managing Operator or us or affiliate owned location during the Transitional Period and require you to attend such service calls. In certain situations, neither you nor the Business will receive any compensation or proceeds from attending such service calls during the Transitional Period. We reserve the right to extend the 90-day Transitional Period at our sole discretion. The Transitional Period may also apply to third-party administrator relationships. With regards to certain third-party administrators, the Transitional Period may exceed the 90-day period, depending upon individual third-party administrators method of operations. (Section 1.C of the Franchise Agreement).

11.12 Additional Training

Upon your successful completion of training, you are required to obtain three (3) additional certifications from outside sources, which can be completed online. Specifically, you are required to obtain these certifications: (a) water restoration technician; (ii) applied structure drying; and (iii) applied microbial remediation. The combined fees for these certifications are approximately $310. You are responsible for all costs and expenses related to obtaining these certifications.

You must attend the 1-800 WATER DAMAGE Annual Convention every year. You also must attend periodic refresher training courses and conferences, not to exceed one convention/conference per year, at the times and locations we determine, and for which we may charge fees. This training may, at our option, be online. We will determine the duration, curriculum, and/or location of any online or other training. You will be responsible for all travel and living expenses that are incurred by you while attending such additional courses, conferences, and sessions (Section 3.A of the Franchise Agreement).

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The Business' Service Technicians may be required to attend periodic refresher training courses and conferences, not to exceed one session per year, at the times and locations we determine, and for which we may charge a fee and you will be responsible to pay the fee. This training may, at our option, be online. We will determine the duration, curriculum, and/or location of any online or other training. You are responsible for training any additional or replacement Service Technicians. (Section 3.A of the Franchise Agreement).

Before the Business begins offering Reconstruction Services, you must (i) obtain and maintain a general's contractor license in its state and locality, if one is required by law, or receives a passing score on the examinations for commercial and residential building inspections given by the International Codes Council and (ii) complete the Reconstruction Services Training Program. The Reconstruction Services Training consists of:

Subject	Hours of Classroom Training*	Hours of On-The-Job Training	Location
Reconstruction Operations	6	-	Ann Arbor, MI
Software	9	-	Ann Arbor, MI
Reconstruction Management Procedures	6	-	Ann Arbor, MI
Reconstruction Marketing	3	-	Ann Arbor, MI
Total*	24	0	

*Includes meals, breaks, etc.

Once you complete the Reconstruction Training Program to our satisfaction, the Business may begin offering Reconstruction Services.

11.13 Accounting and Financial Reporting

We currently require you utilize QuickBooks Online Accounting Software and maintain our specified Chart of Accounts. You shall maintain records in accordance with our standards and specifications, and you must submit statements in the form we prescribe on a monthly basis. Statements must be submitted to us by the 5th of the following month for which the statement applies. You are also required to submit your corporate tax returns to us no later than 90 days after the end of the corporate fiscal year. You may not utilize any other accounting or reporting software that is not approved by us.

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11.14 Franchise Assessment

To assist us in working with you, we may request that you complete and return to us a franchise or market assessment profile during the Jumpstart Training Program and prior to your Business Manager and Technical Operations Training.

ITEM 12: TERRITORY

12.1 The Territory

You will operate the Business from a location within the Territory that we approve and that will be identified in the Summary Page of the Franchise Agreement. Your Territory will consist of specific zip-code(s) that have been awarded to you. The size of the Territory will generally consist of 350,000 people, and will be defined using political boundaries, such as county or city boundaries, or ZIP code boundaries, which are subject to change. These changes are outside of our control. As of the date of this Disclosure Document, we are utilizing data that has been collected by a national demographics company to determine the number of people in each Territory. The national demographics company we currently use is GbBIS (https://www.gbbis.com/). We have the right to restrict the number of territories in any given geographic area.

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. Our affiliate's, 1-800 BOARDUP International, LLC's, licensed service providers conduct some residential and commercial restoration services, including fire, water, and storm restoration services, and structural stabilization.

12.2 Advertising and Servicing of Customers

Territory Protections. You will receive the following protected rights in your Territory.

1. Protected Advertising. No other 1-800 WATER DAMAGE Business may advertise in your Territory in print, media, door-to-door, mass electronic communication, or direct web-based advertising within your Territory. You may experience some indirect/carry-over advertising from other franchisees in media where the reach of advertising is difficult to restrict to ZIP codes, such as radio or indirect web-based advertising.

2. Protected TPA and NORA Referrals. You will receive TPA and NORA referrals for your assigned zip codes in accordance with program requirements. We cannot guarantee your participation in these programs. If you are not compliant with your Franchise Agreement, program requirements, or fail to perform program work adequately, we may direct TPA or NORA referrals to another franchisee or ourselves.

3. Protected Call Center Referrals. You will receive Call Center leads for your assigned ZIP codes. If you are not compliant with your Franchise Agreement, we may direct these leads to another franchisee or ourselves.

4. Protected Office Location. No other 1-800 WATER DAMAGE Business may establish an office location within your Territory.

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You may not advertise or establish an office outside your Territory without our prior written consent. Within the Territory, you have the right to advertise, market, solicit and service any customer desiring water damage restoration services, carpet, mold remediation, odor removal, fire, smoke and related restoration and cleaning services except as described in this section. Advertising or establishing an office location outside of your Territory is a default under the Franchise Agreement, and we may require that you pay us the Improper Marketing Fee.

Should you not be in full compliance with your Franchise Agreement, we have the right to allow other compliant 1-800 WATER DAMAGE franchisees or Company Stores to advertise in your Territory.

There are no Territory protections related to providing services to customers located within your Territory. Thus, other 1-800 WATER DAMAGE franchisees, or outlets we own, may accept jobs and service customers in your Territory without restriction or limitation. However, certain prior versions of our franchise agreement contain different territorial protections than the agreement we currently offer. You may be restricted from servicing customers and working in certain 1-800 WATER DAMAGE Territories if the existing franchisee or Managing Operator operating in that Territory is under a version of franchise agreement that prohibits other System franchisees, Managing Operators, or Company-owned stores from advertising or providing Services in their Territory so long as they are in compliance with the terms of their franchise agreement.

All sales and other activities conducted within or outside the Territory must be conducted in accordance with the terms of the Franchise Agreement and our operating methods, standards and specifications as set forth in the Operations Manuals. You required to enter all work performed in the 1-800 WATER DAMAGE Software within 24 hours of the start of the job. You are required to invoice the customer for all work performed within 24 hours of the completion of the job.

At your option, you may subcontract the provision of Services to another System franchisee, company owned Business or Managing Operator. In the event you subcontract work, you shall pay the franchisee, company owned Business or Managing Operator the stated rates we establish, as they may be revised, as provided in writing by us.

We encourage our franchisees to partner with third party administrators that represent insurance companies and consumer services ("TPA"). When an insurance claim arises or a consumer contacts the TPA for Services, the TPA selects one of their partners and assigns the Services needing to be done to that partner. If you elect to partner with one or more TPAs, then you may accept assignments outside of your Territory, even if the assignment location is in another franchisee's Territory.

Additionally, if you choose not to service a customer or service location within or outside of the Territory, you must refer us the lead and we will select another System franchisee, Company owned business, or Managing Operator to perform the work with no further obligations to you, financial or otherwise.

The Franchise Agreement does not contain any provisions under which you might receive any options, rights of first refusal or similar rights to acquire additional franchises within the Territory or in any contiguous areas.

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12.2 Relocation

You may relocate the Office within the Territory at your sole discretion but must immediately notify us of the change in address.

12.3 Minimum Gross Sales Requirement

Beginning on the Transition Date, the Business will be required to meet the following minimum annual Gross Sales requirements (the "Minimum Gross Sales Requirement") during the term of the Agreement:

Months in Operation	**Minimum Monthly Gross Sales Requirement**
13 to 24 Months	$10,400
25 to 36 Months	$21,500
37 to 48 Months	$30,000
Greater than 48 Months	$41,500

The Minimum Gross Sales Requirement is a threshold of Gross Sales that the Business must achieve and is not a representation of the Business's future financial performance.

Beginning on the Transition Date and continuing each month thereafter, you must pay the greater of (i) the Royalty due or (ii) the Minimum Monthly Royalty of $500. We will conduct an accounting every six months of the total Royalties paid from the Gross Sales of each 1-800 WATER DAMAGE Business. In the event of a deficiency in your payment of the Royalty, National Marketing Fund Contribution, or Technology Fee, or any other amounts required to be paid under this Agreement, you shall immediately, upon notice, pay the deficiency to us. Your completion of such payment shall not be considered a waiver of any default by you or of any of our available remedies for such default afforded to us under this Agreement. In the event that any bi-annual accounting discloses that your payments have exceeded the amounts due pursuant to this Agreement during that six month period, we will apply the overpayment as a credit on your Royalty account within forty-five (45) days of completion of the accounting, to offset amounts due in the following six month period.

If the Business fails to achieve the required Minimum Gross Sales Requirement during any consecutive three month period, we reserve the right to terminate the Agreement, elect to establish another franchisee or company owned Business in the Territory or allow other franchisees, Managing Operators and/or company owned Businesses to advertise, market, solicit and service customers in the Territory. You agree that any franchisee or company owned Business that we designate may provide Services in the Territory. Neither the franchisee, Franchisor nor company owned Business are liable or obligated to pay you any compensation for doing so, and neither the franchisee nor Franchisor will be considered in breach of any provision of the Franchise Agreement or any other agreement between you and us regardless if minimum sales are achieved in the future.

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If you are awarded more than one (1) 1-800 WATER DAMAGE Business, the dollar values for the Minimum Gross Sales for each subsequent 1-800 WATER DAMAGE Business shall be half of the then-current Minimum Gross Sales Requirement for that Franchise offer for the initial term of the Franchise Agreement. The Minimum Gross Sales must be met for each individual Territory as described in the Franchise Agreement.

If this is a Renewal Term, you will be required to meet the Minimum Gross Sales Requirement for the greater than 48 month level for the entirety of the Renewal Term.

Once a Royalty or Minimum Royalty are paid, it is neither refundable nor applied to any future or past fees owed.

12.4 Our Rights within the Territory

Provided that the Business has met the Minimum Gross Sales Requirement described in Section 12.3 above, during the term of the Franchise Agreement, we will not establish nor license anyone else to establish another 1-800 WATER DAMAGE Business at any location within the Territory.

In the event of national, regional or local catastrophic event, significant weather event, or any single large loss project (each a "Major Event") within or outside of your Territory, we and our affiliates shall have the sole right to direct and control the provision of Services. You understand and agree that upon a Major Event, we, our affiliates, other existing System franchisees and Managing Operators will be able to perform Services within the Territory and neither you nor the Business will be entitled to any proceeds from the provision of Services performed by third parties within your Territory. Additionally, upon a Major Event, we may request you and other existing System franchisees and Managing Operators to mobilize or dispatch technicians and equipment and supplies to any site or sites, regardless of the distance from the Business' Territory. Your participation upon a Major Event is not a requirement.

We and our affiliates retain the right to sell products and services under the Marks within and outside your Territory through any method of distribution, including, but not limited to, selling products and services under the Marks through the Internet, catalog sales, telemarketing, or other direct marketing sales (collectively, the "Alternative Distribution Channels"). You may not use Alternative Distribution Channels to make sales outside or inside the Territory and you may not receive compensation for our sales through Alternative Distribution Channels.

We and our affiliates also reserve the right to use Alternative Distribution Channels to make sales within and outside of your Territory of products or services under trademarks or service marks different from the Marks you will use under the Agreement.

We and our affiliates also retain, as we deem appropriate, the rights to:

1. establish or allow other 1-800 WATER DAMAGE franchisees to establish 1-800 WATER DAMAGE businesses at any location outside of the Territory;

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2. establish another 1-800 WATER DAMAGE franchisee or company owned Business in the Territory, if you do not achieve the required Minimum Gross Sales Requirement described above;
3. solicit, market to, and build regional or National Account (as defined below) relationships as described below, whose offices may be located within or outside the Territory;
4. offer and sell services and products anywhere that do not comprise a part of the System and, in connection with this right, to exploit our Marks, name, reputation, and know-how;
5. acquire businesses providing services similar to those provided under the System within and outside the Territory and to be acquired by such a business;
6. sell products or services under the Marks within and outside the Territory through any method of distribution, although within the Territory. This includes sales of products using the Marks through Alternative Distribution Channels; and
7. use and license to engage in any other activities not expressly prohibited in the Franchise Agreement.

At this time, we do not have plans to operate or franchise a business under a different trademark selling similar goods and services as provided by a 1-800WATER DAMAGE Business.

12.5 Additional Franchises and Expansions

Upon your request, we may, but are not obligated to, award you an additional Business or additional Territory, but any decision to do so will be at our sole discretion and judgment. At a minimum, to be considered for either an additional Business or Territory you must have sufficient capital and equipment to market and service both the original Territory and the additional Territory at the same time and be in compliance with your franchise agreement.

12.6 Restrictions

Any project or enterprise undertaken jointly by two or more franchisees will be known as "Co-Venturing." Co-Venturing with other franchisees must be managed through us and you may not negotiate directly with other 1-800 WATER DAMAGE franchisees without our prior written approval.

It is agreed and understood no other business or business operations may be undertaken through your franchisee corporate entity, without our prior written consent. Owners, including the Managing Owner, may not own or operate any business, which conducts services identical or similar to us.

12.7 National Accounts

We have the exclusive right to negotiate and enter into agreements or approve forms of agreement to provide services to "National Account" customers. The term "National Account" means any customer which on its own behalf or through agents, licensees, or other third parties owns, manages, controls or otherwise has responsibility for a business in more than one (1) location, including but not limited to national insurance companies, regardless of the aggregate contract amount of the services to be performed. Any dispute as to whether a particular customer is a National Account shall be determined by us in our sole discretion and our determination shall

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be final and binding. Following the execution of a contract with or the acceptance of a bid by a National Account customer which contemplates the provision of services to one (1) or more National Account customers who are located in your Territory, we may, if you are qualified to perform the services and conditioned upon your substantial compliance with the terms of the Franchise Agreement and any other applicable agreements, provide you the opportunity to perform such services pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we, at our sole discretion, determine are appropriate. You agree to provide Services to all National Account customer referrals within your Territory. You further agree to provide all Services in strict adherence to the 1-800 WATER DAMAGE performance and process standards and all service guidelines and performance standards of the National Account. You may be required to enter into a service agreement to participate in certain National Account programs.

If you are not able to provide services to a National Account customer in conformity with the terms and conditions of the National Account contract, or fail to make an election within the time we specify after being offered the opportunity, we have the right, exercisable in our sole discretion, to (i) provide, directly or through any affiliate or other franchisee or Managing Operator, services to the National Account customer; and/or (ii) contract with another party to provide such services to the National Account customer. In either event, neither you nor the Business shall be entitled to any proceeds from the provision of Services provided to the customer of a National Account.

ITEM 13: TRADEMARKS

We own the trademarks, service marks, trade names, logotypes, and numerical symbols listed below for promotion, use, license, and sale by us throughout the United States, its territorial possessions, and the District of Columbia. The Franchise Agreement grants to you the license to operate the System under the 1-800 WATER DAMAGE name and under any other Marks, trade names, trade dress, indicia, trademarks, service marks, and logos currently used or that may be used in the operation of the System.

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

Mark	Registration #	Registration Date	Register
1-800 WATER DAMAGE	5164984	March 21, 2017	Principal
	3688386	September 9, 2009	Principal

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Mark	Registration #	Registration Date	Register
	3047978	January 24, 2006	Principal
1-800 WATER DAMAGE	2982370	August 02, 2005	Supplemental
RESTORING WHAT MATTERS MOST	5160158	March 14, 2017	Principal

No state trademark registrations have been filed.

There are currently no effective material determinations of the USPTO, the trademark administrator of this state, or any court, nor are there any pending interference, opposition, or cancellation proceedings, nor any pending material litigation involving the Marks which may be relevant to their use. We have filed all required affidavits and renewals with the USPTO for the Trademarks.

There is currently no pending material federal or state court litigation regarding our use or ownership rights in the Marks.

There are no agreements currently in effect that significantly limit our rights within the United States to use, or license others to use, the Marks listed above in any manner material to the Franchise.

You must follow our rules when you use the Marks. Your right to use the Marks is derived only from the Agreement and is limited to your operation of the Business in accordance and in compliance with the Agreement and all System Standards we prescribe from time to time during its term. You promise to use only the Marks that we designate in writing, and use them only in the manner that we authorize. You may not use any Mark in selling any unauthorized services or products or in any other way we have not expressly authorized in writing.

You agree that your use of the Marks, and any goodwill established by this use, will be exclusively for our benefit and that the Agreement does not confer any goodwill or other interest in the Marks upon you (other than the right to operate a 1-800 WATER DAMAGE Business under the Agreement). Upon expiration or termination of the Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System and the Marks.

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You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us and our attorneys, and your attorneys, in any infringement, challenge, or claim. We have sole discretion to take the action we deem appropriate and the right to control exclusively any litigation, USPTO proceeding, or any other administrative proceeding arising out of any infringement, challenge, or claim relating to any Mark. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Marks.

Provided that you have timely notified us of the claim or proceeding and complied with the Agreement as we determine in our sole discretion, we shall indemnify and hold you harmless against any third-party claim, suit or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have not used the Marks in accordance with the Agreement, you will bear the cost of such defense, including the cost of any judgment or settlement. You promise to sign any and all instruments and documents, render the assistance, and do the acts and things that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding, or otherwise to protect and maintain our interest in the Marks, including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Agreement, we agree to reimburse you for your out-of-pocket costs in performing such acts.

If it becomes advisable at any time, in our sole discretion, for us to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks, you will comply with our directions. Any expenses related to the changing of trademarked items will be deemed an expense or Operating Expense of the Business. We will not reimburse you for any loss of revenue due to any modified or discontinued Mark or for any expenditures the Business makes to promote a modified or substitute trademark or service mark.

We do not know of either superior prior rights or infringing uses that could materially affect your use of our principal Mark in any state.

We are the lawful and sole owner of the domain name www.1800waterdamage.com. You cannot register any of the Marks that are now or in the future owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue using any website containing the Marks. Except as we authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the Internet; or (iii) create or register any Internet domain names in connection with your Franchise. The only exception is that you may list the 1-800 WATER DAMAGE Business in the local online directory.

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ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

14.1 Patents and Copyrights

You do not receive the right to use any item covered by a patent. There are no pending patent applications that are material to the 1-800 WATER DAMAGE Business. We do not own any registered copyrights which are material to the franchise; however, we claim copyrights in the Operations Manuals, advertising materials, 1-800 WATER DAMAGE Software, business forms, videos, CDs and other printed and advertising material used in operating the System. We have not registered these copyrights with the United States Registrar of Copyrights. You must use these items only in the way we specify and only while operating your 1-800 WATER DAMAGE Business.

The Operations Manuals are described in Item 11. You can use the proprietary information contained in the Operations Manuals in connection with the operation of your 1-800 WATER DAMAGE Business. Although we have not filed an application for a copyright registration for the Operations Manuals, we claim a copyright, and the information is proprietary. Item 11 describes limitations on the use of the Operations Manuals by you and your employees. You must promptly tell us if you learn about unauthorized use of our proprietary information. We are not obligated to take any action, but will respond to this information as we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect that significantly limit our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses that could materially affect your use of the copyrighted materials in any state. We need not protect or defend copyrights, although we may do so when this action is, in our opinion, in the best interest of the System.

The Operations Manuals, and other materials we possess, contain our confidential information and/or trade secrets. This information may include: (a) general operating procedures for a 1-800 WATER DAMAGE Business; (b) the proprietary WATER DAMAGE Software; (c) personnel guidelines for hiring, training, retaining, promoting, and supporting the marketing and sales staff; (d) the Jumpstart Training Program and Business Manager and Technical Operations Training Program ; (e) written marketing and advertising materials, audiotapes, videos, and programs for their utilization; (f) knowledge of specifications and suppliers of certain equipment and supplies for the 1-800 WATER DAMAGE Business; (g) information on operating results and financial performance of 1-800 WATER DAMAGE Businesses other than your own; (h) sales guidelines and strategies for developing business relationships in the insurance industry; (i) the Operations Manual and the 1-800 WATER DAMAGE owners intranet website and its contents; (j) Customer Information, as defined below; and (k) any other information we deem confidential. You acknowledge and agree that we own any and all customer lists and their contents that we provide to you and/or that you subsequently develop during the normal course of operating the 1-800 WATER DAMAGE Business. You promise to keep an up-to-date list of all current and former customers in the 1-800 WATER DAMAGE Software, including their name, telephone number, complete mailing address, frequency of service, last date serviced, and price of service

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(collectively, the "Customer Information"). You may not enter the Customer Information into any other types of software that have not been approved by us.

14.2 Proprietary Information

All ideas, concepts, techniques or materials relating to a 1-800 WATER DAMAGE Business, whether or not constituting protectable intellectual property, and whether created by or on behalf of you, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us. You must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

You may not use our confidential information and/or trade secrets in an unauthorized manner and you must take reasonable steps to prevent unauthorized use or disclosure to others. You also agree that you, as well as certain members of your management and your employees must also execute confidentiality and non-disclosure agreements.

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

You must at all times faithfully, honestly, and diligently perform your obligations under the Agreement. You must devote your full time and personal best efforts to the day-to-day operation of the Business. Given the emergency nature of the services provided by the Business, you must be available 24 hours a day, seven days a week to respond to service requests.

During the term of the Agreement, you and your immediate family may not engage in any other business or activity and cannot have an interest in or business relationship with any competitor of 1-800 WATER DAMAGE. Additionally, if you are a corporation, limited liability company, partnership, or other entity, each of your owners, owner's spouses, members and member's spouses, or officers must personally guaranty your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete.

At the start of their employment, you must require, as consideration for employment, each of your Service Technicians, sales and/or account management employees to sign non-disclosure and confidentiality agreements. Such agreements will prohibit disclosure, by the employee to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding the System or the operation of the 1-800 WATER DAMAGE Business, which is deemed confidential and/or proprietary by us. Such employee non-disclosure and confidentiality agreements will, to the fullest extent permitted by applicable law, prevent employees from servicing or soliciting any of the customers of your Business, except in their capacities as employees of the 1-800 WATER DAMAGE Business. We may require you to send us a copy of such agreements once fully signed.

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ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and provide all of the services that we periodically require for 1-800 WATER DAMAGE Businesses in the manner we prescribe. You may not market or perform any services that we have not authorized, without our express prior written approval. Our System Standards may regulate required or authorized services and service categories and supplies. There are no limits on our right to periodically change required and/or authorized services and service categories, and we may do so at our discretion.

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

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

THE FRANCHISE RELATIONSHIP

	Provisions	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 1.B	10 years.
b.	Renewal or extension of the term	Section 11.A	Two additional consecutive renewal terms of 10 years each.
c.	Requirements for franchisee to renew or extend	Section 11	In order to renew (which means renewing your franchise relationship with us), you must: (i) be in compliance with your Franchise Agreement; (ii) not have made certain repeated defaults of your Franchise Agreement; (iii) provide us with notice of your intent to renew within the required time; (iv) sign our then-current franchise agreement, which may contain materially different terms; (v) upgrade and remodel the 1-800 WATER DAMAGE Business, as necessary; (vi) sign a general release (such requirement to sign a general release is subject to change in our sole discretion); and (vii) pay us a renewal fee.
d.	Termination by franchisee	Not Applicable	Not Applicable. You are permitted to terminate the Franchise Agreement under any grounds permitted by law.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable.
f.	Termination by franchisor with cause.	Section 12.B	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g.	"Cause" defined –	Section 12.C	We may terminate the Franchise Agreement after providing you with notice and a 15-day cure period if you: (i) fail to pay any amounts due to us, or you do not record funds paid to you for jobs completed as required or you default on any loan made to you by us or our preferred lender for

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	Provisions	Section in Franchise Agreement	Summary
	curable defaults		the purchase of the Territory; (ii) fail to employ for 2 consecutive months a Service Technician or a Designated Manager; (iii) fail to comply with any applicable law, regulation or ordinance; (iv) fail to comply with the Franchise Agreement, the intranet website, Manuals and/or other confidential materials; (v) fail to comply with modifications to the System standards, intranet website, or Manuals; (vi) fail to make payments on the vehicle resulting in repossession; (vii) use products or materials that do not meet our System standards; (viii) fail to provide any required report, statement, or return; (ix) fail to service all customers in a manner consistent with our System standards; (x) service a customer in another Territory without permission; (xi) fail to endorse any payments due to us that is erroneously made to you; (xii) fail to maintain the hours of operation at the Business; (xiii) fail to personally supervise day-to-day operation or fail to employ a sufficient personnel; (xiv) fail to maintain the strict quality controls; (xv) conduct yourself in a manner that reflects adversely on the System, the Marks, or the products; or (xvi) fail to procure or maintain any required licenses, certifications, or permits.
h.	"Cause" defined – non-curable defaults	Section 12.A & B	The Franchise Agreement will automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent; (ii) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any bankruptcy or insolvency law, and are not dismissed within 60 days, or a trustee or receiver is appointed for you or the 1-800 WATER DAMAGE Business without your consent, and is not vacated within 60 days; or (iii) you make or attempt to make an unauthorized transfer. We may terminate the Franchise Agreement, immediately, and without an opportunity to cure, effective upon notice, if: (i) your Managing Owner/Designated Manager, fail to attend or successfully complete the required training or the pre-training requirements; (ii) you fail to commence operation of the 1-800 WATER DAMAGE Business within the required time period; (iii) you have made a material misrepresentation; (iv) you receive 3 or more notices to cure a similar defaults, within any 2-year period; (v) you are convicted, or plead no contest to, a felony; (vi) you understate your Royalty by 3% or more on 3 or more occasions, during any 2-year period; (vii) you engage in any dishonest or unethical conduct; (viii) you violate any provision regarding confidentiality or non-disclosure; (ix) you abandon; (x) you fail to acquire or maintain the required insurance; (xi) you fail to attend the Annual Convention as required; (xii) your Managing Owner/Designated Manager fails to attend required refresher training; (xiii) you fail to train your Service Technician; (xiv) any other franchise agreement you have with us is terminated; (xv) you commit 3 or more defaults-in any 12 month period; (xvi) you materially breach any other agreement with us or our affiliates, or any lease, and fail to cure such breach within any cure period; (xvii) you materially violate any provision

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	Provisions	Section in Franchise Agreement	Summary
			pertaining to Marks or Confidential Information; (xviii) you violate any safety or sanitation law, ordinance or regulation; (xix) you violate the in-term restrictive covenant or fail to refer a Preferred Referral; (xx) a levy or writ of attachment or execution or any other lien is placed against you and not released or bonded within 30 days; (xxi) you become insolvent; (xxii) you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier; (xxiii) you misuse or make unauthorized use of any 1-800 WATER DAMAGE/Required Software; (xxiv) you fail to comply with the anti-terrorism provision; (xxv) you take for your own personal use any assets or property of the Business; (xxvi) if there are insufficient funds in your bank account to cover a check or EFT payment 3 or more times within any 12-month period or you fail to achieve minimum sales for 3 consecutive months; or (xxvii) you provide Reconstruction Services without securing and maintaining the Reconstruction Standards.
i.	Franchisee's obligations on termination/ non-renewal	Section 13	Upon termination or early expiration of the Franchise Agreement, your obligations include: (i) pay all amounts owed to us; (ii) de-identify and otherwise stop using the Marks in any manner, including in business names and telephone listings; (iii) return all Confidential Information and customer lists to us; (iv) comply with post-term non-competition covenants; and (v) deliver proof of compliance.
j.	Assignment of contract by franchisor	Section 10.A	No restriction on our right to assign.
k.	"Transfer" by franchisee – definition	Section 10.B	Includes transfer or assignment of the Franchise Agreement, the Franchise, the Business or any part thereof, and change of your ownership in an amount aggregating 33% or more.
l.	Franchisor's approval of transfer by franchisee	Section 10.B	We have the right to approve all transfers and ensure that specified conditions are met, but will not unreasonably withhold our consent.
m.	Conditions for franchisor approval of transfer	Section 10.B	Conditions to transfer: (i) you are in full compliance with the Franchise Agreement or any other related agreement and you have paid all accrued monetary obligations; (ii) the transferee meets our then current standards; (iii) the transferee is not operating a competitive business, unless all competitive services as part of the 1-800 WATER DAMAGE Business; (iv) you permit us to release to the transferee information about the 1-800 WATER DAMAGE Business; (v) transferee signs the then-current form of franchise agreement; (vi) you pay us a transfer fee, all Royalties and other fees owed, and all commissions and broker fees, if applicable; (vii) transferee completes training; (viii) you and the transferee sign a general release (such requirement to sign a general release is subject to change in our sole discretion); (ix) we have approved the material terms of the purchase agreement; (x) the transferee upgrades the Business; (xi) any of

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	Provisions	Section in Franchise Agreement	Summary
			transferee's financing obligations are subordinate to payments to us; (xii) if transferred to a wholly owned company, then you retain a required percentage of such company; (xiii) you have attended training and the 1-800 WATER DAMAGE Business is open; (xiv) you comply with all post-term obligations; (xv) transferee obtains all required permits and licenses; (xvi) lessors have consented to transfer, if applicable; and (xvii) transfer is made in compliance with all laws.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 10.D	Before transferring your interest in the Franchise Agreement, you must first offer us the right to purchase the interest on the same terms and conditions contained in any bona fide offer less the transfer fee. We have 30 days to decide.
o.	Franchisor's option to purchase franchisee's business	Not Applicable	We do not have an option to purchase your business.
p.	Death or disability of franchisee	Section 10.C	You must transfer within 12 months of your death or disability. If you are an individual, your heirs may continue to operate your Business if the party would otherwise qualify as a transferee.
q.	Non-competition covenants during the term of the franchise	Section 6	During the term of the Franchise Agreement, you and your Managing Owner, your Designated Manager (if applicable), and your immediate family members shall not: (i) engage as in any capacity in any other business offering Remediation Services, cleaning and restoration services the same as or similar to the services sold by the Business and/or the services provided by our affiliates(except for other franchises or authorizations we enter into with you); (ii) use our Confidential Information, System, intranet website, Manuals, Marks, customer lists, Customer Information in the design, development, or operation of any other business; or (iii) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System. These provisions are subject to state law.
r.	Non-competition covenants after the franchise is terminated or expires	Section 13.D	For a period of 24 months from expiration or termination, you and your owners and, if applicable, your Designated Manager, and your immediate family members shall not (a) engage in any capacity in any Remediation Services, or (b) do any other act injurious to the goodwill of the Marks or the System or engage in any business relationship with any of your customers or former customers, within: (i) the Territory; (ii) the Territories of any 1-800 WATER DAMAGE franchisees, 1-800 WATER DAMAGE Company Store, or any other 1-800 WATER DAMAGE business operator; or (iii) a radius of 50 miles from the Territory. These provisions are subject to state law.

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	Provisions	Section in Franchise Agreement	Summary
s.	Modification of Agreement	Section 15.J	Modification of the agreement must be in writing and agreed upon by both parties.
t.	Integration/merger clause	Section 15.L	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 15.F.1 and 15.F.2	You must bring any disputes arising out of the Franchise Agreement or any other agreement with us to our President prior to bringing a claim before any third party in an attempt to resolve the dispute internally. After exhaustion of this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Ann Arbor, Michigan, in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect. These dispute resolution provisions are subject to state law.
v.	Choice of forum	Section 15.F.3	All claims not subject to mediation must be commenced in the state, or federal court of general jurisdiction in Washtenaw County, Michigan or the United States District Court for the Eastern District of Michigan (subject to state law).
w.	Choice of law	Section 15.H	Except federal law, Michigan law applies (subject to state law).

ITEM 18: PUBLIC FIGURES

We do not use any public figures to promote our franchise. You have no right to use the name of any public figure for promotional efforts, advertising, or endorsements, except with our prior written consent. No public figure has any investment in the franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is any reasonable basis for the information, and if the information is included in the disclosure document. Financial information that differs from that included in Item 19 may only be given 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.

As of December 31, 2022, there were 102 franchisees operating in 167 Territories. 101 franchisees were operating in 165 Territories under the Traditional Franchise Model during the Measurement Period. In April 2022, 1 franchisee purchased a business with 2 Territories that was operating under the Managing Operator Model and converted it to a Traditional Franchise Model. We no longer offer or operate Managing Operator Model Businesses. For purposes of this Item 19, January 1, 2022 through December 31, 2022, will be referred to as the "Measurement Period."

This Item sets forth historical Gross Sales information and other financial metrics listed

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below for the 86 Franchisees (operating 147 Franchise Businesses) that were open and operating during the entire Measurement Period (the "Reported Franchisees"). The remaining 16 franchisees (operating 20 Franchised Businesses) were not open for the entire Measurement Period, and thus were excluded from this Item 19.

Of the Reported Franchisees, 30 operated in more than one territory and 56 operated in a single territory.

The charts below present average annual Gross Sales and median annual Gross Sales during the Measurement Period for the Reported Franchisees that operated in a single Territory as well as those that operated in multiple Territories. The sales information presented in this Item was provided by the Reported Franchisees through monthly Gross Sales reports submitted by them. We have not audited the data.

Table 1: Average Annual Gross Sales Reported Franchisees

The table below sets forth the average annual Gross Sales during the Measurement Period as reported by the 86 Reported Franchisees. We have divided them into quartiles, showing the top 25% highest-performing franchisees ("Top 25% Franchisees"), the top 50%-highest performing franchisees ("Top 50% Franchisees"), the top 75% highest-performing franchisees ("Top 75% Franchisees"), the bottom 25% lowest-performing franchisees ("Bottom 25% Franchisees"), the bottom 50% of lowest-performing franchisees ("Bottom 50% Franchisees") and the bottom 75% lowest-performing franchisees ("Bottom 75% Franchisees").

Quartile	Number of Franchisees in Group	Average Gross Sales[1]	Franchisees Who Exceeded Average	Highest	Lowest	Median[8]
Top 25% [2]	22	$1,513,798	6	$4,502,607	$761,714	$1,058,306
Top 50% [3]	44	$1,036,227	12	$4,502,607	$423,561	$761,714
Top 75% [4]	66	$795,594	18	$4,502,607	$188,991	$555,198
Bottom 25% [5]	22	$126,140	10	$199,957	$0	$119,295
Bottom 50% [6]	44	$226,161	20	$426,447	$0	$199,957
Bottom 75% [7]	66	$350,426	34	$774,599	$0	$362,181
Total	**86**	**$638,318**	**26**	**$4,502,607**	**$0**	**$423,561**

Notes:

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1. "Gross Sales" is defined as all revenue received from operating the Business including cash, in services in kind, from barter and/or exchange, or otherwise, but not including sales tax and returns. We calculated the Average Annual Gross Sales figure by totaling the Average Annual Gross Sales of all of the Reported Franchisees and dividing it by the number of Reported Franchisees in each category and then by the total.

2. We calculated the Top 25% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Top 25% Franchisees and dividing it by the number of Top 25% Franchisees. Of the 22 Top 25% of Single-Territory Franchisees, 6 or 27%, met or exceeded the Average Annual Gross Sales figure for this quartile.

3. We calculated the Top 50% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Top 50% Franchisees and dividing it by the number of Top 50% Franchisees. Of the 44 Top 50% of Single-Territory Franchisees, 12 or 27% met or exceeded the Average Annual Gross Sales figures for this quartile.

4. We calculated the Top 75% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Top 75% Franchisees and dividing it by the number of Top 75% Franchisees. Of the 66 Top 75% of Single-Territory Franchisees, 18 or 27% met or exceeded the Average Annual Gross Sales figure for this quartile.

5. We calculated the Bottom 25% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Bottom 25% Franchisees and dividing it by the number of Bottom 25% Franchisees. Of the 22 Bottom 25% of Single-Territory Franchisees, 10 or 45% met or exceeded the Average Annual Gross Sales figure for this quartile.

6. We calculated the Bottom 50% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Bottom 50% Franchisees and dividing it by the number of Bottom 50% Franchisees. Of the 44 Bottom 50% of Single-Territory Franchisees, 20 or 45% met or exceeded the Average Annual Gross Sales figure for this quartile.

7. We calculated the Bottom 75% Average Annual Gross Sales figure by totaling the Annual Gross Sales of the Bottom 75% Franchisees and dividing it by the number of Bottom 25% Franchisees. Of the 66 Bottom 75% of Single-Territory Franchisees, 34 or 52% met or exceeded the Average Annual Gross Sales figure for this quartile.

Table 2: Reported Franchisees Breakdown

The table below sets forth the average annual Gross Sales during the Measurement Period as reported by the 86 Reported Franchisees who were open the full calendar year. It is a breakdown of those who own 1 Territory, 2 Territories and 3+ Territories. Excluded from this Item 19 are the 16 franchisees who were not open for the full calendar year.

Franchisees by	Number of Owners	Number of Total	Average Revenue/Owner	Median Revenue/Owner	Average Revenue/ Territor	Median Revenue/ Territory

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Number of Franchises Owned		Territories Owned				
1	56	56	$437,613	$376,450	$437,613	$376,450
2	20	40	$603,947	$475,925	$301,974	$237,963
3 or More	10	43	$1,874,786	$2,160,371	$435,997	$432,074

General Assumptions:

1. The businesses profiled above operate under the same marks and offer the same services that you will offer. The Reported Franchisees operate under the Franchise Model and are directly responsible for all costs and expenses associated with their businesses.

2. This analysis does not contain complete information concerning the operating costs and expenses that the Business will incur, including Management Fees, Technology Fees, Software Fees, Local Advertising Contributions, National Marketing Fund contributions, royalties, rent, inventory costs, payroll, payroll taxes, owner compensation/salary, healthcare, employee benefits, uniforms, office supplies, postage, travel and entertainment expenses, utilities and telephone charges, late fees, training fees, and other fees and operating expenses.

3. The above figures exclude tax liabilities.

4. The above figures exclude professional fees or other administrative expenses that you may incur, including legal and accounting fees.

5. Interest expense, interest income, depreciation, amortization and other income or expenses will vary substantially from business to business.

6. Expenses and costs may significantly impact profits realized in any particular operation.

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

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

Therefore, we recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you. You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Business.

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

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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 Melanie Parker, at 731 Fairfield Court, Ann Arbor, Michigan 48108, 734-864-9799, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For years 2020, 2021, 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised – Traditional	2020	72	133	61
	2021	133	152	19
	2022	152	167	15
Franchised – Managing Operator	2020	21	7	-14
	2021	7	2	-5
	2022	2	0	-2
Company- or Affiliate-Owned	2020	4	2	-2
	2021	2	0	-2
	2022	0	0	0
Total Outlets	2020	97	142	45
	2021	142	154	12
	2022	154	167	13

Table No. 2A
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020, 2021, 2022 – Traditional Franchises

State	Year	Number of Transfers
Colorado	2020	1
	2021	0
	2022	1
Georgia	2020	1
	2021	0
	2022	0
Illinois	2020	0
	2021	0
	2022	2
New Jersey	2020	0

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State	Year	Number of Transfers
	2021	1
	2022	0
Oregon	2020	0
	2021	0
	2022	2
Washington	2020	0
	2021	0
	2022	2
Wisconsin	2020	0
	2021	1
	2022	2
Totals	2020	2
	2021	2
	2022	9

Table No. 2B
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020, 2021, 2022 – Managing Operator

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Totals	2020	0
	2021	0
	2022	0

Table No. 3A
Status of Traditional Model Franchised Outlets
For years 2020, 2021, 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Arizona	2020	1	7	4	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	1	4
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

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State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2022	0	1	0	0	0	0	1
California	2020	1	7	0	0	0	0	8
	2021	8	2	0	0	0	0	10
	2022	10	3	0	0	0	0	13
Colorado	2020	3	2	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Connecticut	2020	0	5	0	0	0	0	5
	2021	5	0	3	0	0	0	2
	2022	2	1	0	0	0	0	3
Florida	2020	8	0	0	0	0	1	7
	2021	7	3	0	0	0	2	8
	2022	8	3	2	0	0	0	9
Georgia	2020	5	2	2	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Idaho	2020	1	1	1	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	2	0	0	0	0	4
Indiana	2020	3	2	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	1	0	0	0	4
Iowa	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kentucky	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Massachusetts	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

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State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Maryland	2020	0	2	0	0	0	0	2
	2021	2	2	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Michigan	2020	5	6	0	0	0	0	11
	2021	11	1	0	0	0	0	12
	2022	12	0	1	0	0	0	11
Minnesota	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Mississippi	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Montana	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Nebraska	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New Jersey	2020	1	2	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	1	0	0	0	0	5
New York	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	4	0	0	0	0	14
North Carolina	2020	2	2	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Ohio	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	2	7
	2022	7	0	0	0	0	0	7
Oklahoma	2020	4	2	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	1	0	0	0	0	7
Oregon	2020	2	4	0	0	0	0	6

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State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Pennsylvania	2020	1	1	0	0	0	0	2
	2021	2	3	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Rhode Island	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Tennessee	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Texas	2020	1	6	1	0	0	0	6
	2021	6	2	0	0	0	0	8
	2022	8	3	1	0	0	0	10
Utah	2020	2	2	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Virginia	2020	5	1	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	1	0	0	5
Washington	2020	1	4	0	0	0	0	5
	2021	5	6	0	0	0	0	11
	2022	11	0	0	0	0	0	11
Wisconsin	2020	2	2	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
TOTALS	2020	72	70	8	0	0	1	133
	2021	133	27	3	0	0	5	152
	2022	152	22	5	1	0	1	167

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Table No. 3B
Status of Franchise Managing Operator Outlets
For years 2020, 2021, 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
California	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Florida	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Georgia	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Illinois	2020	4	0	0	0	0	1	3
	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	2	0
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Iowa	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Maryland	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Massachusetts	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Michigan	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Mississippi	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Nevada	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Oklahoma	2020	1	0	0	0	0	1	0

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State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
South Carolina	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Texas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Utah	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Virginia	2020	3	0	0	0	0	3	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Wisconsin	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Canada	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
TOTALS	2020	21	0	0	0	0	14	7
	2021	7	0	0	0	0	5	2
	2022	2	0	0	0	0	2	0

*These Managing Operator Models converted to Traditional Franchise Model.

Table No. 4A
Status of Company- or Affiliate-Owned Outlets – Traditional Model
For years 2020, 2021, 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
TOTALS	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

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Table No. 4B
Status of Company- or Affiliate-Owned Outlets – Managing Operator
For years 2020, 2021, 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	2020	1	0	0	1	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Illinois	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	2	0
Pennsylvania	2020	1	0	0	0	0	1
	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
Washington	2020	1	0	0	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
TOTALS	2020	5	0	0	1	0	4
	2021	4	0	0	1	1	2
	2022	2	0	0	0	2	0

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

Column 1 State	Column 2 Franchise/Franchise Operator Agreements Signed but Outlet Not Opened	Column 3 *Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
Arizona	0	2	0

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Column 1 State	Column 2 Franchise/Franchise Operator Agreements Signed but Outlet Not Opened	Column 3 *Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Arkansas	0	1	0
Connecticut	0	2	0
California	0	1	0
Florida	0	4	0
Georgia	0	2	0
Indiana	0	2	0
Louisiana	0	2	0
Massachusetts	0	2	0
Minnesota	0	1	0
Missouri	0	2	0
New Jersey	0	2	0
New Mexico	0	1	0
New York	0	1	0
North Carolina	0	2	0
Ohio	1	1	0
Pennsylvania	0	1	0
South Carolina	0	1	0
Tennessee	0	1	0
Texas	0	2	0
Wisconsin	0	1	0
TOTALS	0	35	0

Exhibit F to this Disclosure Document includes the names, addresses and telephone numbers of all franchise owners as of December 31, 2022. The franchisees are identified as either a Traditional Franchisee or a Managing Operator.

Exhibit G to this Disclosure Document includes the name, city and state, and the current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement between January 1, 2021 and December 31, 2022 or who has not communicated with us within ten 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.

During the last three fiscal years, in some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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.

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Exhibit H-1 lists, to the extent known, the names, addresses, telephone numbers, email addresses and web addresses of each trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed. Exhibit H-2 lists the independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit B contains our audited financial statements as of December 31, 2020, December 31, 2021, and December 31, 2022.

ITEM 22: CONTRACTS

The following contracts are exhibits within this Disclosure Document:

Exhibit A: Form of Agreements:

A-1 Franchise Agreement

A-2 Promissory Note

A-3 Confidentiality / Non-Disclosure Agreement

A-4 General Release(s) – Upon Renewal or Assignment

A-5 Equipment Sales and Security Agreement

Exhibit E: State Addenda to the Disclosure Document

Exhibit I: Disclosure Questionnaire

ITEM 23: RECEIPTS

The final pages of this Disclosure Document (Exhibit K of the Disclosure Document) include two copies of a detachable document acknowledging your receipt of the Disclosure Document. If that page, or any other pages or exhibits are missing from your copy, please notify us immediately.

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EXHIBIT A

TO THE FRANCHISE DISCLOSURE DOCUMENT

FORM OF AGREEMENTS

EXHIBIT A-1

FRANCHISE AGREEMENT

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1-800 WATER DAMAGE FRANCHISE AGREEMENT
(the "Franchise Agreement")

SUMMARY PAGE

The following terms are used throughout this Franchise Agreement, its Exhibits and Addenda, and are defined as follows:

1. 1-800 WATER DAMAGE International, LLC, a Delaware Limited Liability Company, with its principal place of business at 731 Fairfield Court, Ann Arbor, Michigan 48108 (referred to in this Agreement as "we," "us," "ourselves," "Franchisor," or "Licensor").

2. _____ _____ (together referred to as the "Owners"), residents of the State of _____, and _____, a _____ company to be formed or already existing whose principal address is _____ (referred to in this Agreement as "you," "your," "Franchisee," or "Licensee").

3. This Franchise Agreement is made and entered into on the date executed by an authorized representative of Franchisor, (the "Effective Date").

4. The "Initial Franchise Fee" referred to in Section 2.A. of the Franchise Agreement is $_____.

5. The "Initial Package Fee" referred to in Section 2.B. of the Franchise Agreement is $ _____.

6. The "Territory" referred to in Section 1.C of the Franchise Agreement will be defined by the following ZIP codes, as located on the attached map:

TERRITORY

This is to confirm your acknowledgement and understanding that ZIP codes and/or their boundaries change periodically, and in the event of a future change you may continue to market to an existing customer, who is now outside the Territory as a result of a ZIP code change. Provided,

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it will be your responsibility to clearly demonstrate that the customer was located in the Territory, when they first became a customer. _____ [INITIAL]

In the event a new ZIP code is created entirely within your existing geographic Territory, it will become a part of the Territory, and you may market in it. If a new ZIP code is created along the boundary of the Territory, if at least one-third of the new ZIP code area is within the Territory, as indicated on the attached map, then you can market to the new ZIP code, with the understanding an adjoining 1-800 WATER DAMAGE owner, who also has one-third of the new ZIP code in their previous Territory, may also be able to market in this new ZIP code. _____ [INITIAL]

7. Definitions. The following bolded terms shall have the meaning proscribed to them in this summary page wherever they appear in this Agreement.

a. "**Remediation Services**" – are water damage restoration services, carpet, mold remediation, odor removal, fire, smoke and related restoration and cleaning services, which services list may be amended to include other services and products from time-to-time in the operations manual or otherwise.

b. "**Reconstruction Services"** – are selective drywall removal and installation, floor covering repair and installation, painting, structural repair and installation, finish carpentry, cabinet replacement, roofing, interior finishing, door replacement, electrical, mechanical, plumbing and heating services.

c. "**Catastrophic Disaster**" – means a disaster of such magnitude that a single franchisee is not capable of providing Services in a time frame and manner sufficient to meet the needs of all customers in the disaster zone, as determined by Franchisor in Franchisor's sole discretion or as defined by the terms of the Operations Manual. Catastrophic Disasters include, but are not limited to, wide-spread flooding, hurricanes, earthquakes, blizzards, tornadoes, and other natural disasters and acts of God.

d. "**Services**" – means all services sold, prepared or otherwise dealt with in connection with 1-800 WATER DAMAGE Business authorized for Franchisee to provide under the Operations Manual including, but not limited to, water damage mitigation and restoration; fire damage mitigation and restoration; emergency cleaning and repairs; professional estimation services; odor elimination; dehumidification and drying; mold remediation; asbestos abatement; debris removal; shoring/selective demolition; licensed general contractor services; and all services performed at or from the customer or Service Location or in connection with the 1-800 WATER DAMAGE Business.

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1-800 WATER DAMAGE FRANCHISE AGREEMENT

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Exhibits:

Exhibit A – Designated Personnel
Exhibit B – Initial Package
Exhibit C – Franchise Management Software License Agreement
Exhibit D – Telephone and Other Listing Agreement
Exhibit E – Electronic Funds (EFT) Authorization
Exhibit F - Personal Guaranty and Guaranty of Spouses
Exhibit G – State Addenda to the Franchise Agreement
Exhibit H – Conversion Addendum

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1-800 WATER DAMAGE Franchise Agreement

THIS FRANCHISE AGREEMENT is made and entered on the Effective Date by and between Franchisor and Franchisee.

1. INTRODUCTION, ACKNOWLEDGMENTS, AND AWARD OF FRANCHISE.

A. INTRODUCTION.

We use, promote and license certain trade and service marks and other commercial symbols in the operation of businesses which provide the Services in the United States, including the trade and service mark(s) "1-800 WATER DAMAGE" (collectively, the "Marks"). These Marks have gained and continue to gain public acceptance and goodwill, and we may continue to create, use, and franchise additional trademarks, service marks, and commercial symbols in operating 1-800 WATER DAMAGE Businesses, as defined below.

Through the expenditure of considerable time and effort, we have established a system of marketing, promoting, advertising, managing, conducting and operating businesses that perform the Services and provide ancillary products and services under the Marks using methods and operating systems as defined in our proprietary Operations Manuals (the "1-800 WATER DAMAGE Business", "Business"). The Business may not provide, either through the Business or any other entity, Reconstruction Services unless Franchisee has (i) obtained, and maintains, a generals contractor's license in its state and locality, if one is required by law, or receives a passing score on the examinations for commercial and residential building inspections given by the International Codes Council, (ii) Franchisee has obtained our prior written permission, and (iii) Franchisee completes our required Reconstruction Services Training (collectively referred to as the "Reconstruction Standards"). If the Business is not qualified to provide Reconstruction Services, it shall provide Remediation Services only. In the event that a customer of the Business requires Reconstruction Services prior to the Business securing Reconstruction Standards, you must refer the customer to us or to BELFOR USA Group, Inc. ("Preferred Referral"). If you are purchasing a Conversion Franchise (as defined below) or meet the Reconstruction Standards and your existing business provides Reconstruction Services, then you are required to provide proof that you meet the Reconstruction Standards and obtain our written approval before the Business is permitted to provide such Reconstruction Services to customers.

We award to persons, who meet our qualifications and who are willing to undertake the investment and effort, a franchise to own and operate a 1-800 WATER DAMAGE Business offering the services and products we authorize and approve while utilizing our business formats, methods, procedures, signs, standards, specifications, and Marks (the "System").

Following your evaluation of the System, you have expressed to us your desire to obtain the right to develop, own, and be franchised to operate a 1-800 WATER DAMAGE Business.

This Agreement governs the ongoing relationship between you and us.

B. AWARD OF FRANCHISE.

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You have applied for a franchise to own and operate a 1-800 WATER DAMAGE Business. Subject to all of the terms and conditions of this Agreement, we hereby award you a franchise (the "Franchise") to operate a 1-800 WATER DAMAGE Business utilizing the System and the Marks in the geographical territory that you and we have agreed to as described in the Summary Page to this Agreement and in Section 1.C below (the "Territory"). During the term of this Agreement, you may perform the approved Services offered by the Business for residential or commercial customers or Service Locations. A "Service Location" is the physical location or address where the Services are performed. We will not allow another 1-800 WATER DAMAGE franchisee or Company Store to advertise in print, media, door-to-door, mass electronic communication, or direct web-based advertising within your Territory. Should you not be in full compliance with this Agreement, we reserve the right to allow other compliant 1-800 WATER DAMAGE franchisee or affiliate to advertise in your Territory. Additionally, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may also perform services for customers or Service Locations outside your Territory, so long as the lead is generated in a manner permitted by this Agreement. However, prior versions of the Franchisor's franchise agreement did restrict franchisees' ability to service customers outside their Territories, and thus, you may be restricted from entering certain Territories to service customers.

The term of the franchise will be ten (10) years (the "Initial Term") commencing on the date of this Agreement.

You must at all times faithfully, honestly, and diligently perform your obligations under this Agreement. Except as stated herein, you must designate at least one (1) managing owner (the "Managing Owner") who will be our primary individual contact with the 1-800 WATER DAMAGE Business and who we will approve in our sole discretion. A Managing Owner may, in our sole discretion, serve as the Managing Owner of more than one (1) 1-800 WATER DAMAGE Businesses that are owned by you; provided, however, that we may, in our sole discretion, require you to designate a person who will serve as the primary individual contact for this 1-800 WATER DAMAGE Business (the "Designated General Manager"). We must approve of the Designated General Manager in writing, which we may grant in our sole discretion. The Managing Owner and, if applicable, the Designated General Manager, must successfully complete the training program as described in and required by this Agreement. The Designated General Manager is not required to have an ownership interest in the 1-800 WATER DAMAGE Business. The Designated General Manager must sign our prescribed form of confidentiality and non-compete agreement. The Managing Owner or, if applicable, the Designated General Manager must continuously exert her/his full-time best efforts to manage, promote and enhance the 1-800 WATER DAMAGE Business, and such other 1-800 WATER DAMAGE Businesses as we permit in our sole discretion. Without our prior written permission, the Managing Owner and, if applicable, the Designated General Manager, must not engage in any other business or activity that conflicts with their obligations to operate the 1-800 WATER DAMAGE Business on a full-time, year round basis.

Before commencing operation of the 1-800 WATER DAMAGE Business, you must employ at least one (1) person who has completed the Business Manager and Technical Operations Training Program as described and defined in Section 3.A of this Agreement.

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Before attending the Business Manager and Technical Operations Training Program and/or upon any change to the legal entity ownership, you must submit to us a corporate resolution, or similar action, which states the name of the corporation or LLC, the legal names of all of the partners or shareholders, the percentage of ownership that each member controls, their place of residence and their agreement to be bound by the terms of this Agreement. We charge a fee of $500 (the "Transfer of Corporation Fee") to process all changes to the legal entity subsequent to the submission of an initial corporate resolution prior to the commencement of the 1-800 WATER DAMAGE Business. In the case of multiple Owners, you must submit a dispute resolution procedure acceptable to us in our sole discretion that states what you will do in the event that there is a conflict between any owners of the franchise entity. In addition, at all times, the Owners who have executed this Agreement must control 67% of the franchise entity. The remaining Owners must sign a written confidentiality and non-compete agreement in the form we prescribe.

C. TERRITORY.

You will operate the Business from a location within the Territory that we approve and that will be identified in the Franchise Agreement. The size of the Territory will generally consist of 350,000 people, and will be defined using political boundaries, such as county or city boundaries, or ZIP code boundaries, which are subject to change. These changes are outside of our control.

You will be responsible to lease the Office for the Business. The Office will comprise approximately 1,200 to 1,500 sq. ft. of space and will include office space with a garage to store the vehicle. You may relocate the Office within the Territory at your sole discretion but must immediately notify us of the change in address.

Within the Territory, you have the right to (1) advertise, market, and provide any customer or Service Location with the Services, except as otherwise described in this Agreement; (2) you have the right to TPA and NORA referrals for zip codes assigned to your Territory, except as provided in Sections 1.F and 7.A of this Franchise Agreement. We cannot guarantee your participation in these programs. If you are not compliant with your Franchise Agreement, program requirements, or fail to perform program work adequately, we may direct TPA or NORA referrals to another franchisee or ourselves; (3) you have the right to Call Center referrals for ZIP codes assigned to your Territory, subject to Section 2.I. below; and (4) you have the right to be the only 1-800 WATER DAMAGE office location in your Territory.

You may not establish an office, advertise, solicit, market in any way to customers or customer service locations outside the Territory without our prior written consent. If you do so, then you must pay us a fee equal to the greater of $500 or 20 % of the total invoice for job for each incident (the "Improper Marketing or Service Fee").

There are no Territory protections related to providing Services to customers located within your Territory. Other 1-800 WATER DAMAGE franchisees, or outlets we own, may accept jobs and provide Services to any customer or Service Location in your Territory without restriction or limitation. You may also perform services for customers or Service Locations outside your Territory, so long as the lead is generated in a manner permitted by this Agreement. However, prior versions of the Franchisor's franchise agreement did restrict franchisees' ability to service customers outside their Territories, and thus, you may be restricted from entering certain Territories to service customers.

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All sales and other activities conducted within or outside the Territory must be conducted in accordance with the terms of this Agreement and our operating methods, standards and specifications as set forth in the Operations Manuals. You are required to enter all work performed in the WATER DAMAGE Software within 24 hours of the start of the job. You are required to invoice the customer for all work performed within 24 hours of the completion of the job.

At your option and with appropriate state or local licensing if required, you may subcontract the provision of Services to another System franchisee, company owned Business or Managing Operator. In the event you subcontract work, you shall pay the franchisee, company owned Business or Managing Operator the stated rates we establish, as they may be revised, as provided in writing by us.

Additionally, if you choose not to service a customer or Service Location within or outside of the Territory, you must refer us the lead and we will select another System franchisee, Company owned business, or Managing Operator to perform the work with no further obligations to you, financial or otherwise.

Upon your successful completion of training, we may, at our discretion, require a transitional period of approximately 90 days ("Transitional Period"), in which you and or your Service Technician will have the opportunity to observe a customer service call for customer locations within your Territory which exceed your current level of experience and expertise. Depending on the scope of work, we reserve the right to refer any jobs within your Territory to a neighboring franchisee or Company owned businesses or affiliate owned location during the Transitional Period and require you to attend such service calls. In certain situations, you may not receive any compensation or proceeds from attending such service calls during the Transitional Period. We reserve the right to extend the 90 day Transitional Period at our sole discretion. The Transitional Period may also apply to third-party administrator relationships. With regards to certain third-party administrators, the Transitional Period may exceed the 90 day period, depending upon individual third-party administrators method of operations.

D. RIGHTS WE RESERVE.

We and our affiliates retain, as we deem appropriate, the rights to:

1. establish or allow other 1-800 WATER DAMAGE franchisees to establish 1-800 WATER DAMAGE businesses at any location outside of the Territory;
2. establish another 1-800 WATER DAMAGE franchisee or company owned Business in the Territory, if you do not achieve the required Minimum Gross Sales Requirement described below;
3. solicit, market to and build National Account (as defined below) relationships as described below, whose offices may be located within or outside the Territory;
4. offer and sell services and products anywhere that do not comprise a part of the System and, in connection with this right, to exploit our Marks, name, reputation, and know-how;
5. acquire businesses providing services similar to those provided under the System within and outside the Territory and to be acquired by such a business;

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6. sell products or services under the Marks within and outside the Territory through any method of distribution, although within the Territory, it may not be through a dedicated 1-800 WATER DAMAGE Business located in the Territory. This includes sales of products using the Marks through Alternative Distribution Channels; and

7. use and license to engage in any other activities not expressly prohibited in this Agreement.

E. REQUIRED PURCHASES.

We have the right to require you to purchase products, inventory, equipment, fixtures, furnishings, product display units, signs, uniforms, supplies, vehicles, and other materials from us or our designated or approved suppliers. We will furnish you with a list of the equipment, motor vehicle requirements, and other required products, inventory and accessories required in connection with the operation of the Business (collectively, the "Required Purchases"). You must purchase or lease such Required Purchases from us at our then current prices, or, at our direction, from sources or suppliers approved or designated by us (which sources or suppliers may include us).

F. MAJOR EVENTS.

In the event of national, regional or local Catastrophic Disaster or any single large loss project (each a "Major Event") within or outside of your Territory, we and our affiliates shall have the sole right to direct and control the provision of Services. You understand and agree that upon a Major Event, we, our affiliates, other existing System franchisees and Managing Operators will be authorized to perform Services within the Territory and neither you nor the Business will be entitled to any proceeds from the provision of Services performed by third parties within your Territory. Additionally, upon a Major Event, we may request you and other existing System franchisees and Managing Operators to mobilize or dispatch technicians and equipment and supplies to any site or sites, regardless of the distance from the Business' Territory. Your participation upon a Major Event is not a requirement.

G. NATIONAL ACCOUNTS.

We have the exclusive right to negotiate and enter into agreements or approve forms of agreement to provide services to "National Account" customers. The term "National Account" means any customer which on its own behalf or through agents, licensees, or other third parties owns, manages, controls or otherwise has responsibility for a business in more than one (1) location, including but not limited to national insurance companies, regardless of the aggregate contract amount of the Services to be performed. Any dispute as to whether a particular customer is a National Account shall be determined by us in our sole discretion and our determination shall be final and binding. Following the execution of a contract with or the acceptance of a bid by a National Account customer which contemplates the provision of Services to one (1) or more National Account customers who are located in the Territory, we may, if you are qualified to perform the Services and conditioned upon your substantial compliance with the terms of this Agreement and any other applicable agreements, provide you the opportunity to perform such Services pursuant to the terms and conditions of the National Account contract or on such terms

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and conditions as we, in our discretion, determine are appropriate. You agree to provide services to all National Account customer referrals within your Territory. You further agree to provide all services in strict adherence to the 1-800 WATER DAMAGE performance and process standards and all service guidelines and performance standards of the National Account. You may be required to enter into a service agreement to participate in certain National Account programs.

If you are not able to provide services to a National Account customer in conformity with the terms and conditions of the National Account contract, or fail to make an election within the time we specify after being offered the opportunity, we have the right, exercisable in our sole discretion, to (i) provide, directly or through any affiliate or other franchisee or Managing Operator, services to the National Account customer; and/or (ii) contract with another party to provide such services to the National Account customer. In either event, you will not be entitled to any proceeds from the provision of Services provided to the National Account customer.

H. TOLL-FREE 1-800-WATER DAMAGE NUMBER.

We have established a toll-free number, 1-800- WATER DAMAGE, to which customers may place calls for services offered by our franchisees. Provided that you are in compliance with this Agreement, you will receive telephone calls placed to the 1-800- WATER DAMAGE number by customers that originate from a ZIP code within your Territory. These services are provided by a third party and we cannot guarantee that you will receive all calls from ZIP codes within your Territory, but we will make every effort to make sure you do get these calls. You may not advertise or market any telephone number for the Business or the Location other than the 1-800-WATER DAMAGE telephone number or the business local telephone number provided to you by us, without our prior written permission.

1. As long as you meet your Minimum Gross Sales and are otherwise in compliance with the terms of this Agreement, we will not authorize anyone else to receive calls that originate from ZIP codes in your Territory.

2. You are permitted to perform services for all calls placed by customers calling from a ZIP code within your Territory, regardless of whether such services are to be performed at locations outside of your Territory. Likewise, you acknowledge and agree that other system franchisees may provide services at locations within your Territory if such work is generated as a result of toll-free calls placed by customers calling from a ZIP code in the other franchisee' Territory. We reserve the right at any time to reroute calls outside any 1-800- WATER DAMAGE franchisees' Territory at our sole discretion.

If you fail to pay Royalties or other payments required under this Agreement when due, or if you fail to otherwise comply with the terms of this Agreement, we have the unilateral right, without any prior notice to you, to terminate or suspend your right to receive calls from the 1-800-WATER DAMAGE toll-free number. If your right to receive calls from the toll-free number is suspended or terminated, we have the right to re-direct all calls placed by customers in your Territory to our offices, or to other system franchisees and we, or the authorized system franchisee, will be permitted to perform all services ordered from such calls, whether or not the services will be performed in your Territory. You must cease all use of the 1-800-WATER DAMAGE toll-free number upon the expiration or termination of this Agreement.

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If you are unable to service a customer or Service Location within or outside of the Territory, you must refer the lead to us and we shall have the right to select another System franchisee, Company owned business, or its affiliates, to perform the work and neither you nor the Business shall be entitled to any proceeds from the provision of Services.

I. ALTERNATIVE DISTRIBUTION CHANNELS

We, our parent and affiliates retain the right to sell products and services under the Proprietary Marks within and outside the Territory through any method of distribution, including, but not limited to, the Internet, catalog sales, telemarketing, or other direct marketing sales (collectively, the "Alternative Distribution Channels"). You may not use Alternative Distribution Channels to make sales outside or inside the Territory and you and/or the Business may not receive compensation for sales by us through Alternative Distribution Channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet, World Wide Web, or other computer network site, or sell through any other Alternative Distribution Channel, and we receive orders for any System products or Services calling for delivery or performance in the Territory, we will offer the order to you at the price we establish. If you choose not to fulfill the order, if you do not meet the requirements, or otherwise are unable to fulfill the order, then we, or another 1-800 WATER DAMAGE Affiliate may fulfill the order, and you will be entitled to no compensation in connection with this.

J. OTHER BUSINESSES.

It is agreed and understood no other business or business operations may be undertaken through your legal entity or by the Owner without our prior written consent. Owners, including the Managing Owner, may not own or operate any business which conducts services identical or similar to us.

2. FEES AND OTHER MONETARY REQUIREMENTS.

A. INITIAL FEE.

Upon signing of the Agreement for a new 1-800 WATER DAMAGE Business ("Standard Franchise"), you must pay an initial fee to us of $59,000 (the "Initial Fee") for a single Territory with a population of approximately 350,000 people. The Initial Fee is fully earned and non-refundable when paid. We have the right to offer a discounted Initial Fee from time to time. If you wish to purchase additional Territory, the Initial Fee will equal $59,000, plus $170 per thousand in population in excess of 350,000 (the "Additional Fee"). For example, the Initial Fee for a single Territory with 385,000 in population will be computed as follows:

$$\$59,000 + (35 \times \$170) = \$64,950$$

As the Territories are generally defined by ZIP codes, we reserve the right not to charge the Additional Fee if we are unable to meet the 350,000 population count without exceeding due to highly populated areas.

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Each Territory will have a maximum of 500,000 people. The purchase of more than 500,000 in population in the aggregate at any time during the term of the Agreement will require the payment of an additional Initial Fee.

The determination of population is only for the purposes of determining the Initial Fee and is not a representation as to the potential number of customers in the Territory, either at the commencement of or during the course of the Term of this Agreement.

Your Initial Fee shall be due and payable in full upon your execution of this Agreement. The Initial Fee is non-refundable and deemed fully earned upon payment.

If you are an existing restoration business that has grossed at least $100,000 in annual sales in your two (2) most recent fiscal years, then you may qualify to purchase a 1-800 WATER DAMAGE Business as a conversion franchise ("Conversion Franchise"). To be eligible to purchase a Conversion Franchise, you must provide two (2) years' worth of tax returns (Form 1040 with schedule C, E, or F, Form 1065, Form 1120S, or Form 1120) and any additional information that we reasonably request. The Initial Fee for a Conversion Franchise shall be reduced according to the chart below.

Conversion Tiers	Grossed Annual Sales	Initial Fee	Re-Branding Credit*
Tier One	$100,000 - $249,999	$44,000	$5,000
Tier Two	$250,000 - $499,999	$39,000	$10,000
Tier Three	$500,000 - $749,999	$34,000	$15,000
Tier Four	$750,000 - $999,999	$29,000	$20,000
Tier Five	$1,000,000+	$24,000	$25,000

*If you are eligible to purchase a Conversion Franchise, then you may also be eligible to receive a one-time re-branding credit ("Re-Branding Credit") that will be applied toward the cost of vehicle graphics, signage, logo wear, other branded items and items from us, our vendors, or our affiliate(s) that must be used within six (6) months after signing this Agreement.

Conversion Franchisees are also required to enter into our standard Conversion Addendum, which is currently attached as Exhibit H to this Agreement.

If you wish to purchase multiple Territories at the time you sign your first Franchise Agreement with us, then we may discount the Initial Fee for the second Franchise Agreement by $5,000.

Depending on the types and condition of the equipment you already own, the Initial Package Fee may be waived or reduced in our sole discretion. We reserve the right to require Conversion Franchises to purchase a complete Initial Package if we deem it necessary. Conversion Franchises are not eligible for any other discounts to the Initial Fee.

If you are an existing 1-800 WATER DAMAGE franchisee in good standing, as determined by us, then you may qualify to purchase an additional 1-800 WATER DAMAGE business for another territory ("Expansion Franchise"). To be eligible to purchase an Expansion Franchise, you must be compliant with your current franchise agreement(s) with us and, if applicable, our affiliates, and you must pay an initial fee to us of $49,000 (the "Expansion Initial Fee") for a single Territory with a population of approximately 350,000 people. If you wish to

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purchase additional Territory, the Initial Fee will be the Expansion Initial Fee plus the Additional Fee.

Depending on the types, quantity, and condition of the equipment you already own, the Initial Package Fee may be waived or reduced in our sole discretion. We reserve the right to require Expansion Franchises to purchase a complete Initial Package if we deem it necessary. Expansion Franchises are not eligible for any other discounts to the Expansion Initial Fee.

Upon the expiration and renewal of your franchise agreement ("Renewal Term"), you will not be required to pay the Initial Fee or Initial Package Fee, but you must pay our then-current renewal fee, and you may be required by us to purchase new or additional equipment, at your sole expense.

If you are acquiring your 1-800 WATER DAMAGE Business via transfer ("Transfer Term"), then (a) we currently waive the Initial Fee, (b) you or the seller must pay our then-current Transfer Fee, and (c) you may be required to purchase some or all of the Initial Package, in our discretion.

If you are currently a franchisee in good standing, as determined by us, with of one of our franchising affiliates (a "Related Franchisee"), then you may qualify to purchase a 1-800 WATER DAMAGE Business with a discounted Initial Fee. The Initial Fee is due upon signing a Franchise Agreement and is fully earned and non-refundable when paid. The Initial Fee for a Related Franchisee is twenty-five percent off the then-current Standard Franchise Initial Fee.

A Related Franchisee cannot use any other discounts, including for a Conversion Franchise.

We provide a 20% discount on the Initial Fee to veterans of the U.S. Armed Forces who have been honorably discharged and meet the requirements of the VetFran Program. We reserve the right to require proof that the applicant qualifies for this discount.

We also offer a $2,500 discount on the Initial Fee on the first Territory to first responders, which include sworn police officers, paid and volunteer firefighters, and paid and volunteer emergency medical technicians and paramedics. This discount may not be used in conjunction with the veteran discount. We reserve the right to require proof that the applicant qualifies for this discount.

B. INITIAL PACKAGE FEE.

You promise to pay us, or a vendor designated by us in our sole discretion, for specified equipment, products, supplies and services (the "Initial Package") in the amount of $51,000 (the "Initial Package Fee"), which monies shall be promptly due and payable before receipt of the Initial Package. The Initial Package includes the equipment package, small tools and safety package, digital marketing package, our marketing materials, promotional items, logo wear, and a $749 convention allowance (defined below) for the 1-800 WATER DAMAGE annual convention (the "Annual Convention") which occurs approximately every 12 to 18 months. Initial Package materials will be shipped to you from certain locations which may include Exton, PA and Tecumseh, MI. The Initial Package Fee is non-refundable and deemed fully earned upon payment.

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The Convention Allowance covers the registration fee for one person to attend the first 1-800 WATER DAMAGE Annual Convention that is scheduled following your successful completion of our Business Manager and Technical Operations Training Program. The Convention Allowance cannot be used to offset any other expenses or requirements associated with your Business and if you do not attend the convention, we will not provide you with the Convention Allowance.

The Initial Package may be modified or waived for Conversion or Related Franchises, but only with our prior written approval.

C. ROYALTY.

You shall pay us a monthly royalty (the "Royalty") as follows: 10% of Gross Sales up to $499,999.99 for in total Gross Sales from Remediation Services. Beginning on the Transition Date, as defined in Section 2.F., the Royalty payment due is subject to a required minimum monthly payment of $500. If your total Gross Sales from Remediation Services exceed $500,000.00, we will reduce your Royalty for Reconstruction Services to 3% of Gross Sales for so long as you are qualified to offer Reconstruction Services. If your Gross Sales meet or exceed $500,000.00 in any given calendar year, we will reduce your Royalty for Remediation Services to 9% for the remainder of the calendar year in which you exceeded $500,000.00, plus the entire following calendar year. If you fail to achieve over $500,000.00 in Gross Sales in the following calendar year, your Royalty will revert to 10% until such time as your Gross Sales meet or exceed $500,000.00. If your Gross Sales meet or exceed $1,000,000.00 in any given calendar year, we will reduce your Royalty for Remediation Services to 8% for the remainder of the calendar year in which you exceeded $1,000,000.00, plus the entire following calendar year. If your Gross Sales meet or exceed $2,000,000.00 in any given calendar year, we will reduce your Royalty for Remediation Services to 7% for the remainder of the calendar year in which you exceeded $2,000,000.00, plus the entire following calendar year. If you fail to achieve over $1,000,000.00 in Gross Sales in the following calendar year, your Royalty will revert to one of the following: (i) 9% for Gross Sales that meet or exceed $500,000.00; or (b) 10% for Gross Sales less than $500,000.00, until such time as your Gross Sales meet or exceed $1,000,000. Commissions paid to lead sources (general contractors, content cleaning companies, third party administrators, etc.) are subject to Royalty. The Royalty will be assessed to you upon the earlier of the receipt of funds from the Customer or 180 days after the date of the original invoice issued to the Customer, regardless of whether the invoice is paid in full. You must enter all work performed in the WATER DAMAGE Software within 24 hours of the start of the job and you must invoice the customer for all work performed within 24 hours of the completion of the job. You must record in the WATER DAMAGE Software all payments received within 48 hours of receipt. If you transfer this Agreement to a new owner, the Royalty for all completed jobs must be paid on (a) the day of closing, or (b) on the effective termination date of this Agreement. Every month, we will scan WATER DAMAGE Software and find all jobs which have had changes in the amounts paid by Customers since the previous month, and compute Royalty on the amount of the change. When amounts are paid on jobs, Royalty will be charged on those amounts. You will receive an email itemizing the jobs on which the Royalties will be assessed, and the total of the Royalties. On the 10th of each month, we will initiate a transfer of funds between our bank accounts for the amount indicated in the email from the bank account designated by you in the electronic funds transfer ("EFT") agreement attached to this Agreement as Exhibit E. We may specify different due dates periodically in our discretion.

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You promise to sign and deliver to us, before the 1-800 WATER DAMAGE Business opens, the documents we require to authorize us to automatically debit your business checking account on the tenth of each month for the Royalty due on Gross Sales from the preceding month, including the EFT Agreement. You also promise to promptly and regularly report a correct statement of all of your Gross Sales in the WATER DAMAGE Software, along with any other information we specify, in the form and on the schedule we require.

If you fail to report your Gross Sales for any month as required, or to record receipt of payments received within 48 hours of being received, we can debit your account on the 10th of the Month for the same Royalty amount that we debited during the previous month. If the Royalty we debit from your account is greater than the Royalty you actually owe us (once we have determined your true and correct Gross Sales for the month), we will credit the excess against the amount we otherwise would debit from your account on the following month. If the Royalty we debit from your account is less than the Royalty you actually owe us, we will debit your account for the balance of the Royalty due on the following 10th of the month. Our debit of your account will not relieve you of your obligation to pay any late fees or interest due under Section 2.E of this Agreement. We can require you to pay the Royalty by means other than automatic debit (e.g., by check) whenever we deem appropriate, and you must comply with our payment instructions. We reserve the right to revise the date to collect or credit royalty at our discretion.

In addition to the above, if you are in default of the Franchise Agreement, including but not limited to, delinquent in providing required reports, we reserve the right to revert and reset your Royalty fee to the highest tier currently required.

We reserve the right to record receipt on your behalf for all accounts receivable in the event this Agreement is terminated and you have not already done so by the effective date of termination.

D. DEFINITION OF GROSS SALES.

You must report your Gross Sales each month. "Gross Sales," as used in this Agreement, includes all revenue generated from operating the 1-800 WATER DAMAGE Business, whether in cash, in services in kind, from barter and/or exchange, or otherwise. All barter and/or exchange transactions for which you furnish Services and/or products in exchange for goods or services will, for the purpose of determining Gross Sales, be valued at the full retail value of the goods and/or services you provide. You may deduct from Gross Sales the amount of all sales tax receipts or similar tax receipts that, by law, are chargeable to customers, if these taxes are separately stated when the Customer is charged. In accordance with our policies as published periodically, you may also deduct from Gross Sales the amount of any documented refunds that we consider appropriate. You must pay Royalties only on the receipt of the cash, services in kind, barter and/or other exchange, except as described in Section 2.C. All payments received for jobs must be recorded in the WATER DAMAGE Software within 48 hours of being received.

E. LATE REPORT FEE, LATE PAYMENT SERVICE FEE AND INTEREST.

If the Royalty or any other fee that is due is not available in your account for debiting when due, a late payment fee will be imposed of $50 for each week past due ("Late Payment Fee"). If you do not report your Gross Sales as required and/or you fail to submit your Royalty reports when due, a fee will be imposed of $50 per day for each day past due ("Late Report Fee"). Additionally, interest will be imposed at the rate of 18% per annum or the maximum rate permitted by applicable

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law, whichever is greater, from the date these amounts were originally due until the date paid ("Interest Fee"). If we debit your account for monies owed and there are insufficient funds available, we will also charge our current non-sufficient fund fee ("NSF Fee"). We can automatically debit your account for the Late Payment Fee, NSF Fee, Late Report Fee, Interest Fees and all other fees owed to us.

You acknowledge that this paragraph does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance the operation of the 1-800 WATER DAMAGE Business. Notwithstanding the provisions of this Section, your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 12.B. of this Agreement.

F. MINIMUM GROSS SALES REQUIREMENT

Beginning on the earlier of January 1 or July 1, following your first full year of operations (the "Transition Date"), the Business will be required to meet the following minimum monthly Gross Sales requirements (the "Minimum Gross Sales Requirement") during the Term of this Agreement:

Months in Operation	Minimum Monthly Gross Sales Requirement
13 to 24 Months	$10,400
25 to 36 Months	$21,500
37 to 48 Months	$30,000
Greater than 48 Months	$41,500

Beginning on the Transition Date and continuing each month thereafter, you must pay the greater of (i) the Royalty due or (ii) the Minimum Monthly Royalty of $500. We will conduct an accounting every six months of the total Royalties paid from the Gross Sales of each 1-800 WATER DAMAGE Business. In the event of a deficiency in your payment of the Royalty, National Marketing Fund Contribution, Software Fee, or Technology Fee, or any other amounts required to be paid under this Agreement, you shall immediately, upon notice, pay the deficiency to us. Your completion of such payment shall not be considered a waiver of any default by you or of any of our available remedies for such default afforded to us under this Agreement. In the event that any bi-annual accounting discloses that your payments have exceeded the amounts due pursuant to this Agreement during that six month period, we will apply the overpayment as a credit on your Royalty account within forty-five (45) days of completion of the accounting, to offset amounts due in the following six month period.

If the Business fails to achieve the required Minimum Gross Sales Requirement during any consecutive three month period, we reserve the right to terminate the Agreement, elect to establish another franchisee or company owned Business in the Territory or allow other franchisees, Managing Operators and/or company owned Businesses to advertise, market, solicit and service

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customers in the Territory. You agree that any franchisee or company owned Business that we designate may provide Services in the Territory. Neither the franchisee, Franchisor nor company owned Business are liable or obligated to pay you any compensation for doing so, and neither the franchisee nor Franchisor will be considered in breach of any provision of the Franchise Agreement or any other agreement between you and us regardless if minimum sales are achieved in the future.

If you are awarded more than one (1) 1-800 WATER DAMAGE Business, the dollar values for the Minimum Gross Sales for each subsequent 1-800 WATER DAMAGE business would be half of the then-current Minimum Gross Sales Requirement for 1-800 WATER DAMAGE businesses throughout the initial term for the subsequent 1-800 WATER DAMAGE business. The Minimum Gross Sales must be met for the Territory as described in the Summary Page of the Franchise Agreement.

If this is a Renewal Term, you will be required to pay the Minimum Monthly Royalty and meet the Minimum Monthly Gross Sales requirement for the greater than 48 month level for the entirety of the Renewal Term.

For the purpose of this section, the second year of operations begins 12 months from the date of successful completion of the Business Manager and Technical Operations Training Program, the third year of operations begins 24 months from the date of successful completion of the Business Manager and Technical Operations Training Program and so on.

Once a Royalty Fee or Minimum Monthly Royalty Fee is paid, it is neither refundable nor applied to any future or past fees owed.

We have developed the WATER DAMAGE franchise software management system (the "WATER DAMAGE Software"), which consists of software program(s) which you must use to maintain customer records, bid on jobs, create estimates, and operate the 1-800 WATER DAMAGE Business. We will provide you with the 1-800 WATER DAMAGE Software for use in the operation of the 1-800 WATER DAMAGE Business. We or our affiliates will provide all Software and software upgrades and updates necessary to operate the 1-800 WATER DAMAGE Software. In consideration of these services, the Business shall pay us, at the same time and in the same manner as the Royalty, a monthly software fee of $399, which is subject to change during the term of this Agreement, based on business necessity. You must also pay us a technology fee of $500 per month (the "Technology Fee"), to provide this technology support to you and to manage the website page for your 1-800 WATER DAMAGE Business.

G. ADVERTISING FEES.

Throughout the term of this Agreement you will be required to contribute 2% of the Business' Gross Sales, to the System's National Marketing Fund on a monthly basis (the "National Marketing Fund Contribution"), in the same manner in which you pay the monthly Royalty. We shall have the right to require that any advertising cooperative or franchisee advisory council be formed, changed, dissolved or merged. We will use the National Marketing Fund contributions, in its sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in our sole

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judgment, the services offered by System franchisees and Managing Operators. We shall have the sole right to determine contributions and expenditures from the National Marketing Fund, or any other advertising program, and the sole authority to determine, without limitation, the selection of the advertising materials and programs, provided, however, that we will make a good faith effort to expend National Marketing Fund contributions in the general best interests of the System on a national or regional basis.

We may use the National Marketing Fund to satisfy any and all costs of maintaining, administering, directing, preparing, producing, and implementing advertising, including the cost of: (i) preparing, producing, and implementing television, radio, magazine and newspaper advertising campaigns; (ii) direct mail and outdoor billboard advertising; (iii) public relations activities and advertising agencies; (iv) developing and maintaining an Internet website; and (v) personnel and other departmental costs for advertising that we internally administers or prepares. Nevertheless, you acknowledge that not all System franchisees and Managing Operators will benefit directly or on a pro rata basis from such expenditures. While we do not anticipate that any part of the National Marketing Fund contributions will be used for advertising which is principally a solicitation for franchises, we reserve the right to use the National Marketing Fund for public relations or recognition of the 1-800 WATER DAMAGE® brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available."

We may periodically assist franchisees and Managing Operators to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the National Marketing Fund. We have the right to reimburse ourselves from the National Marketing Fund contributions for such reasonable costs and overhead, if any, that we may incur in activities reasonably related to the direction and implementation of the National Marketing Fund.

We, our affiliate and/or any outlets owned by us or our affiliates are not required to contribute to the National Marketing Fund, and we may, but are not obligated to, advance money to the National Marketing Fund to fund National Marketing Fund programs. In the event that we advance monies to the National Marketing Fund, we will determine, in our sole discretion, the manner and timing for the repayment of some or all of the funds we advanced. We will prepare on an annual basis, within 120 days of the end of the fiscal year, and make available to you upon written request, a statement of contributions and expenditures for the National Marketing Fund. The National Marketing Fund does not have to be independently audited.

You agree to actively advertise and promote the Business within the Territory. We do not require you to expend a minimum amount each month on marketing, advertising, and promotional programs at the local level but recommend that you spend amounts in excess of 3% on local marketing and advertising.

You may spend any additional sums you wish on local advertising. However, you must use only such advertising and promotional materials as we have previously approved, as more fully described below.

As part of your local marketing, we will provide to you a business telephone number that is dedicated to your 1-800 WATER DAMAGE Business, which will have a local area code that is assigned to the Territory. You promise to continually list the Business on the Internet telephone directory site.

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Any other forms of advertising that would also advertise inside the Territory must be approved by us in writing according to the procedure described in the next paragraph.

You must use our approved advertising and marketing materials or receive our written approval of any and all other advertising and marketing materials from us before their first use. In order to obtain approval of advertising and marketing materials, you must submit such proposed advertising material to us for review at least ten (10) business days before the proposed first use. If we take no action within such ten (10) business day period, the materials shall be deemed disapproved and you may not use such materials. The approval or disapproval is at our sole discretion. We also may, at our sole discretion, require you to immediately discontinue use of any advertising or marketing materials at any time, even if previously approved or provided by us. All advertising and marketing materials must meet our then current standards and specifications. We may, in our sole discretion, offer and sell advertising, marketing, and promotional materials at any time. Certain items, such as your truck and yard signs must reference the 1-800 WATER DAMAGE National Toll Free number. You may not alter or remove reference to the Toll Free number.

You may not establish an office, advertise, solicit, or market in any way to customers or customer service locations outside the Territory without our prior written consent. If you do so, then you must pay us a fee equal to the greater of $500 or 20 % of the total invoice for job for each incident (the "Improper Marketing or Service Fee").

H. MANAGEMENT SOFTWARE LICENSING AGREEMENT AND FEES; COMPUTER SYSTEM; INTRANET.

Throughout the term of this Agreement, you must:

1. utilize our then-current WATER DAMAGE Software in the operation of the 1-800 WATER DAMAGE Business ";

2. utilize our then-current estimating software. We will provide you access to the XACT ware's Xactimate and XactAnalysis platforms (the "Platforms") under our existing license. You agree to comply with the applicable hardware, software and other technical and pre-setup requirement for its use of the Platforms as Franchisor or the licensor may establish from time to time;

3. sign and maintain a quarterly renewable WATER DAMAGE Software licensing agreement (attached as Exhibit C to this Agreement);

4. pay the then-current monthly Software Fee and Technology Fee for the WATER DAMAGE in the same manner and at the same time as you pay the monthly Royalty; and

5. utilize, sign a license agreement for, and pay for, any future proprietary software program we may designate for use with the System.

We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a compatible back office computer system that complies with our standards and

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specifications; (ii) a custom and proprietary point of sale system (the "POS System"), if we make such a POS System part of our proprietary operating system in the future; (iii) printers and other peripheral hardware or devices; (iv) archival back-up systems; (v) Internet access mode and speed; and (vi) physical, electronic, and other security systems (collectively, the "Computer System").

We shall have the right, but not the obligation, to develop or designate: (i) computer software programs you must use in connection with any component of the Computer System, including the WATER DAMAGE Software (the "Required Software"), which you shall install at your own expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which you shall install at your own expense; (iii) the tangible media upon which you record data; and (iv) the database file structure of the Computer System. You will be responsible for the payment of all fees associated with the Required Software, Computer System, WATER DAMAGE Software and POS System.

At our request, you shall purchase or lease, and thereafter maintain, the Computer System, WATER DAMAGE Software, and, if applicable, the Required Software. You agree to pay all fees associated with the use of WATER DAMAGE Software and any other Required Software, which may be payable to us or our approved or designated suppliers. You expressly agree to strictly comply with our standards and specifications for all items associated with your Computer System, WATER DAMAGE Software and any Required Software, including any security software. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such upgrades, additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. You agree that your compliance with this Section shall be at your sole cost and expense.

We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the 1-800 WATER DAMAGE Business to us. We shall also have the right to, at any time without notice, electronically connect with your Computer System to monitor or retrieve data stored on the Computer System or for any other purpose we deem necessary. There are no contractual limitations on our right to access the information and data on your POS System, WATER DAMAGE Software, and Computer System. You shall deliver to us all access codes, static Internet protocol ("IP") addresses and other information to facilitate our access to the data described in this Section within 30 days of opening the 1-800 WATER DAMAGE Business.

You must obtain the computer hardware necessary to implement the WATER DAMAGE Software, and comply with all specifications and standards prescribed by us regarding the WATER DAMAGE Software as provided in the Operations Manual. We reserve the right to create additional proprietary software programs, which you must use in connection with the 1-800 WATER DAMAGE Business. This WATER DAMAGE Software will be our proprietary product, and the information collected therefrom will be deemed our confidential information.

You are required to participate in any System-wide computer network, intranet system, or extranet system that we implement and may be required by us to use such computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under this Agreement to us online; (ii) view and print portions of the Operations Manual, including any

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updates or modifications thereto; (iii) download approved local advertising materials; (iv) communicate with us and other 1-800 WATER DAMAGE franchisees; and (v) to complete any initial or ongoing training. You agree to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

I. HIGH SPEED INTERNET CONNECTION, ELECTRONIC MAIL NETWORK, WEBSITE AND BUSINESS PHONE.

You promise to subscribe to, maintain, and utilize a DSL, cable, or satellite high speed Internet connection and email network account with independent suppliers which periodically we approve. If you do not receive written approval within ten (10) days of our written receipt of your request, such supplier will be considered disapproved. You may not use the Marks in any fashion in the domain name portion of the email. You also promise to use, subscribe to, and pay for, as directed by us, a customized website connected to our website and managed by our website provider. You may not attempt to redirect the customized website. As technology advances and new discoveries are made, we have the right to require that you use other technological items, as well as to designate the specific companies, models and/or types that you must use for these technological services.

We will provide to you free of charge, the business phone number to be used by the Business. The business number will be owned by us and will be forwarded to any device(s) you select. We may require you to use the phone service provider, phone models and type from the supplier(s) that we designate. The business phone number provided by us will be the only number aside from the 1-800 WATER DAMAGE phone number you will be allowed to advertise.

You may not attempt to redirect any traffic on the customized website. You may not implement a website or URL for the 1-800 WATER DAMAGE Business either yourself or through a third party provider. We have sole discretion and control over the website (including timing, design, contents and continuation).

We may, but are not obligated to, create interior pages on the website(s) that contain information about the 1-800 WATER DAMAGE Business and other 1-800 WATER DAMAGE Businesses. If we do create such pages, we may require you to prepare all or a portion of the page for the 1-800 WATER DAMAGE Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting.

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Business, including any profile on Facebook, Twitter, LinkedIn, Plaxo, YouTube, Pinterest, Instagram, or any other social media and/or networking site. If such approval is granted by us, you must: (i) establish and operate such World Wide Web or Internet site in accordance with System standards and any other policies we designate in the Operations Manuals or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s).

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We will provide to you an email address that will have "@1800waterdamage.com" as its suffix. Emails sent to you at 1800waterdamage.com will be automatically forwarded to you at your email account.

We shall have the right to modify the provisions of this Section.

We may use a portion of the National Marketing Fund contributions or the Technology Fee to pay or reimburse ourselves for the costs incurred in connection with the development, maintenance and update of our website.

J. ADMINISTRATIVE FEE.

When you ask us to amend this Agreement or when an amendment is required by your actions, or when you ask us to consent to various transactions or to services for which a specific fee is not imposed elsewhere in this agreement or the System, you must pay to us the then-current administrative fee (the "Administrative Fee") in effect.

K. COLLECTION FEE.

We retain, as we deem appropriate, the right to contact Customers who are delinquent in their payment of 180 days or more, initiate collection procedures on your behalf, and take the full amount of any Royalty owed to us from any amounts collected and apply collection fees up to an additional ten percent (10%) (the "Collection Fee") of the amounts collected on your behalf. We will credit you with any amounts collected, net of any Royalties and Collection Fees. You may not sue or otherwise hold us liable in any way for our pursuit of these collection procedures.

L. OUTSTANDING ROYALTY FEES AND FEES OF PREDECESSOR.

In the event you were awarded your 1-800 WATER DAMAGE Business as a result of your purchase of all or substantially all of the assets of the 1-800 WATER DAMAGE Business owned by a previous franchisee in the Territory, you promise to pay us the following fees if they are not timely paid by your predecessor:

1. Our current transfer fee to defray expenses we incur in the transfer; and
2. Any and all outstanding Royalty fees, Referral Fees, amounts owed for purchases from us, Late Payment Fees, Late Report Fees, Interest Fees, NSF Fees and any other fees owed, plus interest, as well as any applicable broker fees, whether incurred by you or by your predecessor franchisee.

M. ANNUAL CONVENTION NON-ATTENDANCE FEE.

If you do not attend the Annual Convention and did not receive our prior written permission for not attending, you will be required to pay a fee of $1,000 (the "Convention Non-Attendance Fee"). The Convention Allowance (for those franchisees who did not attend the first Annual Convention), will be applied to the penalty fee for not attending.

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3. TRAINING AND GENERAL GUIDANCE.

A. TRAINING.

Your Managing Owner and, if applicable, Designated General Manager, must successfully complete our Jumpstart Training Program within two (2) months of signing this Agreement, before attending Business Manager and Technical Operations and before the opening of the 1-800 WATER DAMAGE Business. The Jumpstart Training Program is our preparation program that includes numerous pre-opening activities.

This Jumpstart Training Program is a self-guided process, with additional guidance from our training team, along with the 1-800 WATER DAMAGE System Standards. You must prepare a comprehensive financial plan, review the 1-800 WATER DAMAGE System Standards, complete a Territory review, coordinate your initial advertising program, acquire proper insurance, select and lease office space, and acquire all permits, licenses, and approved vehicles. All Jumpstart Training Program activities are to be completed before attending Business Manager and Technical Operations Training and before the opening of the 1-800 WATER DAMAGE Business and are conducted in your hometown by you with assistance from our home office staff. You shall begin Jumpstart Training immediately upon your signing and returning to us of the Franchise Agreement and all initial fees. During the Jumpstart Training Program, we will schedule a Business Manager and Technical Operations Training for you to attend at a later time. Business Manager and Technical Operations Training sessions are typically offered each quarter.

We may waive your attendance at the Jumpstart Training Program if you already operate a 1-800 WATER DAMAGE Business and purchase of an additional franchise from us.

Before you begin operating the 1-800 WATER DAMAGE Business and after you have completed the Jumpstart Training Program, we will furnish the initial training program ("Business Manager and Technical Operations Training Program") to the Managing Owner or, if applicable, the Designated General Manager, at no additional fee. The Managing Owner or, if applicable, the Designated General Manager must complete the Business Manager and Technical Operations Training Program to our satisfaction within four (4) months of signing this Agreement, and failure to do so will result in the termination of this Agreement. The Business Manager and Technical Operations Training Program may not commence until you have paid all fees due to us.

The Business Manager and Technical Operations Training Program will last up to 12 days in duration at our headquarters or another location designated by us. You will be responsible for all travel and living expenses that you and your employees/owners incur for the Business Manager and Technical Operations Training Program.

In the event that you own multiple 1-800 WATER DAMAGE Businesses and have your Managing Owner already at another 1-800 WATER DAMAGE Business who has already completed the Business Manager and Technical Operations Training Program, the Managing Owner will still be required to successfully complete the most recent online training modules essential to the role of ownership.

You may designate, with our approval and on a "space available" basis, additional persons to attend other sessions of the Business Manager and Technical Operations Training Program. You will be responsible for all costs associated with the additional persons attendance, the training costs payable to us is currently $50 per additional person per day. In addition, each person we approve to attend the Business Manager and Technical Operations Training Program will be

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required to sign our then-current form of confidentiality and non-disclosure agreement before the start of the Business Manager and Technical Operations Training Program.

The Managing Owner or, if applicable, the Designated General Manager, must attend the 1-800 WATER DAMAGE Annual Convention every year. The Managing Owner or, if applicable, Designated General Manager also must attend periodic refresher training courses and conferences, not to exceed one (1) convention/conference per year, at the times and locations we determine, and for which we may charge fees. We will determine the duration, curriculum, and location of any such sessions. You will be responsible for all travel and living expenses that are incurred by you or your employees/owners while attending such session.

In the event that the Designated General Manager terminates his or her employment with you, you are required to designate a successor for our written approval, which we will grant in our sole discretion, within ten (10) days of such termination. Such successor Designated General Manager must attend the next available Business Manager and Technical Operations Training Program. In the event, that the successor Designated General Manager does not successfully complete the next available Business Manager and Technical Operations Training Program, you may appoint one (1) additional person as the successor Designated General Manager. This second successor Designated General Manager must attend and successfully complete the next available Business Manager and Technical Operations Training Program. If this second successor Designated General Manager does not successfully complete the next available Business Manager and Technical Operations Training Program, you will be in default of this Agreement and this Agreement will be subject to termination pursuant to Section 12 of this Agreement. At all times during the term of this Agreement, you must have employed at the 1-800 WATER DAMAGE Business a person who has completed the Business Manager and Technical Operations Training Program.

If this is a Renewal Term or if this is an additional 1-800 WATER DAMAGE Business being awarded to you, and your Managing Owner or, if applicable, the Designated General Manager, have already attended Business Manager and Technical Operations Training Program, the requirement that you attend the Initial Training is waived, except as described above with respect to the online training modules and continuing training obligations. In such cases, if your Managing Owner or, if applicable, the Designated General Manager do attend Business Manager and Technical Operations Training Program, you will be assessed our then-current training fee. You will also be responsible for all travel and living expenses that you and your employees/owners incur while training.

Before you begin operating the 1-800 WATER DAMAGE Business, you must also employ a full-time experienced service technician (the "Service Technician") who will be responsible for performing and overseeing your Remediation Services. It is your responsibility to train the Service Technician to our specifications. Furthermore, you agree to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the 1-800 WATER DAMAGE Business.

The Service Technician may be required attend periodic refresher training courses and conferences, not to exceed one (1) session per year, at the times and locations we determine, and for which we may charge fees. We will determine the duration, curriculum, and location of any such sessions. You will be responsible for all travel and living expenses that incurred while attending such session.

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In the event that the Service Technician terminates his or her employment with you, you are required to designate a successor for our written approval, which shall be in our sole discretion, within ten (10) days of such termination. You are responsible for training any successor Service Technician. At all times during the term of this Agreement, you must have employed at the 1-800 WATER DAMAGE Business a person who has completed the technical portion of the Business Manager and Technical Operations Training Program.

Before the Business begins offering Reconstruction Services, we will furnish the reconstruction training program ("Reconstruction Training Program") to the Managing Owner or, if applicable, the Designated General Manager. In the event the Managing Owner or, if applicable, the Designated General Manager does not successfully complete the Reconstruction Training Program, the Business may not provide, either through the Business or any other entity, Reconstruction Services until the Managing Owner or, if applicable, the Designated General Manager satisfactorily completes the next available Reconstruction Training Program.

Upon your successful completion of training, you are required to obtain three (3) additional certifications from outside sources, which can be completed online. Details regarding these certifications are in the Operations Manuals.

B. GENERAL GUIDANCE.

You will have access to information helpful to the operation of the 1-800 WATER DAMAGE Business based on reports you submit to us and/or inspections that we make. In addition, we may furnish guidance to you, to the extent we determine necessary in our sole discretion, on the following topics:

1. new products, services, and methods which we may have discovered or have developed for the System;

2. the purchase and use of supplies, uniforms, equipment, and products;

3. review of work order estimates and invoices;

4. the formulation and implementation of advertising and promotional programs using such merchandising, marketing, and advertising research data and advice as we may periodically develop for use in your local market;

5. the financial and daily operation of the 1-800 WATER DAMAGE Business including its accounting and record keeping functions;

6. support for the System Software; and

7. other business and marketing advice.

This guidance will, at our discretion, be furnished in our confidential Operations Manual, bulletins, or other written materials, conferences, conventions, or other training sessions, toll-free telephone consultations, electronic communications, and in consultations at our office or the offices of the Business.

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C. REFERENCE GUIDE.

The various elements of our 1-800 WATER DAMAGE Business System are incorporated into the operations manual, online training modules and the 1-800 WATER DAMAGE owner's intranet website (collectively, the "Operations Manual"). The Operations Manual will contain mandatory and suggested specifications, standards, operating procedures, and rules (the "System Standards") that we prescribe periodically for the operation of a Business, and information on your other obligations under this Agreement and related agreements. We may modify the Operations Manual periodically to reflect changes in the System Standards.

You promise to keep your copy of the Operations Manual current and in a secure location in the Office. If there is a dispute over its contents, the master copy of each of the Operations Manual that we maintain at our principal office will be controlling. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual. If all or any of the Operations Manual are lost, destroyed, or significantly damaged, you promise to obtain replacements at our then applicable charge.

D. DELEGATION OF PERFORMANCE.

You agree that we have the right to delegate the performance of any portion or all of our obligations and duties under this Agreement to designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

E. OPERATIONS MANUAL.

Upon attendance at the Business Manager and Technical Operations Training Program, we will loan to you one (1) or more manuals, technical bulletins or other written or electronically recorded materials covering the proper operating and marketing techniques of the 1-800 WATER DAMAGE Business. Such written or electronically recorded materials, including the 1-800 WATER DAMAGE owner's intranet website, plus all directives, books, pamphlets, bulletins, memoranda, order forms, packing slips, invoices, letters, e-mail, Internet or Intranet data, or other publications, documents, software programs, video tapes, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of us for use by the 1-800 WATER DAMAGE franchisees generally or for you in particular, setting forth information, advice and standards, requirements, operating procedures, instructions or policies, as same may be added to, deleted or otherwise amended by us from time to time in our sole discretion, relating to the operation of the 1-800 WATER DAMAGE Business, are all considered as part of the "Operations Manual." You agree that the Operations Manual is specifically incorporated by reference into this Agreement and that it shall be considered a part hereof, and that you shall comply with the Operations Manual as an essential aspect of your obligations under this Agreement and failure by you to substantially comply with the Operations Manual may be considered a breach of this Agreement. To the extent that any terms in this Agreement conflict with those in the Operations Manual, this Agreement shall govern and supersede such conflicting terms.

You agree to use the Marks and System only as specified in the Operations Manual. The Operations Manual is the sole property of us and shall be used by you only during the term of this Agreement and in strict accordance with the terms and conditions hereof. You agree that such Operations Manual shall be deemed to be a trade secret and you shall not duplicate the Operations Manual nor disclose its contents to people other than your employees or officers who need the

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information contained therein to perform their jobs and who have signed a nondisclosure and noncompetition agreement in a form approved by us. You shall furnish copies of all such nondisclosure and noncompetition agreements to us immediately upon execution. You shall not make any paper or electronic copies of the Operations Manual without our prior written consent. You shall return the Operations Manual, together with all copies of any portion thereof, to us immediately upon the expiration, termination or assignment of this Agreement.

We reserve the right to revise the Operations Manual from time to time in our sole discretion as we deem necessary to update operating and marketing techniques or standards and specifications. You shall immediately update your copy of the Operations Manual as instructed by us and shall conform your operations with the updated provisions as soon as practicable, but no later than 30 days after receipt of receipt of any updated information, unless otherwise agreed to in writing us. You acknowledge that the master copy of the Operations Manual maintained by us at our principal office shall be controlling in the event of a dispute relative to the content of any Operations Manual.

If all or any of the Operations Manual is lost, destroyed, or significantly damaged, you promise to obtain replacements at our then applicable charge.

4. MARKS.

A. OWNERSHIP AND GOODWILL OF MARKS.

1. You acknowledge that we own and have all rights to the Marks.
2. Your right to use the Marks is derived only from this Agreement and is limited to your operation of the 1-800 WATER DAMAGE Business in accordance and in compliance with this Agreement and all System Standards we prescribe from time to time during its term.
3. You promise to use only the Marks that we designate in writing, and to use them only in the manner that we authorize. You may not use any Mark in selling any unauthorized services or products or in any other way we have not expressly authorized in writing.
4. You agree that your use of the Marks, and any goodwill established by this use, will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interest in the Marks upon you (other than the right to operate a 1-800 WATER DAMAGE Business under this Agreement). Upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System and the Marks.
5. All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols that we authorize you to use.
6. The right and license of the Marks awarded to you under this Agreement is non-exclusive, and we may:
    a. award other licenses and franchises for the Marks, in addition to those licenses and franchises already awarded;

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b. use the Marks in connection with marketing and selling of any products and services as we deem appropriate; and

c. develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and grant licenses thereto without providing any rights therein to you.

B. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

You promise to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, in any infringement, challenge, or claim. We have sole discretion to take the action we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office ("USPTO") proceeding, or any other administrative proceeding arising out of any infringement, challenge, claim or otherwise relating to any Mark. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Marks. Provided that you have timely notified us of the claim or proceeding and complied with this Agreement as we determine in our sole discretion, we shall indemnify and hold you harmless against any loss or expense incurred in connection with any such infringement, challenge or claim. If we, in our sole discretion, determine that you have not used the Marks in accordance with this Agreement, you will bear the cost of such defense, including the cost of any judgment or settlement. You promise to sign any and all instruments and documents, render the assistance, and do the acts and things that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding, or otherwise to protect and maintain our interest in the Marks, including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket costs in performing such acts.

C. LIMITATIONS ON YOUR USE OF MARKS.

1. You promise to use the Marks as the only identification of the Business, except that you must identify yourself as the owner of an independent entity in the manner that we prescribe.

2. You promise to affix the Marks upon such vehicles, uniforms, equipment, containers, fixtures, signs, stationary, advertising, sales/promotional materials, and such other objects, in such size, color, lettering style and fashion, and at such places as we may designate in the Operations Manual.

3. You promise to not use the Marks, or any words or symbols confusingly similar to them, as part of any corporate or other legal name or with any prefix, suffix, or other modifying words, terms, designs, or symbols. You may not use the Marks in connection with the sale of any unauthorized product or service, on an Internet website of your own design, or in any other manner not explicitly authorized in writing by us.

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4. Except as expressly provided in the Operations Manual, you may not display any other trademarks, logotypes, symbols, or service marks, nor may you use any other marks in connection with the Marks, or with the 1-800 WATER DAMAGE Business, without our prior written approval.

5. You promise that all advertising and promotional materials that you use will bear the appropriate "SM," "TM," "®," or "©" registration symbol and/or such other appropriate notice of ownership, registration, or copyright as we may require.

6. You promise to submit to us, for our approval, the assumed or trade name (the "DBA") you intend to use in the operation of the 1-800 WATER DAMAGE Business before filing for it as required by local laws. We may approve or disapprove such DBA at our discretion. All filings or affidavits, following your receipt from us of an approved DBA, must state that the filing or affidavit is made as "a franchisee of 1-800 WATER DAMAGE." The approved DBA is the only DBA that you may use. You may not use a different name under any circumstances, including as a domain name, URL address, marketing, or for any other function.

7. We are the lawful and sole owner of the domain name www.1800WATERDAMAGE.com. You cannot register any of the Marks that are now or in the future owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue using of website using the Marks. You may access our website. Except as we authorize in writing in advance, you may not: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain names in connection with your 1-800 WATER DAMAGE Business. The only exception is that you may list the 1-800 WATER DAMAGE Business in an online directory.

8. In order to obtain approval of any use of the Marks, including all advertising containing any Marks, your identification or your DBA, you must submit such proposed use, identification or DBA to us for review at least ten (10) business days before the proposed first use. If we take no action within such ten (10) business day period, such use, identification or DBA shall be deemed disapproved. The approval or disapproval is at our sole discretion. We also may, at our sole discretion, require you to immediately discontinue use of any Mark, advertising, identification or DBA at any time, even if previously approved or provided by us.

9. You must submit and receive our written approval in advance for any person that you desire to act as a representative for you in connection with local promotion of the Business or Marks in a public media.

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D. DISCONTINUANCE OF USE OF MARKS.

If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any Mark and/or use one (1) or more additional or substitute names or marks, you must comply with our direction no later than ten (10) days after you have received notice. We will not be liable to you for any expenses, losses, or damages you sustain as the result of any such addition, modification, substitution, or discontinuance of a Mark, and you must not commence or join in any litigation or other proceeding against us for any such expenses, losses, or damages.

5. CONFIDENTIAL AND PROPRIETARY INFORMATION.

A. CONFIDENTIAL INFORMATION.

1. We possess (and will continue to develop and acquire) certain confidential information (the "Confidential Information") relating to the development and operation of 1-800 WATER DAMAGE Businesses. The Confidential Information includes (without limitation):

    a. general operating procedures for a 1-800 WATER DAMAGE Business;

    b. the proprietary WATER DAMAGE Software;

    c. personnel guidelines for hiring, training, retaining, promoting, and supporting the marketing and sales staff;

    d. the Jumpstart Training Program, Business Manager and Technical Operations Training Program, and the Reconstruction Training Program;

    e. written marketing and advertising materials, audiotapes, videos, and programs for their utilization;

    f. knowledge of specifications and suppliers of certain equipment and supplies for the 1-800 WATER DAMAGE Business;

    g. information on operating results and financial performance of 1-800 WATER DAMAGE Businesses other than your own;

    h. The Operations Manual and the 1-800 WATER DAMAGE owners intranet website and its contents;

    i. sales guidelines and strategies for developing business relationships in the insurance industry;

    j. The Customer Information, as defined in Section 5.B below; and

    k. Any other information we deem confidential.

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2. You acknowledge and agree that you do not acquire any interest in Confidential Information, other than the right to utilize that which is disclosed to you in operating the 1-800 WATER DAMAGE Business during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You also acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you promise to, during and at all times after the term of this Agreement:

a. not use Confidential Information in any other business or capacity;

b. maintain the absolute confidentiality of Confidential Information;

c. not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form;

d. adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure to employees of the 1-800 WATER DAMAGE Business and others; and

e. immediately upon the expiration of termination of this Agreement, return and cease using in any way all Confidential Information and provide us with immediate access to all computer or other electronic or other storage media, including without limitation, hard drives, memories, CD's, floppy disks, DVDs, zip drives, PDAs, jump drives or other peripheral drives and memory cards, containing any Confidential Information for the purpose of removing such Confidential Information or, if mutually agreed upon, surrender such devices to us.

3. The foregoing restrictions will not apply to the information that:

a. is now public knowledge or hereafter becomes public knowledge through no fault of yours;

b. is properly provided to you without restriction by a third party having no such restriction;

c. is required to be disclosed by order of a competent court or governmental authority, provided, however, that you provide us with prompt written notice of any claim or litigation that could give rise to such a requirement, you furnish only that portion of the Confidential Information that you are required to disclose, and you advise the governmental authority of your confidentiality obligations under this Agreement and seek to obtain appropriate protective orders or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

4. You must disclose to us all ideas, concepts, methods, techniques and products concerning the development and operation of the Business that you, the Managing

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Owner or the Designated General Manager or employees, conceive or develop during the term of this Agreement. We shall own the rights to all such ideas, concepts, methods, techniques and products, regardless of the source and you must grant to us and agree to procure from your affiliates, owners or employees a perpetual, royalty-free, exclusive and worldwide right to use such ideas, concepts, methods, techniques and products concerning the development and operation of the Business that your or your employees conceive or develop during the term of this Agreement. You must sign all documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials. We will have no obligation to make any lump sum or on-going payments to you with respect to any such idea, concept, method, technique or product. You must agree that you will not use nor will you allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.

B. PROPRIETARY INFORMATION/CUSTOMER LISTS/ INBOUND AND OUTBOUND CALL LISTS.

You acknowledge and agree that we own any and all Customer lists and their contents that we provide to you and/or that you subsequently develop during the normal course of operating the Business. You promise to keep an up-to-date list of all current and former Customers in the WATER DAMAGE Software, including their name, telephone number, complete mailing address, frequency of service, last date serviced, and price of service ("Customer Information"). You acknowledge and agree that we have available to us through the WATER DAMAGE Software, an electronic copy of a complete list of current and former Customers, including their name, telephone number, complete mailing address, frequency of service, last date serviced, and price of service, and other information concerning such Customers. You may not enter the Customer Information into any software other than the WATER DAMAGE software without our prior written permission. You acknowledge and agree that we may have available to us through the phone company that we designate a listing of all inbound and outbound calls. The information will be utilized periodically in the development and execution of various marketing strategies for the mutual benefit of you and us. We retain sole discretion in the development of all marketing strategies. You promise not to use any Customer Information for any purpose other than in the normal operation of the Business without our prior written approval. You may not file suit against any of our Customers without our prior express written permission. We reserve the right to communicate with people on the Customer list.

6. COVENANTS NOT TO COMPETE.

A. FOR YOU.

During the term of this Agreement, neither you nor your immediate family members, Managing Owner, Managing Owner's immediate family members, your Designated General Manager (if applicable) and Service Technician shall not:

1. engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other business offering Remediation Services, Reconstruction Services, Catastrophic Disaster and/or any other Services that are

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the same as or similar to the services sold by the 1-800 WATER DAMAGE Business and/or the services provided by our affiliates (except for other franchises or authorizations we enter into with you);

2. use our Confidential Information, System, 1-800 WATER DAMAGE owners' intranet website, Operations Manual, Marks, Customer lists, Customer Information, trade secrets, trade dress, proprietary knowledge, or know-how, or any colorable imitations, in the design, development, or operation of any business other than the 1-800 WATER DAMAGE Business franchised hereunder, unless specifically authorized by us; or

3. Divert or attempt to divert any business or customer of the 1-800 WATER DAMAGE Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

B. YOUR EMPLOYEES.

At the start of their employment, you must require, as consideration for employment, each of your Service Technicians, sales and/or account management employees to sign non-disclosure and confidentiality agreements. Such agreements will prohibit disclosure, by the employee to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding the System or the operation of the 1-800 WATER DAMAGE Business, which is deemed confidential and/or proprietary by us. Such employee non-disclosure and confidentiality agreements will, to the fullest extent permitted by applicable law, prevent employees from servicing or soliciting any of the customers of your 1-800 WATER DAMAGE Business, except in their capacities as employees of the Business. We may require you to send us a copy of such agreements once fully signed.

C. OUR RIGHT TO ENFORCE NON-COMPETITION COVENANTS.

You agree and acknowledge that a violation of the covenants not to compete as listed in this Section and/or in Section 13.D will result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete. Further, you expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement or otherwise, will not constitute a defense to the enforcement by us of these covenants not to compete. You promise to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by us in connection with the enforcement of these covenants not to compete, if you are found to be in violation of your confidentiality and/or your non-competition obligation(s) under this Agreement. The protection awarded in this Section and/or in Section 13.D will be in addition to, and not in lieu of, all other protections for such trade secrets and confidential information as may otherwise be afforded in law or in equity.

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The parties expressly agree that the time and geographical limitations contained in this Section and in Section 13.D are reasonable and necessary to protect us and other franchisees from unfair competition if this Agreement expires or is terminated for any reason.

D. INTENT AND ENFORCEMENT.

It is the parties' intent that the provisions of this Section 6 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the non-competition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 6 by Owner, or any immediate family member of Owner(s), which shall be defined as a spouse, sibling or adult child participating in the Business, Designated General Manager (if applicable) and Service Technician, we shall be entitled to an injunction restraining such person from any such actual or threatened breach. Owner(s) agrees that in the event of the actual or threatened breach of this Section 6, our harm will be irreparable and that we have no adequate remedy at law to prevent such harm. Owner(s) acknowledges and agrees on Owner(s) own behalf and on behalf of the persons who are liable under this Section 6 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 6 in no way prevent any such person from earning a living. Owner(s) further acknowledges and agrees that the time limitation of this Section 6 shall be tolled during any default under this Section.

7. SYSTEM STANDARDS.

A. COMPLIANCE WITH SYSTEM STANDARDS.

You acknowledge and agree that the operation and maintenance of your 1-800 WATER DAMAGE Business according to System Standards is essential to preserve the goodwill for the Marks and all 1-800 WATER DAMAGE franchisees. Therefore, at all times during the term of this Agreement, you agree that the Managing Owner or, if applicable, the Designated General Manager, devote your full-time best efforts to operate and maintain your Business according to each and every System Standard, even if you believe that a System Standard is not in the System's or your franchise's best interests. System Standards may be periodically modified and supplemented during the term of this Agreement and you must comply with any such changes immediately upon notice to you. Furthermore, you must use your best efforts to assure that your employees and representatives conduct themselves, during business hours and/or whenever they are in a vehicle with a 1-800 WATER DAMAGE logo, or a company uniform with a 1-800 WATER DAMAGE patch, in a manner which is consistent with the professional and ethical image of the System.

You will offer and provide all of the Services that we periodically require for 1-800 WATER DAMAGE franchisees, and in the manner we prescribe.

System Standards, to be specified and periodically amended in the Operations Manual, may include, without limitation, standards and specification regarding:

1. use and display of the Marks;

2. Services and products which we authorize you to sell to the public;

3. the use of supplies and equipment;

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4. a dress code, during business hours, for you, your employees and your representatives;

5. suppliers you may use for the purchase of uniforms for you, your employees and your representatives;

6. vehicle type, model, color, supplier, trademark representation, and appearance. These specifications are included in our Operations Manual. All vehicles purchased or leased for the 1-800 WATER DAMAGE Business are to be, and maintained, in a "good" condition as defined by KELLEY BLUE BOOK ("good" condition means that the vehicle is free of any major defects). The paint, body and interior must have only minor (if any) blemishes, and there may not be any major mechanical problems. In states where rust is a problem, this should be very minimal. All vehicles used in connection with the business are to be decaled as required by 1-800 WATER DAMAGE and the decals are to be free of defects. You will be required to submit photos of all vehicles used in connection with the 1-800 WATER DAMAGE Business in the manner and format we prescribe. You may be required to purchase a new vehicle if you are unable to meet the specifications for vehicles outlined in the System Standards;

7. business forms and stationary;

8. designated and approved suppliers for business assets and supplies using our Marks;

9. designated suppliers for vehicles, equipment and supplies;

10. types and amounts of insurance coverage;

11. compliance with applicable laws including obtaining required licenses and permits, payment of all taxes, assessments, fees, fines, and penalties arising out of the operation of the 1-800 WATER DAMAGE Business;

12. adhering to good business practices, observing high standards of honesty, integrity, fair dealing, and ethical business conduct in all dealings with customers (including, but not limited to, maintaining, at all times, professional behavior with all Customers, vendors and our personnel), suppliers, and us, and notifying us if any action, suit, or proceeding is commenced against you or your legal entity;

13. general operations including maintaining, sales, marketing, advertising, and promotional programs, call center usage, phone type/model/provider, and materials and media used in these programs, personnel practices, bookkeeping, accounting, data processing, and record keeping systems, and forms, methods, content, and frequency of reports to us of sales and financial performance, and the furnishing of tax returns related to the 1-800 WATER DAMAGE Business and other operating and financial information to us;

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14. due to the emergency nature of the services provided by the Business, you must be available 24 hours a day, seven days a week to respond to service requests;

15. respond to any and all customers' inquiries or complaints within one (1) business day, and resolve it within seven (7) days of the initial complaint, to reasonably insure positive customer relations and maintain the goodwill of the System, even when such response may necessitate re-performing a task not completed to the Customer's satisfaction or a refund of moneys received;

16. requiring installation, use and monthly maintenance of a global positioning system ("GPS") for your vehicle(s), including payment of monthly fees to a designated or approved GPS vendor;

17. any other aspect of the operation and maintenance of your 1-800 WATER DAMAGE Business that we determine periodically to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and the System;

18. public figures you choose in connection with local promotions;

19. use of a phone system, computer, electronic mail and website that meets our requirements, as periodically updated;

20. marketing, advertising, and promotional material prepared by you;

21. number of employees to necessary provide prompt courteous service;

22. timing of the training of other employees for the 1-800 WATER DAMAGE Business;

23. necessary amounts of working capital; and

24. any other aspect of the operation and maintenance of your 1-800 WATER DAMAGE Business that we determine periodically to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and the System.

You agree to refrain from committing any act or pursuing any course of conduct that tends to bring our Marks into disrepute.

You must use your best efforts to promote and increase the demand for 1-800 WATER DAMAGE Business. All of your advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. You agree to refrain from any business or advertising practice which may be injurious to the 1-800 WATER DAMAGE Business or the goodwill associated with the Marks and System.

You are solely responsible for: (a) selecting, retaining and paying your employees; (b) the payment of all invoices for the purchase of goods and services used in connection with operating

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the 1-800 WATER DAMAGE Business; and (c) determining whether, and on what terms, to obtain any financing or credit that you deem advisable or necessary for the conduct of the 1-800 WATER DAMAGE Business. You agree to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. You agree to indemnify us in the event that we are held responsible for debts owed by you if we elect to pay any of your obligations in order to preserve the relationship between system suppliers and 1-800 WATER DAMAGE franchisees. You agree to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from your operation of the 1-800 WATER DAMAGE Business. You agree to indemnify us in the event that we are held responsible for these taxes.

You will have sole authority and control over the day-to-day operations of the 1-800 WATER DAMAGE Business and your employees and/or independent contractors. You agree to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the 1-800 WATER DAMAGE Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will you or your employees be deemed to be employees of us or our affiliates.

You shall meet and maintain the highest safety standards and ratings applicable to the operation of the 1-800 WATER DAMAGE Business. You shall furnish to us within two (2) days of your receipt thereof, a copy of all inspection reports and any violation or citation that indicates your failure to maintain federal, state, or local safety standards in the operation of the 1-800 WATER DAMAGE Business.

You acknowledge that we have developed the System to offer and sell Services that will distinguish the 1-800 WATER DAMAGE Business from other businesses that offer similar services valued at different prices and with less attention paid to service quality and customer service. You agree to offer Services and to operate the 1-800 WATER DAMAGE Business in such a manner that emulates and enhances the image we intend for the System. You further acknowledge and agree that each aspect of the System is important not only to you but also to us and to other 1-800 WATER DAMAGE franchisees in order to maintain the highest operating standards, achieve system-wide uniformity and increase the demand for the Services rendered by 1-800 WATER DAMAGE franchisees. You agree to comply with the standards, specifications and requirements we set forth in order to uniformly convey the distinctive image of a 1-800 WATER DAMAGE Business.

You must notify us, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of you or the 1-800 WATER DAMAGE Business.

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B. MODIFICATION OF SYSTEM STANDARDS.

You acknowledge and agree that the System must continue to evolve to reflect changing market conditions and to meet new and changing consumer demands. As a consequence, changes, modifications, and variations to the Systems Standards may be required periodically to preserve and enhance the public image of the System and enhance the operational efficiency of all 1-800 WATER DAMAGE franchisees.

You, therefore, agree that we may periodically, and upon reasonable notice to you, add to, modify, phase out, or change the System, including without limitation, the adoption and use of new or modified trademarks, uniforms, signs, vehicle types, telephone numbers and technologies, products, equipment, services, techniques, proprietary software, non-proprietary software, methodologies and sales strategies. You promise to promptly accept, implement, use, and display in the operation of your 1-800 WATER DAMAGE Business, all such additions, modifications, and changes at your expense.

All products and materials must meet System Standards and specifications for representation of the Marks, and be pre-approved by us regardless of the supplier. In the event you wish to purchase an unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us a written request for approval, including a proof of the materials you wish to order. We will notify you in writing of our approval or disapproval within ten (10) days of receipt of the materials and your written request. We have no obligation to approve any particular products, service or supplier. If you do not receive approval within ten (10) days, you should consider the materials disapproved. All products and materials must meet the quality of our current suppliers, and correctly bear the Marks. Standards and specifications are periodically modified to meet changing market conditions and are published in our Operations Manual and on our web site. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments and financial stability. There is no fee to secure approval to purchase from alternative suppliers, but you must reimburse us our reasonable costs, regardless of approval of your request. At our discretion, we may, with notice to you, revoke our approval of any previously approved products due to changes in standards and specifications or if such products subsequently fail to meet the quality of our current suppliers.

Use of products and materials that have not received our prior written approval and/or do not meet our standards and specifications can result in the termination of this Agreement.

C. OPERATIONS.

1. The Business may only offer Remediation Services unless the Business has fulfilled all requirements to offer Reconstruction Services. If the Business is not qualified to provide Reconstruction Services, it shall provide Remediation Services only. In the event that a customer of the Business requires Reconstruction Services, you must refer the customer to a Preferred Referral.

2. You must operate the Business for at least those months, hours and days that we specify in the Operations Manuals or otherwise in writing.

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3. You must maintain the Business and its equipment and vehicles in working condition, and in accordance with all applicable requirements of law, and the Operations Manuals and to cause the same to be promptly replaced as they become warn, damaged, obsolete, out of style or mechanically impaired, so as to preserve, maintain and enhance the reputation and goodwill of the System and the Proprietary Marks.

4. In order to protect our goodwill, Proprietary Marks and the System, all Services shall be offered only by properly trained personnel strictly in accordance with our standards and processes, and the Operations Manuals, as they may be changed from time to time. You acknowledge that such standards and processes are integral to the System and failure to strictly adhere to such standards and processes shall be detrimental to the System and Proprietary Marks and shall constitute a default of this Agreement.

5. You shall ensure that the Business employs at all times a sufficient number of qualified, competent personnel. All of your employees shall dress conforming to our standards, shall present a neat and clean appearance (wearing our required uniforms) in conformance with our reasonable standards and shall render competent, efficient service to the customers of the Business. You shall immediately train and instruct their employees in accordance with the practices, procedures and methods contained in the Operations Manuals, as they may be amended from time to time, and shall continue such training and instruction as long as each employee is employed by the Business. The Operations Manuals shall set forth the practices, procedures and methods to be utilized by you. You agree to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the 1-800 WATER DAMAGE Business.

6. We encourage our franchisees to partner with third party administrators that represent insurance companies and consumer services ("TPA"). When an insurance claim arises or a consumer contacts the TPA for services, the TPA selects one of their partners and assigns the services needing to be done to that partner. You must strictly adhere to all TPA program guidelines and requirements as set forth in the Operations Manuals and/or in other writings provided by us or the TPA. Your failure to adhere to program guidelines and requirements will constitute a default under the Franchise Agreement with us (for which you will receive notice and a 15-day cure period). Upon notice of default, we may require you to attend additional training, put you on hold with the TPA(s) or have you removed from a TPA program(s). Application fee and cost per referral will vary depending on which TPA(s) you select.

7. Any project or enterprise undertaken jointly by two or more franchisees will be known as "Co-Venturing." Co-Venturing with other franchisees must be managed through us and you may not negotiate directly with other 1-800 WATER DAMAGE franchisees for Co-Venturing at any time. It is agreed and understood no other business or business operations may be undertaken through your franchisee corporate entity, without our prior written consent. Owners, including the Managing Owner, may not own or operate any business, which conducts services identical or similar to us.

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D. INSURANCE.

Before attending the Business Manager and Technical Operations Training, you promise to purchase and maintain in full force and effect throughout the Term of this Agreement and at your expense, insurance protecting you, your employees, and us, our officers, and our employees, against loss, liability, fire, personal injury, death, property damages, or theft arising from, or occurring in connection with, the operation and promotion of the 1-800 WATER DAMAGE Business as specified in detail in the Franchise Agreement or otherwise in writing from us. You acknowledge and agree that (a) the insurance you will maintain reflects the minimum amounts of coverage we require, (b) these minimums are not meant to reflect the actual needs you may have, and (c) it is your responsibility to carefully evaluate if these minimums will adequately meet your needs.

All policies will be written by an insurance company(ies) that is/are licensed in the state in which you are doing business, and that has an A.M. Best rating of "A" or better. Currently, you are not obligated by the terms of this Agreement to purchase your insurance from any specific provider, although we reserve the right to specify the specific provider that you must use in the future.

Insurance policies will be written by an insurance company which is satisfactory to us and will be in accordance with the standards and specifications set forth in the Operations Manual or otherwise in writing, and will include, at a minimum (except as additional coverage and higher policy limits may reasonably be specified for all 1-800 WATER DAMAGE franchisees from time to time by us in the Operations Manual or otherwise in writing) the following:

Our current requirements are described below:

1. Commercial General Liability Insurance. You shall maintain insurance for "bodily injury," "property damage," and "personal and advertising injury" with no exclusion or limitation applying to the products/completed operations liability coverage. Limits shall be at least $2,000,000 general aggregate, $2,000,000 products and completed operations aggregate, $1,000,000 personal and advertising injury limit, and $1,000,000 per occurrence limit. Contractual liability coverage including the assumed personal injury endorsement shall be included to cover the indemnity provisions of this Agreement. The exclusion for employer's liability shall not apply to claims for covered contractually assumed liability claims. 1-800 WATER DAMAGE International, LLC, BELFOR Franchise Group, LLC, and BELFOR USA Group, Inc. shall be named as an additional insured on such policy on a primary and noncontributory basis with a Grantor of Franchise Form CG2029 or an insurer's comparable form.

2. Automobile Liability Insurance. You shall maintain insurance with a combined single limit, CSL, of $1,000,000 for bodily injury and property damage for all owned or leased vehicles and for hired and non-owned motor vehicles. Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL.

3. Workers' Compensation and Employers' Liability. Statutorily required workers' compensation insurance and employer's liability insurance shall be maintained with limits of at least $500,000 by accident, $500,000 by disease and $500,000 policy limit; or the minimum limit required by your state, whichever is higher. Such policy shall contain a

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waiver of subrogation endorsement as to claims against 1-800 WATER DAMAGE International, LLC, BELFOR Franchise Group, LLC and BELFOR USA Group, Inc. In "Monopolistic States", such as Ohio, North Dakota, Washington and Wyoming, "Stop Gap" coverage must be purchased separately or added to the CGL policy. "Stop Gap" in Ohio must not contain exclusion with the "substantially certain to occur" language.

4. Employee Dishonesty Insurance. You shall maintain employee dishonesty insurance with minimum limits of $50,000 per loss and such coverage shall also cover acts of stealing against third parties.

5. Umbrella Liability Insurance. You shall maintain a commercial umbrella liability insurance policy with a limit of at least $2,000,000 per occurrence and aggregate and shall list the commercial general liability, automobile liability and workers' compensation/employers' liability policies as scheduled underlying policies.

6. Other Insurance. You shall maintain compliance with any state, county, local, or other municipal insurance requirements and any other insurance policies we may require.

7. Pollution Insurance. A pollution insurance policy must be maintained with a limit of at least $1,000,000 for each loss, and $1,000,000 aggregate policy limits, providing for mold, bacteria and fungi remediation and the testing, monitoring, clean-up, removal, treatment or neutralizing of various pollutants. Must include first-party coverage for contamination of insured property either by external or on-site sources. Must also include coverage for liability to third parties arising from contamination of air, water, or land due to the sudden and accidental release of hazardous materials from the insured site.

The insurance levels listed above are the minimum we require you to maintain for the 1-800 WATER DAMAGE Business. We may, periodically determine and modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstance. To gain adequate protection, you should discuss with your insurance agent and financial advisor to determine if your personal situation requires you to maintain coverage in excess of the minimums that we require. If any lease or Customer contract requires an insurance policy amount to be higher than the amounts we have listed above, you must obtain the highest amount for such policy.

All general liability insurance policies will name us, BELFOR Franchise Group, LLC, BELFOR USA Group, Inc. and our designated affiliates, employees, officers and directors as additional insureds, and will contain no provision which in any way limits or reduces coverage for you if a claim is made by any one (1) or more of the Indemnified Parties, as defined in Section 14.C of this Agreement, and will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 30 days' notice of any intent to cancel or materially alter any policy.

At least ten (10) days before attending Business Manager and Technical Operations Training Program, commencing the operation of the 1-800 WATER DAMAGE Business, whenever a change is made to your policy, and before expiration of any insurance coverage, you

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promise to have your insurance provider send us a copy or certificate or other acceptable proof of such insurance. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our sole option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. We are under no obligation whatsoever to obtain such insurance, but if we do so, you must fully cooperate with us in our efforts and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your 1-800 WATER DAMAGE Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf, will reduce or absolve you of any obligations of indemnification described in this Agreement. You must promptly report all material claims, or potential claims, against you, any Indemnified Party or us, to the insurer and to us. You may not commence your 1-800 WATER DAMAGE Business until you have provided the certificates of insurance or other acceptable proof of all insurances.

You must provide us with copies of any insurance claims or insurance cancellations within 24 hours. You have a 24 hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least 30 days prior written notice from the insurance carrier to us. We have the right to increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to you, and you shall comply with any such modification within the time specified in said notice.

E. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

We require you to use the WATER DAMAGE Software, or other Required Software as we designate, for maintaining Customer records for the 1-800 WATER DAMAGE Business. We have confidential access to your databases and related information from the WATER DAMAGE Software, which we use to compute the Royalty due on Gross Sales, and to make other evaluations and verifications. In addition, you promise to establish and maintain, at your expense, an accounting system. We currently require you to utilize QuickBooks Online Accounting Software that maintains our specified Chart of Accounts. You shall furnish to us, in the manner and format that we require:

1. at our request, a complete employee list;

2. within 10 days of our request, an unaudited income statement for the requested time period in a form satisfactory to us, and such additional reports as we may require;

3. within 90 days after the close of your fiscal year, a complete income statement and other financial statements in a form we may prescribe in our sole discretion;

4. within ten (10) days of our request, exact copies of any state, federal, or other income tax returns covering the operation of the 1-800 WATER DAMAGE Business, as well as the state, federal and other income tax returns from your existing cleaning and restoration business(es), which we may need to review to assure all Gross Sales have been accurately reported;

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5. by November 1 of each year, financial projections and a marketing plan for the upcoming year in the form we may prescribe in our sole discretion; and

6. any other reports we may require in the future.

Your fiscal year must end on December 31. You promise to verify and sign each report and financial statement in the manner that we prescribe. We can disclose data derived from these reports without specifically identifying you or the Business (unless we have your written consent to do so). We can require you to have audited financial statements prepared on an annual basis if you fail to comply with any provision of this Agreement. Finally, you will allow us, as we deem appropriate, timely access to your copy of any computer systems that you maintain, to retrieve all information relating to the operation of the 1-800 WATER DAMAGE Business.

We currently require you to utilize the web-based QuickBooks Online Accounting Software and maintain our specified Chart of Accounts; we will have automatic password access to your financial reports on this system. You may not utilize any other accounting or reporting software that is not approved by us.

You shall maintain all records, reports, and financial statements for a period of five (5) years during and following the termination, transfer, or expiration of this Agreement.

F. COMPLIANCE WITH LAWS.

You will, at your expense, secure and maintain in force all required licenses, permits, and certificates relating to the operation of the 1-800 WATER DAMAGE Business and shall operate the 1-800 WATER DAMAGE Business in full compliance with all applicable local, state and federal laws, rules and regulations. You must, at your expense, comply with all federal, state, and local laws and regulations that apply to Remediation Services and cleaning and restoration businesses in general. If your state or county licenses mold remediation, you must be licensed before commencing operation of the 1-800 WATER DAMAGE Business and maintain such licenses throughout the term of this Agreement and any Renewal Terms. In states or counties where mold remediation is not licensed by any governmental authority, you must satisfy to us that you possess the qualifications required to perform the services offered by 1-800 WATER DAMAGE Businesses. It is your responsibility to investigate the federal, state and local laws and regulations that pertain to mold remediation, cleaning and restoration businesses. You must maintain your license(s) in good standing with the licensing authority for the entire term of this Agreement and all renewals.

You will notify us in writing within five (5) days of the commencement of any action, suit, or proceeding for the issuance of any order, writ, injunction, award or decree or any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the 1-800 WATER DAMAGE Business.

8. INSPECTIONS AND AUDITS.

A. OUR RIGHT TO INSPECT THE BUSINESS.

To determine whether you are complying with this Agreement and all System Standards, we have the right at any time during business hours to perform an on-site inspection of your business at your Office, and any other locations through which the 1-800 WATER DAMAGE

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Business is operated. During such inspection, we may: (i) participate in quality checks of home field services; (ii) interview employees; or (iii) review (a) your books and records, (b) your promotional materials and media advertising, (c) your personnel files and practices, and/or (d) any and all components of the 1-800 WATER DAMAGE Business.

You promise to cooperate fully with us in any inspection of your 1-800 WATER DAMAGE Business, and we promise to use our best efforts to not interfere with the operation of your 1-800 WATER DAMAGE Business.

B. OUR RIGHT TO AUDIT.

We have the right at any time during business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, any and all financial statements, reports, monthly bank statements for all bank accounts in connection with the Business, income tax records, sales tax records, payroll records, software databases, and other records. You promise to cooperate fully with our representatives and independent accountants we hire to conduct any inspection or audit.

If any inspection or audit discloses an understatement of Gross Sales, we can debit your account, as provided in Sections 2.C and 2.H of this Agreement, for the Royalty and National Marketing Fund contributions which are due on the amount of the understatement, plus interest, at the rate of 18% per annum or the maximum rate permitted by applicable law, whichever is lesser, and all late fees, from the date originally due until the date of payment.

Furthermore, if we conduct an inspection or audit due to your failure to (a) furnish reports, supporting records, or other information as required, (b) furnish these items on a timely basis, or (c) record all Customer payments in the WATER DAMAGE Software within 48 hours of their receipt, or we discover that an understatement of Royalty is greater than 3% for any period reviewed, you promise to reimburse us for the cost of the inspection and/or audit, including without limitation, the charges of attorneys and independent accountants, the travel, room and board expenses, and compensation of our employees. Further, if an understatement of the Royalty is greater than 3%, you also promise to pay us an additional penalty fee equal to 10% of the total amount of the understated Gross Sales.

These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

9. TAXES AND ADVANCES.

A. TAXES.

You promise to pay all taxes as required by local, state, or federal laws regarding the products, service, or equipment furnished or used in connection with the operation of the 1-800 WATER DAMAGE Business. You promise to promptly pay us, when due, the amount of all sales taxes, use taxes, personal property taxes, and similar taxes imposed upon, required to be collected, or paid by us, to your state and/or local government, on account of services or goods furnished by us to you through sale, lease, or otherwise, or on account of collection by us of the Initial Fee, the Initial Package Fee, Royalty fees, or any other payments to us under this Agreement.

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B. ADVANCES.

You promise to promptly reimburse us for all amounts that we have paid, or have been obligated to pay, on your behalf for any unpaid tax liability, provided, however, that we are not obligated to pay these or any other payments on your behalf.

10. TRANSFER.

A. BY US.

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

B. BY YOU.

You cannot transfer this Agreement, the 1-800 WATER DAMAGE Business, or any part of your ownership in it (including any voluntary, involuntary, direct or indirect assignment, sale, gift, or other disposition) without our prior written approval and subject to the conditions below. Any such assignment, transfer, or encumbrance without such approval, will constitute a breach of this Agreement. Any change of ownership requires our approval and must meet the conditions specified below, and the payment of the transfer fee will be due should the change of ownership be 10% or more in the aggregate. We will not, however, unreasonably withhold our approval provided that the conditions specified below are met, which we will determine in our sole discretion:

1. you are in full compliance with this Agreement or any other agreement between you and us, our affiliates, or our designated/approved suppliers and vendors, and you have paid all accrued monetary obligations to us, our affiliates, and our designated/approved suppliers and vendors;

2. the transferee has demonstrated sufficient business experience, aptitude, and financial resources to meet our then-current standards for new franchisees;

3. the transferee and its owners and affiliates are not engaged in a competitive business, unless they agree to operate all remediation services, cleaning and restoration businesses as a part of the System;

4. you provide us with written authorization to release to the transferee any and all information about the operation of the 1-800 WATER DAMAGE Business which we have collected;

5. the transferee must sign our then-current form of franchise agreement for a full term;

6. you pay us:

    a. our then-current transfer fee upon our preparation of the transferee's new franchise agreement to defray expenses we incur in the transfer, including the costs of training the transferee;

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b. all Royalty for completed jobs up through the date of closing, fees, amounts owed under any promissory notes with us, Late Payment Fees, Late Report Fees, NSF Fees, Interest Fees, and all other fees or amounts owed to us, plus interest; and

c. all commissions, broker fees or other similar expenses if: (i) you list the 1-800 WATER DAMAGE Business with a broker, lead referral network or similar entity; or (ii) the transferee is referred to you or us by a broker, lead referral network or similar entity;

7. the transferee successfully completes our Business Manager and Technical Operations Training Program;

8. you, your principals, and the transferee (if we have a prior relationship with the transferee) sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents (such requirement to sign a general release is subject to change in our sole discretion);

9. we have approved the material terms and conditions of the transfer (which may not include you retaining a security interest in the assets of the 1-800 WATER DAMAGE Business post-closing and you will sign a comfort letter indicating the same) and determined that the price and terms of payment will not adversely affect the transferee's operation of the 1-800 WATER DAMAGE Business;

10. the transferee upgrades the Business to conform to our then current specifications and design;

11. if you finance any part of the sale price of the transferred interest, you agree and will assure that all of the transferee's obligations under any promissory notes, agreements, or security interests that you have reserved in the 1-800 WATER DAMAGE Business, are subordinate to the transferee's obligation to pay Royalty fees, Referral Fees, and other amounts due to us and otherwise to comply with this Agreement;

12. in the event of an approved transfer to a wholly owned corporation or limited liability company, we will require you to own and control at least 67% of the issued and outstanding capital stock or other ownership interest;

13. you must have attended Business Manager and Technical Operations Training Program and your business must be open in order to transfer the 1-800 WATER DAMAGE Business;

14. any transfer does not impact any of your post-termination obligations, including, without limitation, such obligations set forth in Sections 6 or 13.

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15. the transferee must obtain, within the time limits set by us, and maintain thereafter, all permits and licenses required for the operation of the 1-800 WATER DAMAGE Business;

16. to the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer; and

17. the transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises.

We shall have 60 days from the date of the written notice to approve or disapprove in writing of your proposed assignment. You acknowledge that the proposed transferee shall be evaluated for approval by us based on the same criteria as is currently being used to assess new franchisees of us and that such proposed transferee shall be provided, if appropriate, with such disclosures as may be required by state or federal law. If we have not given you notice of our approval or disapproval within such period, the request for the transfer or assignment is deemed rejected.

C. YOUR DEATH OR DISABILITY.

Upon your death or disability, your executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement to a third party within a reasonable amount of time, but not to exceed one (1) year. During this time the 1-800 WATER DAMAGE Business must be operated in full compliance with this Agreement. The transfer will be subject to all of the terms and conditions applicable to transfers that are contained in this Section.

In the event of your death or disability, and before a transfer of your interests in this Agreement, your spouse, child, or parent may, if this party otherwise would qualify as a transferee, operate the Business, provided that this person personally manages the business on a full time basis, successfully completes our Business Manager and Technical Operations Training Program, and signs our then-current franchise agreement to govern the operation of the 1-800 WATER DAMAGE Business moving forward.

For purposes of this Section, disability is defined as a condition that materially impairs your ability to operate the 1-800 WATER DAMAGE Business in accordance with this Agreement.

D. OUR RIGHT OF FIRST REFUSAL.

If you at any time determine to sell, assign, or transfer for consideration your interest in this Agreement, you must obtain a bona fide, signed written offer and earnest money (in the amount of 5% or more of the offer price) from a responsible and fully disclosed offeror, and immediately submit to us a true and complete copy of the offer which includes details of the payment terms. To be a valid, bona fide offer, the proposed purchase price is to be denominated in a dollar amount.

We have the right, exercisable by written notice delivered to you within 30 days from the date of the delivery to us of both an exact copy of the offer and all other information we request, to purchase the interest for the same price, less the transfer fee, and on the same terms and conditions contained in the offer provided that:

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1. We may substitute cash for any form of payment proposed in the offer;

2. Our credit will be deemed equal to the credit of any proposed purchaser;

3. We will have 30 days, after giving notice of our election to purchase, to prepare for and complete the closing; and

4. We are entitled to receive, and you must make, the same representations and warranties given to the proposed purchaser.

If we do not exercise our right of first refusal, you may complete the sale to the purchaser on the exact terms of the offer, subject to our approval of the transfer as provided in Section 10.B above. If the sale is not completed within 60 days after the expiration of the right of first refusal, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

E. OWNERSHIP.

1. The following provisions apply if you or any permitted successor is a partnership, Limited Liability Company ("LLC") or corporation:

   a. The articles of partnership, partnership agreement, articles of organization, articles of incorporation, by-laws and other organizational documents shall provide that the issuance and transfer of any interest in the legal entity is restricted by the terms of this Agreement. Copies of such documents and of resolutions of the legal entity's board of directors or managers authorizing its entry into this Agreement shall be furnished to us upon request.

   b All general partners, members and all direct and indirect holders of a 10% or greater equity interest shall, upon the legal entity's execution of this Agreement, execute an agreement personally guaranteeing to us the full payment and performance of the legal entity's obligations to us and undertaking to be bound, individually, jointly and severally, by all the terms of this Agreement including, without limitation, the restrictions on assignment contained herein. The personal guaranty shall be in the form attached hereto as Exhibit F or in such other form as we may from time to time prescribe.

   c. The legal entity shall not use the name "1-800 WATER DAMAGE" or any other Mark, or any name deceptively similar thereto, except to reflect its franchise relationship with us. Neither the legal entity nor any of its owners may issue or sell, or offer to issue or sell, any securities of the legal entity or an affiliate of the legal entity, regardless of whether such sale or offer would be required to be registered pursuant to the provisions of the

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Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior written consent, which is in our sole discretion, and complying with all of our requirements and restrictions concerning use of information about us.

d. The legal entity shall furnish us, at the time of execution of this Agreement and upon all transfers subject to the provisions of this Section 10, a list of all stockholders, members, managers and partners having an interest in the legal entity, their respective percentage interests and the number of shares directly and indirectly owned or controlled by each.

e. The legal entity, if a corporation, shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section and shall cause all certificates representing outstanding voting securities to be surrendered for reissuance and cause all certificates for voting securities in the future to be issued with this legend printed conspicuously upon the face of each certificate: "The transfer of this certificate and the shares it represents is subject to the terms and conditions of a certain Franchise Agreement with 1-800 WATER DAMAGE International, LLC. Reference is made to that Agreement and to certain restrictive provisions of the Articles and by-laws of this corporation."

f. The legal entity acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and necessary to protect the System, the Marks, the Confidential Information, as well as our high reputation and image, and are for the protection of us and all other 1-800 WATER DAMAGE franchisees.

g. It is agreed and understood that no other business or business operations outside of the operation of the 1-800 WATER DAMAGE business may be undertaken or conducted through such legal entity.

11. EXPIRATION OF THIS AGREEMENT.

A. YOUR RIGHTS UPON EXPIRATION OF THIS AGREEMENT.

Upon the expiration of this Agreement, provided that during its term you complied substantially with its provisions, including the timely payment of all fees and Royalty fees, you may continue your Business for two (2) additional terms of ten (10) years each (each, a "Renewal Term" (as previously defined)).

We may refuse to offer you a Renewal Term if you:

1. are not, at the time, in substantial compliance with this Agreement, or any other ancillary agreement then in effect between you and us;

2. have received written notice by us three (3) or more times during the last 30 months of the Initial Term or any Renewal Terms for failure to comply with the terms of

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this Agreement and were in violation of your obligation(s), whether or not the failure is subsequently cured;

3. have failed on more than three (3) separate occasions during the last 24 months of the Initial Term or any Renewal Terms to make timely payment to us of all sums due to us; or

4. have failed on more than three (3) separate occasions during the last 24 months of the Initial Term or any Renewal Terms to service all Customers in a manner consistent with our System Standards and reputation of ethical and professional conduct.

B. AWARD OF A RENEWAL AGREEMENT.

You promise to give us written notice of your election to pursue a Renewal Term no earlier than nine (9) months, and no later than six (6) months, before the expiration of this Agreement. We promise to give you notice (referred to as "Our Notice"), not more than 45 days after we receive your notice, of our decision in accordance with Paragraph A of this Section:

1. to award you a renewal franchise agreement;

2. to award you a renewal franchise agreement on the condition that you correct any provisions of this Agreement with which you are not in compliance; or

3. not to award you a renewal franchise agreement based on our determination that you have not substantially complied with this Agreement during its term.

If applicable, Our Notice will state the actions you must take to correct operating deficiencies and a reasonable time period in which these deficiencies are to be corrected.

If we elect not to award you a renewal franchise agreement, Our Notice will describe the reasons for our decision. Your right to a renewal franchise agreement is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

C. AGREEMENTS/RELEASES.

If you satisfy all of the other conditions to the awarding of a Renewal Term, you promise to sign the then-current franchise agreement and any ancillary agreements for 1-800 WATER DAMAGE Businesses, which may include a different Royalty and/or Territory. You further promise to sign a general release, in a form satisfactory to us, of any and all claims against either of us and our respective shareholders, officers, directors, employees, agents, successors, and assigns. Such requirement to sign a general release is subject to change in our sole discretion.

Notwithstanding any provision to the contrary, at our request, you will promise to upgrade and remodel the 1-800 WATER DAMAGE Business at your sole expense to conform to the then-current Operations Manual (the completion of such upgrades shall be a condition of you receiving such Renewal Term). Further, you must submit proof to us that you have the right to operate the 1-800 WATER DAMAGE Business at the Office for the Renewal Term.

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D. RENEWAL FEE.

You promise to pay us a renewal fee of 10% of the then-current Initial Fee upon execution of your renewal franchise agreement.

12. TERMINATION OF AGREEMENT.

A. AUTOMATIC TERMINATION WITHOUT NOTICE.

This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

1. If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the 1-800 WATER DAMAGE Business.

2. If proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the 1-800 WATER DAMAGE Business without your consent, and the appointment is not vacated within 60 days.

3. You attempt to make an unauthorized transfer of this Agreement or the Business in violation of any of the transfer provisions contained in Section 10 of this Agreement.

B. AUTOMATIC TERMINATION WITH NOTICE.

We have the right to terminate this Agreement, immediately, and without the opportunity to cure, effective upon delivery of written notice to you, for any of the following:

1. Your Managing Owner and, if applicable, Designated General Manager, fail to attend or successfully complete the Business Manager and Technical Operations Training Program within four (4) months of signing this Agreement and/or fulfill all the pre-training requirements, which include the payment of all monies due to us, and the completion of all the required tasks as designated on the 1-800 WATER DAMAGE owners' intranet website and in the Operations Manual;

2. You fail to commence operation of the 1-800 WATER DAMAGE Business within four (4) months of signing this Agreement and/or two (2) months following your successful completion of the Business Manager and Technical Operations Training Program, whichever is later;

   You have made or make any material misrepresentation or omission in purchasing the Franchise or operating the 1-800 WATER DAMAGE Business;

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3. You receive from us three (3) or more notices to cure the same or similar defaults or violations of this Agreement, within any two (2)-year period of time, regardless of whether these defaults were cured after notice was sent to you;

4. You are or have been convicted by a trial court of, or plead no contest to a felony or any conviction rising to the equivalent of a felony and/or failure to disclose a prior felony conviction or conviction rising to the equivalent of a felony to us;

5. You understate your Royalty by three percent (3%) or more, in any reported financial statement, on three (3) or more occasions, during any consecutive two (2)-year time frame during the term of this Agreement, regardless of whether or not you subsequently rectify the deficiency;

6. You engage in any dishonest or unethical conduct, which may adversely affect the reputation of the 1-800 WATER DAMAGE Business, or the general goodwill associated with the Marks;

7. You violate any provision regarding confidentiality or non-disclosure contained in Sections 6 and 13 of this Agreement;

8. You cease to continuously and actively operate the Business for five (5) consecutive days, unless caused by an act of God, or other circumstance beyond your control, as determined by us; or the business telephone is disconnected at any time and no new number is immediately reinstalled or reconnected; or your conduct is otherwise determined by us to constitute an abandonment of the Business;

9. You fail to acquire or continuously maintain the required minimum levels of insurance, fail to have us BELFOR USA Group, Inc. and/or BELFOR Franchise Group, LLC named as an additional insured, or fail to provide a current certificate of insurance to us as required in Section 7.D. of this Agreement. However, we will not exercise our right to terminate this Agreement if upon receipt of notice from us, you immediately cease operating the 1-800 WATER DAMAGE Business and obtain such insurance within ten (10) days after written notice is delivered to you prior to resuming operation;

10. You fail to attend the 1-800 WATER DAMAGE Annual Convention as required;

11. Your Managing Owner or, if applicable, your Designated General Manager, fail to attend, or send a representative in their place, to a minimum of one (1) training course or regional meeting per two (2) calendar years, provided that at least two (2) of the above named events have been offered during that time period;

12. You fail to employ and train a Service Technician within four (4) months of signing this Agreement;

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13. Any other franchise agreement or other agreement you or your owner(s) or affiliates have with us, or any franchise agreement you or your owner(s) or affiliates have with 1-800 WATER DAMAGE International, LLC is terminated for any reason;

14. You commit three (3) or more defaults of this Agreement, of any type, in any 12-month period;

15. If you or your principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any such agreement, or any lease for the Office, and fail to cure such breach within any permitted period for cure;

16. If you or your principals materially violate any provision hereof pertaining to Marks or Confidential Information or misuse the Marks or Confidential Information;

17. If you violate any safety or sanitation law, ordinance or regulation or operate the 1-800 WATER DAMAGE Business in a manner that presents a health or safety hazard to customers, or the general public;

18. If you violate the in-term restrictive covenant contained in Section 6 or fail to refer a Preferred Referral to us or BELFOR USA Group, Inc.;

19. If a levy of writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which is not released or bonded against within 30 days;

20. If you or any of your principals become insolvent;

21. You order or purchase supplies, signs, furnishings, fixtures, equipment, vehicle(s) or inventory for the Business from an unapproved supplier;

22. You misuse or make unauthorized use of any 1-800 WATER DAMAGE Software that we may develop for use in connection with the System;

23. You fail to comply with the provisions of Section 15.S;

24. You take for your own personal use any assets or property of the 1-800 WATER DAMAGE Business, including employee taxes, FICA, insurance or benefits; or

25. If there are insufficient funds in your bank account to cover a check or EFT payment to us three (3) or more times within any 12-month period; and

26. You, either through the Business or any other entity, provide Reconstruction Services without securing and maintaining the Reconstruction Standards.

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C. TERMINATION IF NOT CURED WITHIN 15 DAYS.

We have the right to terminate this Agreement if any of the following defaults remains uncured after your receipt of a default notice from us and expiration of a 15-day cure period:

1. You fail to make payment of any amounts due to us, or funds are not available in your account for debiting when they are due, or you do not record in the WATER DAMAGE Software funds paid to you for jobs completed within 48 hours of their receipt, or you default on any loan made to you by us or our preferred lender, if applicable, in connection with your 1-800 WATER DAMAGE Business;

2. You fail to have in your employ for a period of two (2) consecutive months (a) at least one (1) Service Technician, or (b) a Designated General Manager, if you are required to have one.

3. You fail, within 15 days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the 1-800 WATER DAMAGE Business;

4. You fail to comply with any part or condition, warranty, or certification requirement in this Agreement, the 1-800 WATER DAMAGE owners' intranet website, Operations Manual and/or other 1-800 WATER DAMAGE confidential materials;

5. You fail to comply with modifications to System Standards on the 1-800 WATER DAMAGE owners' intranet website, or in the Operations Manual within the required time period, including, but not limited to, the TPA guidelines and requirements;

6. You fail to make payments on the vehicle resulting in repossession and you do not have a vehicle that meets our standards to operate the Business;

7. You fail to receive our prior written approval and use products or materials that do not meet our System Standards and/or do not promptly discontinue use after written notice from us;

8. You fail to timely provide us with any report, statement, or return required by this Agreement;

9. You fail to service all Customers in a manner consistent with our System Standards and reputation and you fail to cure such inconsistency;

10. You advertise or market to a customer or Service Location that is located outside the Territory without our prior written consent;
11. You establish an office location outside of the Territory without our prior written consent;

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12. You fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you;

13. If you fail to maintain the prescribed months, days or hours of operation at the 1-800 WATER DAMAGE Business;

14. If you fail, in our sole discretion, to personally supervise day-to-day operation of the 1-800 WATER DAMAGE Business or fail to employ a sufficient number of qualified, competent personnel as we require from time to time;

15. If you fail to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual;

16. You conduct yourself in a manner that, although not criminal, reflects adversely on the System, the Marks, or the products offered through the System; or

17. You fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your 1-800 WATER DAMAGE Business.

We also have the right to terminate this Agreement after providing notice and a 30 day cure period if you fail to perform or comply with any one or more of the terms or conditions of this Agreement or the Operations Manual not specifically contained in Section 12.A above; including, without limitation, any warranty, or certification of this Agreement, and any System Standard or other provision in the 1-800 WATER DAMAGE owners' intranet website or the Operations Manual.

In addition to our right to terminate this Agreement, and not in lieu of such right, or any other rights we may have against you, upon a failure to cure any default within the applicable time period (if any), we have the right, but not the obligation, to enter upon the 1-800 WATER DAMAGE Business premises and exercise complete authority with respect to the operation of the 1-800 WATER DAMAGE Business until such time as we determine, in our sole discretion that the default has been cured, and you are otherwise in compliance with this Agreement. In the event we exercise the rights described in this Section, you must pay us a reasonable management fee and reimburse us for all reasonable costs and overhead, if any, incurred in connection with our operation of your 1-800 WATER DAMAGE Business including, without limitation, costs of personnel for supervising and staffing the 1-800 WATER DAMAGE Business and their travel and lodging accommodations, plus a 20% service charge. This fee is in addition to the payment of the management fee and all other fees due under this Agreement during the time we exercise our rights under this Agreement. If we undertake to operate the 1-800 WATER DAMAGE Business pursuant to this Section, you agree to indemnify and hold us (and our representative(s) and employees) harmless from and against any fines, claims, suits or proceedings that may arise out of our operation of the 1-800 WATER DAMAGE Business.

Our delay in exercising or failing to exercise any right or remedy under this Agreement or our acceptance of any late or partial payment due hereunder will not constitute a waiver of any of our rights or remedies against you.

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D. LIQUIDATED DAMAGES

If this Agreement is terminated pursuant to this Section 12, then you shall pay to us, within thirty (30) days following the date of such terminated, as liquidated damages, because actual damages incurred by us will be difficult or impossible to ascertain, and not as a penalty, an amount equal to the sum of the Royalty fees owed during the immediately preceding 36 full calendar months (or such shorter period as equals the unexpired Term at the date of termination, without regard to any express right to terminate prior to the expiration of the Term); provided, however, if the 1-800 WATER DAMAGE Business has been open for fewer than 36 months, then the average monthly Royally fees owed since the date the 1-800 WATER DAMAGE Business opened multiplied by 36, plus any applicable taxes assessed on such payment.

13. POST TERMINATION OBLIGATIONS.

A. PAYMENT OF AMOUNTS OWED TO US.

You promise to pay to us, on the effective date of termination or expiration of this Agreement, or at any later date that the amounts due to us are determined:

1. all Royalty fees, Referral Fees, promissory note balance(s), Late Report Fees, Late Payment Fees, NSF Fees, Interest Fees, or any other fees, amounts or interest owed to us or to our affiliates; and

2. upon termination for any default, the actual and consequential damages, costs, and expenses (including reasonable attorneys' and experts' fees) incurred by us as a result of your default.

The obligation to pay said sums will create a lien in favor of us against any and all of the personal property, vehicles, furnishings, equipment, signs, fixtures, and inventory of the 1-800 WATER DAMAGE Business and/or against any moneys we hold or otherwise come to our possession.

Any transferee (or purchaser of all or substantially all of the assets of the 1-800 WATER DAMAGE Business) shall be liable for payment of these items if you do not timely pay them. Provided, however, the foregoing sentence will not release or discharge you from your obligations to pay us pursuant to this Section and/or to indemnify or reimburse the transferee or purchaser pursuant to the applicable purchase or transfer agreement.

B. MARKS.

Upon the termination or expiration of this Agreement, you promise to:

1. strictly comply with, observe, and abide by all of the post-termination provisions of this Agreement, including those as set forth in Sections 5, 6 and 13.D of this Agreement;

2. neither directly nor indirectly represent to the public that any other business you may then own or operate, is or was operated as, or was in any way connected to, the System;

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3. not hold yourself out or advertise in any context that you are a present franchisee or were a former franchisee of ours;

4. immediately refrain from engaging in any business relationship with any contacts with Customers or former Customers or Service Locations of the Business, whether with respect to collection of accounts receivable, providing Services, or for any other purpose whatsoever;

5. assign any and all accounts receivable to us for collection, unless all Royalty fees and other payment obligations to us are paid in full. In connection with this assignment, you appoint us as attorney-in-fact to engage in these collection activities and you specifically refrain from engaging in any of these collection activities. We promise to employ good faith efforts, including where appropriate in our sole and exclusive judgment the commencement of legal proceedings to collect the accounts receivable. We have no duty or obligation to you to accomplish the collection of such accounts receivable. We will remit to you any of these sums collected after first deducting all moneys owed to us and our costs of collection;

6. immediately cease operation under this Agreement and not operate or do business under any name or in any manner which might tend to give the general public the impression that you are operating a 1-800 WATER DAMAGE Business, or any confusingly similar business;

7. take the action required to cancel all DBAs or equivalent registrations relating to your use of any Mark;

8. deliver to us, within seven (7) days, all electronic and hard copies of Customer Information;

9. remove all signage from vehicles and store fronts and deliver to us, within five (5) days, the Operations Manual and all copies thereof, and all proprietary information, confidential material, Required Software (including the WATER DAMAGE Software), signs, sign-faces, marketing and advertising materials, forms, uniform patches, decals (or proof of their removal) and other materials containing any Mark or otherwise identifying or relating to a 1-800 WATER DAMAGE Business, and allow us, without liability to you or third parties, to remove all of these items from your vehicles and place of business;

10. notify the telephone company and all telephone directory publishers and Internet directory listings (including Google, Yahoo! and others) of the termination or expiration of your right to use any listing, telephone, telecopy, or other numbers and any telephone directory listings associated with any Mark, and authorize the transfer of these numbers and directory listings to us or, at our direction, instruct the telephone company to forward all calls made to your telephone number to numbers we specify for a period of 90 days. If you fail to do so, we can take whatever action is necessary, on your behalf and consistent with the telephone and

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other listing agreement attached to this Agreement as Exhibit D, to affect these events;

11. agree to cooperate with us to effectuate any change in telephone numbers or other transfers of our property to us, including the signing of any forms, authorizations or other documents necessary;

12. deliver to us, upon our request, an assignment of any real estate leases for property from which the 1-800 WATER DAMAGE Business was operated; and

13. deliver to us, within 30 days, evidence that is satisfactory to us of your compliance with each of the foregoing obligations.

C. CONFIDENTIAL INFORMATION.

You promise that, upon termination or expiration of this Agreement, you must immediately cease to use any of our Confidential Information (including any computer software that we have provided or made available to you) in any business or otherwise, return to us all copies of the Operations Manual and other confidential materials that we have loaned to you, and you shall not maintain any copies of any such materials, in whole or part.

D. COVENANT NOT TO COMPETE.

For a period of 24 months from the time of expiration or termination of this Agreement, you, your owners, and your immediate family members, and, if applicable, your Designated General Manager, shall not (a) engage as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent or in any other capacity in any company offering Remediation Services, Reconstruction Services, Catastrophic Disaster and/or any other Services, (b) divert or attempt to divert any business or Customer of the 1-800 WATER DAMAGE Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System or engage in any business relationship with any contacts with Customers or former Customers of the 1-800 WATER DAMAGE Business, whether with respect to collection of accounts receivable, or to provide them services, or for any other purpose whatsoever, within:

1. the Territory as defined in this Agreement;

2. the geographic area encompassed by the Territories of any 1-800 WATER DAMAGE franchisees, Company Stores, or any other 1-800 WATER DAMAGE business operator, as of the date of the termination or expiration of this Agreement; or

3. a geographic area that is contained in a circle having a radius of 50 miles outward from the outside boundary of the Territory as defined in this Agreement.

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E. CONTINUING OBLIGATIONS AND OTHER OBLIGATIONS.

All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement, will continue in full force and effect subsequent to and notwithstanding its expiration or termination, until they are satisfied in full or by their nature expire.

If, within five (5) days after termination or expiration of this Agreement, you fail to remove all displays of the Marks, we may enter the 1-800 WATER DAMAGE Business to effect removal. In this event, you agree that you may not file any complaint or action against us for trespass or any other violation or claim, nor shall we be accountable or required to pay for any displays or materials. You agree that this Agreement shall constitute your complete consent to such entry set forth in this Section.

If, within 30 days after termination or expiration, you have not taken all steps necessary to amend or terminate any registration, telephone number, email address, domain name, URL, or filing of any business name or DBA or any other registration or filing containing the Marks or any names and marks which are identified or associated with the Marks and System, you hereby irrevocably appoint us as your true and lawful attorney-in-fact for you, and in your name, place and stead and on your behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable us to protect the Marks and System. We may, at our discretion, choose to have your telephone numbers, domain names and/or URLs forwarded or directed to us.

You shall permit us to make final inspection of your financial records, books, and other accounting records within eighteen (18) months of the effective date of termination, expiration, or transfer.

Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which we may have against you, whether such claims or rights arise before or after termination or expiration, including, without limitation, our rights to receive or collect fees or other amounts payable by you under this Agreement, to enforce the provisions of this Agreement against you, to sue for damages, seek and obtain ex-parte or other injunctive relief, to pursue any other legal or equitable remedy for breach of this Agreement, or otherwise constitute a waiver of any of our other rights upon the occurrence of an event giving rise to our right to terminate. We shall not be obligated following any such termination, expiration or cancellation, to refund any amount previously paid by you under the terms of this Agreement.

You shall, for three (3) years following any termination or expiration of this Agreement, keep us advised of your current business and residence address and telephone numbers, as well as the business address and phone number of your employer and the employer(s) of any of your principal owners.

Upon expiration or termination, you shall allow us, our affiliates and our franchisees to solicit your employees for employment.

You shall not form, adopt or use in connection with, or in the name of, any subsequent business the terms or term “1-800 WATER DAMAGE” or any term confusingly similar to such term or any other term which may have the effect of creating confusion or question regarding his/her affiliation with the System or us.

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14. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. INDEPENDENT CONTRACTORS.

You acknowledge and agree that, under this Agreement; you are and will be an independent contractor of ours. You will not be deemed an employee of ours for any purpose, and no employee of yours will be deemed to be an employee of ours for any purpose, most particularly with respect to any mandated or other insurance coverage, tax, or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. Nothing in this Agreement will be construed so as to create a partnership, joint venture, or agency. You do not have any power to obligate us for any expenses, liabilities, or other obligations, other than as is specifically provided for in this Agreement. We will not have the power to hire or fire your employees and, except as expressly provided in this Agreement, we may not control or have access to your funds or expenditures, or in any other way exercise dominion or control over the Business.

You promise to identify yourself conspicuously in all dealings with customers, suppliers, public officials, the 1-800 WATER DAMAGE Business' employees, and others, and in the manner we prescribe, as the owner of the 1-800 WATER DAMAGE Business under a franchise agreement that we have awarded and to place notices of independent ownership on the forms, business vehicles, stationery, and advertising, and other materials we require you to use.

B. NO LIABILITY FOR ACTS OF OTHER PARTY.

Neither you nor we will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between you and us is other than that of franchisor and franchisee. We do not assume any liability, and will not be deemed liable for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, for any damages to any person or property which directly or indirectly arise from or relate to your operation of the 1-800 WATER DAMAGE Business authorized by this Agreement.

C. INDEMNIFICATION.

You promise to protect, defend, and indemnify us, and all of our past, present, and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys, and designees (the "Indemnified Parties"), and hold Indemnified Parties harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury, or damage to any person, firm, or corporation, or to any property arising out of, or in connection with, your operation of the Business. Your obligation to indemnify us will survive the termination or expiration of your Franchise Agreement.

Under no circumstances will we, or any other Indemnified Party, be required to seek recovery from any insurer or other third party, in order to maintain and recover fully a claim against you. You agree that a failure to pursue recovery against others will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

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D. NO LIABILITY FOR TECHNOLOGY FAILURE.

We are not liable for any direct, incidental, or consequential damages, including but not limited to, lost profits, lost savings or consequential, punitive or incidental damages for any reason whatsoever, including but not limited to any cause arising out of or in any way connected to a technology related problem, such as high speed internet connection, electronic mail, software, website, computer, phone systems and other electronic equipment, or call center.

15. ENFORCEMENT.

A. SEVERABILITY.

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement, the 1-800 WATER DAMAGE owners' intranet website, or the Operations Manual, and any present or future statute, law, ordinance, or regulation, contrary to which the parties have no legal right to contract, the latter will prevail, but if the provisions of this Agreement, or the Operations Manual thus affected, will be curtailed and limited only if necessary to bring them within the requirements of the law. In the event that any part, article, paragraph, sentence, or clause of this Agreement, the 1-800 WATER DAMAGE owners' intranet website, or the Operations Manual, will be held to be indefinite, invalid, or otherwise unenforceable, the indefinite, invalid, or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

If any covenant in this Agreement which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, prohibited business activity, and/or length of time, but would be enforceable by reducing any part or all of the covenant, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of the covenant.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of termination, or refusal to renew, than this Agreement, the prior notice or other action required by such law or rule will be substituted for the notice requirements of this Agreement. Such modification to this Agreement will be effective only in such jurisdiction and this Agreement will otherwise be enforced as originally made and entered into in all other jurisdictions.

B. WAIVER OF OBLIGATIONS.

Either of us may, by written notice, unilaterally waive or reduce any obligation or restriction of the other party under this Agreement. The waiver or reduction may be revoked at any time, for any reason, on ten (10) days' written notice.

C. FEES AND EXPENSES.

If you are in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between you and us and/or our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of this Agreement, and your claim in such action is denied or the action is dismissed, we are entitled to recover our reasonable attorneys'

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fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

D. YOU MAY NOT WITHHOLD PAYMENT TO US/RIGHT TO OFFSET.

You promise to not withhold payment of any amount due to us on the grounds of our alleged nonperformance or for any other reason. In the event that you are delinquent on any fees or payments to us, we have the right to offset against any payment obligations or sums we may owe to you to satisfy your delinquent payments in full.

E. RIGHTS OF PARTIES ARE CUMULATIVE.

Your and our rights are cumulative and no exercise or enforcement by either of us of any right or remedy in this Agreement will preclude the exercise or enforcement by that party of any other right or remedy to which it is entitled by law.

F. DISPUTE RESOLUTION PROCEDURES.

1. Internal Dispute Resolution. You must first bring any claim or dispute you have with us and our shareholders, officers, directors, agents and employees to our President, after providing notice as set forth in Section 15.F.4 below. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

2. Mediation. At our option, all claims or disputes between us, our shareholders, officers, directors, agents and employees and you, arising out of, or in any way relating to, this Agreement or any other agreement by and between you and us or our affiliates, or any of the parties' respective rights and obligations arising from such agreement, or the operation of the 1-800 WATER DAMAGE Business which are not first resolved through the internal dispute resolution procedure set forth in Section 15.F.1 above, must be submitted first to non-binding mediation in Ann Arbor, Michigan under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against us or our shareholders, officers, directors, agents and employees with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of 30 days following receipt of such notice within which to notify you as to whether we or our affiliates elects to exercise our option to submit such claim or dispute to mediation. You may not commence any action against us, our shareholders, officers, directors, agents and employees or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise our option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated as the result of a written declaration of either: (i) the mediator(s) that further mediation efforts are not worthwhile; or (ii) us. We may specifically enforce our rights to mediation. Each party shall bear its own cost of mediation and you and we shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

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a. We shall not be required to first attempt to mediate a controversy, dispute, or claim as set forth in this Section 15.F.2 if such controversy, dispute, or claim concerns an allegation that you have violated (or threaten to violate, or pose an imminent risk of violating):

i. Any federally protected intellectual property rights in the Marks, the System, trade secrets, or Confidential Information;

ii. Any claims pertaining to or arising out of any warranty issue;

iii. Any of the restrictive covenants contained in this Agreement; or

iv. Any claims arising out of or related to fraud or misrepresentation by you or your insolvency.

3. Selection of Venue. Nothing contained in this Agreement shall prevent us from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interests. The parties expressly agree to the exclusive jurisdiction and venue of any court of general jurisdiction in Washtenaw County, Michigan or the United States District Court for the Eastern District of Michigan. You acknowledge that this Agreement has been entered into in the State of Michigan, and that you are to receive valuable and continuing services emanating from our headquarters in Ann Arbor, Michigan, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of the State of Michigan as set forth above and waive any objection you may have to either the jurisdiction or venue in such court. In the event that you file an action in any forum or jurisdiction in violation of this Section 15.F.3, you shall pay our costs and fees, including our reasonable attorneys' fees, in connection with any efforts to order the dispute to the proper forum or jurisdiction.

4. Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, you must notify us within 30 days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

5. Third Party Beneficiaries. Our officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 15.F, each having authority to specifically enforce the right to mediate/litigate claims asserted against such person(s) by you.

G. INJUNCTIVE RELIEF.

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Nothing in this Agreement shall prevent us from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incur as a result of the wrongful issuance.

H. CHOICE OF LAW.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of Michigan, and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Michigan, which laws shall prevail in the event of any conflict of law.

I. WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTIONS.

You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, that your recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM US OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE 1-800 WATER DAMAGE BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN YOU, YOUR OWNERS AND US OR OUR AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN US AND ANY OTHER THIRD PARTY.

J. BINDING EFFECT.

This Agreement is binding upon us and you and will inure to the benefit of the parties identified in the Agreement and their respective executors, administrators, heirs, assigns, and successors in interest and may not be modified, except by a written agreement signed by you and us.

K. LIMITATIONS OF CLAIMS.

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Except for claims arising from your non-payment or underpayment of amounts you owe us under this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial proceeding is commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim. You hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by us, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

L. CONSTRUCTION AND INTEGRATION.

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations or inducements, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our 1-800 WATER DAMAGE Business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

You agree that no modifications of this Agreement (except those specifically authorized herein) shall be effective except those in writing and signed by both parties. You acknowledge that you have not received any express or implied representations or warranties regarding the sales, earnings, income, profits, gross revenues, business or financial success, value of the franchise, provided by us or our representatives or any other matters pertaining to the franchise from us or any of our officers, employees or agents that were not contained in this Agreement or the Franchise Disclosure Document received by you (hereinafter "Representations"). You further acknowledge that if you had received any such Representations, you would not have executed this Agreement, and you would have: (a) promptly notified us in writing of the person or persons making such Representations; and (b) provided to us a specific written statement detailing the Representations made. You acknowledge that we justifiably have relied on your representations made before the execution of this Agreement. Nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right, in our sole discretion, to refuse any request you make or to withhold our approval of any of your proposed initiated or effected actions that require our approval.

The headings of the sections and paragraphs in this Agreement are for convenience only and do not define, limit, or construe the contents of such sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, will be deemed to include any of our affiliates with whom you deal. The term "affiliate," as used in this Agreement with respect to you or us,

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means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. For purposes of this definition, "control" means the power to direct or cause the direction of management and policies.

If two (2) or more persons are the franchisee under this Agreement, their obligation and liability to us will be joint and several.

This Agreement may be signed in multiple copies, each of which will be deemed an original.

M. COMPLIANCE WITH OTHER LAWS.

You must comply with all national, state, and local laws and regulations that apply. You are solely responsible for investigating and complying with these laws.

N. WAIVERS.

We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; (b) we do not insist on your strict compliance with the terms of this Agreement; (c) there develops a custom or practice which is at variance with the terms of this Agreement; or (d) we do not demand payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

O. EFFECTIVE DATE AND LOCATION OF AGREEMENT.

This Agreement shall not be effective until accepted by us as evidenced by dating and signing by an officer of us and the place of execution of this Agreement shall be the State of Michigan.

P. DAYS.

Unless otherwise specifically stated in this Agreement, the term "days" shall refer to calendar days.

Q. ADDITIONAL DOCUMENTATION.

You must from time to time, subsequent to the date first set forth above, at our request and without further consideration, execute and deliver such other documentation or agreement and take such other action as we reasonably may require in order to effectuate the transactions contemplated herein. In the event that you fail to comply with the provisions of this Section, you hereby appoint us as your attorney-in-fact to execute any and all documents on your behalf that are reasonably necessary to effectuate the transactions contemplated herein.

R. FORCE MAJEURE.

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Neither you nor us or our affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if that party's failure to perform its obligations is not the fault nor within the reasonable control of that person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as we deem reasonable.

S. ANTI-TERRORIST ACTIVITIES.

You certify that neither you, nor your owners, principals, employees or anyone associated with you are listed in the Annex to Executive Order 13224 (the "Annex"). You agree not to hire or have any dealings with a person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, your owners, principals, employees, or anyone associated with you being listed in the Annex. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, you certify, represent, and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you and your owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities as provided in Section 14.C of this Agreement pertain to your obligations under this Section. Any misrepresentation by you under this Section or any violation of the Anti-Terrorism Laws by you, your owners, principals or employees will constitute grounds for immediate termination, upon notice, of this Agreement and any other agreement you have entered into with us or one (1) of our affiliates in accordance with the terms of Section 12 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

T. OUT OF STOCK AND DISCONTINUED.

We are not liable to you for any loss or damage, or deemed to be in breach of this Agreement, if we cannot deliver, or cause to be delivered, or if our designated sources or approved suppliers cannot deliver, all of your orders for ancillary goods, merchandise, equipment, supplies, etc., where such things are out-of-stock or discontinued.

U. PERSONAL GUARANTY.

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Owner will ensure that each Owner (if Franchisee is an entity) and each Owner's spouse will sign and comply with the Guaranty and Assumption of Franchisee's Obligations attached as Exhibit F hereto, or as we, in our sole discretion, otherwise prescribes. Owner(s) must provide us with a copy of each executed agreement.

16. NOTICES AND PAYMENTS.

Any notice, report, payment, or other communication that is required to be delivered by the provisions of this Agreement, will be in writing and will be deemed to be delivered:

1. at the time of hand delivery;

2. at the time delivered via computer transmission (electronically verified and absent a notice of non-delivery) and, in the case of Royalty and other due fees, at the time we actually debit your account;

3. one (1) business day after transmission by telecopy, facsimile, or other electronic system;

4. one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or

5. five (5) business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.

All communications are to be addressed to the party to be notified at its most current principal business address. Both you and we agree to immediately notify the other of any change in address. Any required payment or report that we do not actually receive during regular business hours on the date due will be deemed delinquent.

17. YOUR AFFIRMATIONS.

In awarding this 1-800 WATER DAMAGE Business, we are relying upon your statements, as affirmed by your initials to the left of each statement, that:

___ ___The Managing Owner or, if applicable, the Designated General Manager, shall devote his/her full-time best efforts to the development and management of your Business. At least one (1) Managing Owner or Designated General Manager will operate the 1-800 WATER DAMAGE Business on a full-time basis.

___ ___We have not made any representation as to the past or future sales, volume or potential profitability, earnings or income of the 1-800 WATER DAMAGE Business, or any other 1-800 WATER DAMAGE Business, other than the information provided in our franchise disclosure document.

___ ___You have had the opportunity, and have been encouraged by us, to independently investigate and analyze both the 1-800 WATER DAMAGE franchise opportunity and the terms and provisions of this Agreement by contacting any and all of our franchise owners and by utilizing the services of attorneys, accountants, or other advisors as you deem to be necessary.

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___ ___Like any other business, the nature of the business conducted by 1-800 WATER DAMAGE Businesses may, and probably will, evolve over time.

___ ___Your abilities and efforts are vital to the success of the 1-800 WATER DAMAGE Business.

___ ___Continually securing new Customers is necessary to the 1-800 WATER DAMAGE Business and requires you to make consistent and repeated marketing and advertising efforts through a variety of mediums.

___ ___We have certain rights reserved to us to own and operate 1-800 WATER DAMAGE Businesses, to franchise or franchise others to operate 1-800 WATER DAMAGE Businesses, and to otherwise use the System, Marks, know-how, techniques, and procedures, including (without limitation) those expressly set forth in of this Agreement.

___ ___We may sell our assets, Marks, or the System, outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations; may undertake a re-financing, re-capitalization, leverage buyout or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, you expressly and agree to provide reasonable closing certificates and other documentation as reasonably requested by us to conclude the transaction, and specifically waive any claims, demands, or damages arising from or related to the loss of said Marks (or any variations of them) and/or the loss of association with or identification of 1-800 WATER DAMAGE International, LLC, as the franchisor of this Agreement.

___ ___The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on you, since you have other considerable skills, experience, and education which will afford you the opportunity to derive income from other endeavors.

___ ___All information that you have set forth in any and all applications, financial statements, and submissions to us is true, complete, and accurate in all respects, and you expressly acknowledge that we are relying upon the truthfulness, completeness, and accuracy of this information.

18. REPRESENTATIONS.

NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT OUR AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF THAT HAVE LED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE. YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE.

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THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR YOUR PAYMENT OF ANY MONIES TO US, REFUNDABLE OR OTHERWISE.

YOU ACKNOWLEDGE THAT WE HAVE RECOMMENDED, AND THAT YOU HAVE HAD THE OPPORTUNITY TO OBTAIN, REVIEW THIS AGREEMENT AND OUR FRANCHISE DISCLOSURE DOCUMENT BY YOUR LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF YOU ARE A PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY WARRANTS TO US, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, OR MANAGER/MEMBER THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION, OR ALL OF THE MANAGERS/MEMBERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY.

IN WITNESS WHEREOF, the parties hereto have signed and delivered this Agreement on the date stated on the first page hereof.

FRANCHISOR: **FRANCHISEE:**

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By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

OWNERS

_____

_____

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EXHIBIT A
TO THE FRANCHISE AGREEMENT

The "Managing Owner" referred to in Section 1.C of the Franchise Agreement will be the following person:

_____«Managing Owner»_____

The "Designated General Manager" referred to in Section 1.C of the Franchise Agreement will be the following person (if there is no Designated General Manager, please write "none"):

_____«General Manager»_____

FRANCHISOR:	**FRANCHISEE:**
By: _____	
Name: _____	
Title: _____	By: _____
Date: _____	Name: _____
	Title: _____
	Date: _____

EXHIBIT B
TO THE FRANCHISE AGREEMENT

INITIAL PACKAGE

Item:
Branded Print and Marketing Material
Promotional Items
Small Tools Package
Equipment Package
Safety Package
Consumables
Logo wear
Convention Allowance

A full listing of the equipment included in the packages will be provided in your Operations Manual.

EXHIBIT C
TO THE FRANCHISE AGREEMENT

FRANCHISE MANAGEMENT SOFTWARE LICENSE AGREEMENT

Franchisor grants a renewable license ("License") to Licensee, upon the terms included in this Agreement and subject to all the terms of a Franchise Agreement between 1-800 WATER DAMAGE and Licensee signed concurrently with this Agreement.

Licensee shall, during the term of this Agreement and upon the start of their 1-800 WATER DAMAGE franchised business, pay 1-800 WATER DAMAGE a monthly usage/support/upgrade fee. The amount of this fee may change periodically at the discretion of 1-800 WATER DAMAGE. Failure to make any payment shall result in the immediate termination of this License.

TERMS AND CONDITIONS

1. **License Grant:** 1-800 WATER DAMAGE grants to Licensee a renewable License to use the 1-800 WATER DAMAGE Franchise Management Software System ("Product" or "WATER DAMAGE Software"), and all subsequent upgrades, on Licensee's computer. This License does not extend to other parties, even if they use the same computer. 1-800 WATER DAMAGE reserves the right to issue new modules, which may be separately licensed.

2. **Title:** Title to the Product shall remain with 1-800 WATER DAMAGE.

3. **Term:** This License is a quarterly license. It shall automatically renew each quarter and shall remain in effect throughout the term of the Franchise Agreement between 1-800 WATER DAMAGE and Licensee.

4. **Copies and Listings:** The Licensee shall not copy or reverse-engineer the Product in whole or in part, nor shall it permit other parties to do so.

5. **Protection of Product:** Licensee agrees not to make available to any party the Product or any of its parts. Licensee agrees to take appropriate action with its employees and any other parties to obtain assurances of non-disclosure consistent with this Agreement.

   Licensee recognizes that the Product is 1-800 WATER DAMAGE copyrighted property, represents a large investment of human and financial resources by 1-800 WATER DAMAGE, is a trade secret of 1-800 WATER DAMAGE, and is confidential information. Licensee agrees to keep the Product, and all related materials, confidential. Licensee will use its best efforts, including any reasonable security precautions as 1-800 WATER DAMAGE may request, to insure that the proprietary rights of 1-800 WATER DAMAGE are preserved to the fullest extent possible under the law. In addition to the right to terminate this Agreement, 1-800 WATER DAMAGE shall be entitled to seek appropriate injunctive relief in the event of any violation of the confidentiality of its copyrighted materials, and to bring an action at law where appropriate.

6. **Assignment and Sub-Licensing:** This License shall not be assigned or sub-licensed by Licensee, except with the prior, specific written consent of 1-800 WATER DAMAGE.

7. **Warranty:** 1-800 WATER DAMAGE warrants that the Product, when delivered to Licensee, shall be free from material defects and shall conform to the program documentation. Licensee acknowledges that the Product is of a complexity that it may have certain defects when delivered. Licensee agrees that the sole liability of 1-800 WATER DAMAGE shall be to correct program errors in the Product, and not to correct problems due to the hardware upon which the Product is operated, interaction with other non-standard software, or incorrect handling or employment of the Product by Licensee. All warranties extend only to the Licensee.

THE ABOVE WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, STATUTORY OR OTHERWISE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8. **Limitation of Liability; Limitation of Actions:** 1-800 WATER DAMAGE SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO LOST PROFITS FROM ANY CAUSE ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE PRODUCT, NOR FOR ANY CLAIM OR DEMAND BY OR AGAINST LICENSEE. No action arising out of the transactions under this Agreement may be brought by either party more than one (1) year after the cause of action has occurred. Additionally, any cause of action for improper use, transfer, sub-licensing, or disclosure of the Product or materials may be brought within one (1) year of the date when 1-800 WATER DAMAGE shall have actual knowledge thereof. In the event 1-800 WATER DAMAGE must institute suit to enforce the terms and conditions of this Agreement, Licensee shall pay reasonable attorneys' fees and costs incurred by 1-800 WATER DAMAGE.

9. **Termination by 1-800 WATER DAMAGE:** The parties agree that any of the following events shall be considered to be a default under the terms of this Agreement, shall entitle 1-800 WATER DAMAGE to terminate this Agreement, and shall authorize 1-800 WATER DAMAGE to immediately terminate Licensee's access to the Product:

   a. Failure to maintain the Franchise Agreement between 1-800 WATER DAMAGE and Licensee in good standing;

   b. Failure to make payments of any kind to 1-800 WATER DAMAGE in full or on time;

   c. Failure to comply with any covenants or agreements herein;

   d. Licensee's disposing of, licensing, or transferring the Product, other than strictly in accordance with the terms of this Agreement.

   e. Upon termination of this Agreement, Licensee shall immediately deliver to 1-800 WATER DAMAGE all Products, and copies of Products, and related materials in its possession, and shall not maintain any copies of any of these materials, in whole or part, for itself.

10. **Miscellaneous:** In the event that any part of this Agreement shall be found to be unenforceable, these findings shall not invalidate the other parts of this Agreement. This Agreement expresses the entire understanding of the parties with respect to the subject matter herein, all promises, undertakings, representations, agreements and arrangements with reference to the subject matter of this Agreement. This Agreement shall be construed

in accordance with the laws of the State of Michigan and shall be deemed to have been made in the State of Michigan. This Agreement may not be modified, except by a written agreement signed by 1-800 WATER DAMAGE and Licensee.

FRANCHISOR:	**LICENSEE:**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date:_____	Date: _____

EXHIBIT D
TO THE FRANCHISE AGREEMENT

TELEPHONE AND OTHER LISTING AGREEMENT

In accordance with the terms of the Franchise Agreement between FRANCHISOR and FRANCHISEE signed concurrently with this Agreement, under which FRANCHISOR granted FRANCHISEE the right to own and operate a franchised business (the "Franchised Business"), FRANCHISEE, for value received, hereby agrees with FRANCHISOR that all of FRANCHISEE'S right, title, and interest in and to those certain telephone numbers and regular, classified, or other telephone directory listings, domain names, internet directory listings or rights and/or URLs (collectively, the "Telephone Numbers and Listings") associated with FRANCHISOR'S trade and service marks and used periodically in connection with the operation of the Franchised Business, shall be promptly transferred to the FRANCHISOR, upon termination or expiration of the Franchise Agreement.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), it is agreed and acknowledged that as between FRANCHISOR and FRANCHISEE, title or interest in the Telephone Numbers and Listings, directly or indirectly, will be assigned to the FRANCHISOR. Further, the FRANCHISEE will not seek to utilize, directly or indirectly, call forwarding messages of any nature, or otherwise seek to take advantage of the goodwill and/or marketing advantage associated with the Telephone Numbers and Listings. It is further agreed and understood, FRANCHISEE will remain liable to the telephone company or other vendor for all past due fees owing to the telephone company or other vendor on or before the effective date of the cancellation hereunder.

FRANCHISEE appoints FRANCHISOR as FRANCHISEE'S true and lawful attorney-in-fact to direct the Telephone Company or other vendor to assign the Telephone Number and Listings and sign any necessary documents and take any actions as may be necessary to effectuate the assumption.

The parties further agree that if the telephone company or other vendor requires that the parties sign any change forms or other documentation at the time of transfer, FRANCHISOR'S execution of the forms or documentation will effectuate FRANCHISEE'S consent and agreement to the change. The parties finally agree they will perform these acts and sign and deliver the documents as may be necessary to assist in or accomplish the transfer described herein, upon termination or expiration of the Franchise Agreement.

FRANCHISOR:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT E
TO THE FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION

AUTOMATIC DEBIT OF AMOUNT DUE TO FRANCHISOR

1-800 WATER DAMAGE International, LLC ("1-800 WATER DAMAGE") is hereby authorized to charge the below account, owned by _____ ("Franchisee") by way of Automated Clearing House ("ACH") debit for the amount due 1-800 WATER DAMAGE by Franchisee pursuant to the terms of the Franchise Agreement signed by and between 1-800 WATER DAMAGE and Franchisee, for the month preceding the debit (the "Due Date"). As the amount due 1-800 WATER DAMAGE may vary on each Due Date, 1-800 WATER DAMAGE is authorized to transfer amounts from Franchisee's Account, which amounts are subject to change, without prior notice to Franchisee.

Franchisee may terminate this authorization by giving notice not less than three (3) days' notice to 1-800 WATER DAMAGE International, LLC in writing to 1-800 WATER DAMAGE International, LLC, Attn: Controller, at 731 Fairfield Court, Ann Arbor, MI 48108.

Both 1-800 WATER DAMAGE and Franchisee agree to be bound by the operating rules of the National Automated Clearing House Association ("NACHA").

Franchisee Bank Information

Bank Name	
Bank Address	
Account Name	
ABA Routing Number	
Account Number	

FRANCHISEE
[Insert entity name]
By:_____ Date:_____
[insert name of signatory]

EXHIBIT F

TO THE 1-800 WATER DAMAGE INTERNATIONAL, LLC FRANCHISE AGREEMENT PERSONAL GUARANTY AND GUARANTY OF SPOUSES

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I
PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") Franchisor that you are all of the shareholders of, or all of the general partners of, or all of the members and managers of, or the spouse of any such shareholder, general partner, or member or manager of Franchisee, as the case may be. In consideration of the grant by Franchisor to the Franchisee as herein provided, each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Franchise Agreement.

ARTICLE II
CONFIDENTIALITY

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, operating procedures, customer lists, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Operations Manual, trade secrets, the Proprietary Recipes, copyrighted materials, and other methods, techniques and know-how concerning the operation of

the Business which may be communicated to you or of which you may be apprised by virtue of your relationship with Franchisee and role as a Guarantor of the Franchise Agreement.

ARTICLE III
NON-COMPETITION

1) **During the Term of the Franchise Agreement.** During the term of this Franchise Agreement, you shall not:

    a. Engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other business offering Remediation Services, Reconstruction Services, Catastrophic Disaster and/or any other Services (as defined in the Franchise Agreement) that are the same as or similar to the services sold by the 1-800 WATER DAMAGE Business (except for other franchises or authorizations we enter into with you;

    b. Use our Confidential Information, System, 1-800 WATER DAMAGE' owners' intranet website, Operations Manual, Marks, Customer lists, Customer Information, trade secrets, trade dress, proprietary knowledge, or know-how, or any colorable imitations, in the design, development, or operation of any business other than the 1-800 WATER DAMAGE Business franchised hereunder, unless specifically authorized by us; or

    c. Divert or attempt to divert any business or customer of the 1-800 WATER DAMAGE Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated the Marks or the System.

2) **After the Term of the Franchise Agreement.** For a period of 18 months from the time of expiration or termination of this Agreement, you and your owners and, if applicable, your Designated General Manager, shall not: (a) engage as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent or in any other capacity in any Remediation Services, Reconstruction Services, Catastrophic Disaster and/or any other Services, as defined in the Franchise Agreement or (b) divert or attempt to divert any business or Customer of the 1-800 WATER DAMAGE Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System or engage in any business relationship with any contacts with Customers or former Customers of the 1-800 WATER DAMAGE Business, whether respect to collection of accounts receivable, or to provide them services, or for any other purpose whatever, within:

a. The Territory defined in the Franchise Agreement;

b. The geographic area encompassed by the Territories of any 1-800 WATER DAMAGE franchisees, Company Stores, or any other 1-800 WATER DAMAGE business operator, as of the date of the termination or expiration of the Franchise Agreement; or

c. A geographic area that is contained in a circle having a radius of 50 miles outward from the outside boundary of the Territory as defined in the Franchise Agreement.

3) **Intent and Enforcement**. It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III will be tolled during any default under this Personal Guaranty.

ARTICLE IV
DISPUTE RESOLUTION

1) **Acknowledgment**. You acknowledge that this Personal Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its system.

2) **Governing Law.** This Personal Guaranty will be deemed to have been made in and governed by the laws of the State of Michigan (without reference to its conflict of laws principals).

3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first will survive the termination or expiration of this Agreement.

4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Personal Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements must be submitted first to non-binding mediation, in Ann Arbor, Michigan under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any

such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and the parties will share the cost of mediator. This agreement to mediate at our option will survive the termination or expiration of the Franchise Agreement.

a) The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section IV if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(1) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

(2) Any claims arising out of or pertaining to any warranty issued; or

(3) Any of the restrictive covenants contained in this agreement.

5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Personal Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

6) **Injunctive Relief.** Nothing contained in this Personal Guaranty will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

7) **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in Washtenaw County, Michigan and the jurisdiction and venue of the United States District Court presiding over Ann Arbor, Michigan.

8) **Jury Trial Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY

OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.

9) **Waiver of Punitive Damages.** You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) that you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery will be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

10) **Limitation on Action.** You agree that no cause of action arising out of or under this Personal Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense or set-off.

11) **Attorneys' Fees.** If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Personal Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

12) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Franchise Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Personal Guaranty will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

13) **Severability.** The parties agree that if any provisions of this Personal Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Personal Guaranty will be construed according to fair meaning and not strictly construed against either party. The provisions of this Personal Guaranty are severable, and this Personal Guaranty will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Personal Guaranty will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to

agree upon such provisions, Franchisor reserves the right to terminate this Personal Guaranty.

14) **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Personal Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Personal Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Personal Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

15) **Successors**. References to "Franchisor" or "the undersigned," or "you" include the respective parties' successors, assigns or transferees.

16) **No Personal Liability**. You agree that fulfillment of any and all of Franchisor's obligations written in this Personal Guaranty or in the Franchise Agreement or based on any oral communications that may be ruled to be binding in a court of law will be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company will be personally liable to Franchisee or you for any reason.

PERSONAL GUARANTOR(S)	**SPOUSE(S)**
_____	_____
Name:	**Name:**
Address:	**Address:**
Phone Number:	**Phone Number:**
Email:	**Email:**
_____	_____
Name:	**Name:**
Address:	**Address:**
Phone Number:	**Phone Number:**
Email:	**Email:**

EXHIBIT G
TO THE FRANCHISE AGREEMENT

STATE ADDENDA TO THE FRANCHISE AGREEMENT

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN CALIFORNIA

This is an addendum to the Agreement between Franchisee and Franchisor.

Notwithstanding anything to the contrary in the Franchise Agreement, if there is a conflict between the terms of this Addendum and the terms of your Franchise Agreement, the terms of this Addendum shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledges by each of the parties signing below, it is hereby agreed and understood that the following will supersede and replace Section 13.D. of the Franchise Agreement:

13.D. COVENANT NOT TO COMPETE.

You acknowledge and reaffirm that the 1-800 WATER DAMAGE customer list developed under your Franchise Agreement, is the sole and exclusive proprietary information of 1-800 WATER DAMAGE INTERNATIONAL, LLC, and you have no ownership right(s) or any other interest in this customer list except as a 1-800 WATER DAMAGE Franchisee. In the event of any future termination and/or expiration of your franchise agreement with 1-800 WATER DAMAGE INTERNATIONAL, LLC, you will not retain, in any form, a copy of this customer list. You further agree not to market to, service or otherwise deal with any customers on the list for residential or commercial remediation services for a period of 24 months after the termination and/or expiration of your Franchise Agreement.

It is also agreed and understood that if you sell any one (1) or more of your 1-800 WATER DAMAGE franchise businesses, as a condition precedent to our approving your purchaser as a new 1-800 WATER DAMAGE Franchisee, you will agree with your purchaser and with us not to compete for 24 months after the sale closing, in the remediation services, cleaning and restoration business within a geographic area extending out from the purchased 1-800 WATER DAMAGE Territory boundaries, in every direction, for 50 miles. Provided, however, these non-competition provisions do not create or imply any additional restrictions upon your ownership of other 1-800 WATER DAMAGE franchise business(es) in and around this geographic area.

Franchisor certifies that it has complied with all requirements of California Corporations Code Section 31109.1

The terms of this Addendum shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations. In all other respects, the terms and conditions contained in your original Franchise Agreement, and any

previous addendums to your Franchise Agreement, remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing, and any future promises, commitments or assurances must be in writing and signed by both of us, to be enforceable.

FRANCHISOR	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN HAWAII

This is an addendum to the Agreement between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, if there is a conflict between the terms of this Addendum and the terms of your Franchise Agreement, the terms of this Addendum shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledges by each of the parties signing below, it is hereby agreed and understood that the following will be added to section 2.A. and 2.B. of the Franchise Agreement:

1. **FEES AND OTHER MONETARY REQUIREMENTS.**

Based upon our financial statements, the payment of the Initial Fee and Initial Package Fee under the Franchise Agreement to 1-800 WATER DAMAGE INTERNATIONAL, LLC is deferred until 1-800 WATER DAMAGE INTERNATIONAL, LLC completes all of its pre-opening obligations to Franchisee. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.

2. The following is added to the page of Franchisor's FDD entitled "**Special Risks to Consider About *This* Franchise":**

Negative Equity. According to Franchisor's most recent audited financial statements, Franchisor has negative equity, meaning its liabilities outweigh its assets.

The terms of this Addendum shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

In all other respects, the terms and conditions contained in your original Franchise Agreement, and any previous addenda to your Franchise Agreement, remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing, and any future promises, commitments or assurances must be in writing and signed by both of us, to be enforceable.

SIGNATURES APPEAR ON THE FOLLOWING PAGE

FRANCHISOR	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN ILLINOIS

This is a Rider to the Agreement, which is being executed concurrently with this Rider, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, (Ill. Comp. Stat. δδ 705/1 to 705/44), the parties to the 1-800 WATER DAMAGE INTERNATIONAL, LLC Franchise Agreement (the "Agreement") agree as follows:

1. **Background**

   We and you are parties to that certain Agreement dated _____, 20___ that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for franchise you will operate under the Agreement was made in the State of Illinois and you will operate the Franchise in the State of Illinois and/or (b) you are a resident of the State of Illinois.

2. **Dispute Resolution Procedures**

   Section 15.F. entitled "Dispute Resolution Procedures" is superseded and replaced by the following:

   Subject to Section 15.F., Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

3. **Choice of Law**

   Section 15.H. entitled "Choice of Law" is superseded and replaced by the following:

   Except to the extent governed the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 ET SEQ.) or Federal Law, and except for claims arising under the Illinois Franchise Disclosure Act, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of the State of Illinois.

4. **Limitation of Claims**

   The following is added to the beginning of Section 15.K. of the Agreement, entitled "Limitations of Claims

   "Except for claims arising under the Illinois Franchise Disclosure Act, and…"

5. **Illinois Franchise Disclosure Act**

   The following language is added to Section 15.M. of the Agreement:

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

6. Agreements/Releases.

Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Rider.

7. Surety Bond.

A Surety Bond has been obtained by Franchisor to assure its financial capability; the bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney general due to Franchisor's financial condition.

FRANCHISOR

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

By: _____

Name: _____

Title: _____

Date: _____

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN MARYLAND

The parties to this Rider are the Franchisor and FRANCHISEE. The parties to the attached Franchise Agreement (the "Agreement") agree as follows:

1. Background:

We and you are parties to that certain Agreement dated _____, 20__ that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for the 1-800 WATER DAMAGE franchise you will operate under the Agreement was made in the State of Maryland and you will operate the Franchise in the State of Maryland and/or (b) you are a resident of the State of Maryland.

2. Our Obligations:

The following is added at the end of Section 2.A. and 2.B. of the Agreement:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have secured a surety bond in the amount of $208,000.00 from the Hartford Fire Insurance Company. A copy of the bond is on file at Maryland's state authority in the Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. Also, a copy is attached in Exhibit 1 to this Addendum.

3. Expiration of this Agreement:

Pursuant to COMAR 02.02.08.16L, the following is added at the end of Sections 10.B.8, 11.C., and 12.A. of the Agreement:

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

4. Enforcement:

The following is added at the end of Section 15.F. and 15.K. of the Agreement:

Any limitation of claims provisions shall not act to reduce the three (3) year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Dispute Resolution Procedures:

Pursuant to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, the following is added at the end of Sections 15.F. and 15.H. of the Agreement:

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

6. Acknowledgment:

Pursuant to Section 14-226 of the Maryland Franchise Registration and Disclosure Law The following is added at the end of Section 17 of the Agreement and to the Disclosure Acknowledgement Statement:

The representations, acknowledgements and affirmations in the preceding section 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 Act.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

FRANCHISOR	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT 1 TO THE ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN MARYLAND

PERLMAN INSURANCE AGENCY

P.O. Box 250696
West Bloomfield, MI 48325-0696

Phone: (248) 737-3900
Fax: (248) 737-8266

May 4, 2022

Stephanie Stevens-Barbatano
Belfor Franchise Group
731 Fairfield Court
Ann Arbor, MI 48108

Re: 1 800 Water Damage International, LLC
State of Maryland
Bond #35BSBHN2300

Dear Stephanie,

Pursuant to the request of Amanda Dempsey, enclosed herein you will find the Continuation Certificate for the above-mentioned bond for the period of June 6, 2022-June 6, 2023. Please forward the original Continuation Certificate on to the appropriate party for filing with the State of Maryland.

I have enclosed a copy of the Continuation Certificate for your file.

If you have any questions please feel free to contact our office.

Sincerely,

Carrie A. Perlman

/cap

Enclosures

cc: Scott Weldy, Belfor USA Group, Inc. – Birmingham, MI

Continuation Certificate **The Hartford Insurance Group**

The Hartford Fire Insurance Company (hereinafter called the Company)

hereby continues in force its Bond No. 35BSBHN2300

in the sum of Two hundred eight thousand and 00/100 ($208,000.00)

Dollars,

on behalf of 1 800 Water Damage International, LLC

in favor of State of Maryland

for the (extended) term beginning on 6-6-2022 and ending on 6-6-2023

subject to all the covenants and conditions of said Bond, said bond and this and all continuations thereof being one continuous contract.

This Continuation is executed upon the express condition that the Company's liability under said Bond and this and all continuations thereof shall not be cumulative and shall in no event exceed the sum of

Two hundred eight thousand and 00/100 ($208,000.00)

Dollars,

IN WITNESS THEREOF, the Company has caused this instrument to be signed by its officers proper for the purpose and its corporate seal to be hereto affixed on May 4, 2022

By: _____

Peter A. Perlman

Attorney-in-Fact

Attest:

_____

Carrie A. Perlman

POWER OF ATTORNEY

Direct Inquiries/Claims to:
THE HARTFORD
BOND, T-12
One Hartford Plaza
Hartford, Connecticut 06155
Bond.Claims@thehartford.com
call: **888-266-3488** *or fax:* **860-757-5835**

KNOW ALL PERSONS BY THESE PRESENTS THAT:

Agency Name: PERLMAN INSURANCE AGENCY
Agency Code: 35-356141

- [X] **Hartford Fire Insurance Company**, a corporation duly organized under the laws of the State of Connecticut
- [X] **Hartford Casualty Insurance Company**, a corporation duly organized under the laws of the State of Indiana
- [X] **Hartford Accident and Indemnity Company**, a corporation duly organized under the laws of the State of Connecticut
- [ ] **Hartford Underwriters Insurance Company**, a corporation duly organized under the laws of the State of Connecticut
- [ ] **Twin City Fire Insurance Company**, a corporation duly organized under the laws of the State of Indiana
- [ ] **Hartford Insurance Company of Illinois**, a corporation duly organized under the laws of the State of Illinois
- [ ] **Hartford Insurance Company of the Midwest**, a corporation duly organized under the laws of the State of Indiana
- [ ] **Hartford Insurance Company of the Southeast**, a corporation duly organized under the laws of the State of Florida

having their home office in Hartford, Connecticut, (hereinafter collectively referred to as the "Companies") do hereby make, constitute and appoint, ***up to the amount of*** Unlimited :
Peter A. Perlman, Carrie A. Perlman of WEST BLOOMFIELD, Michigan

their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety(ies) only as delineated above by ☒, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof, on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, and as authorized by a Resolution of the Board of Directors of the Companies on May 6, 2015 the Companies have caused these presents to be signed by its Senior Vice President and its corporate seals to be hereto affixed, duly attested by its Assistant Secretary. Further, pursuant to Resolution of the Board of Directors of the Companies, the Companies hereby unambiguously affirm that they are and will be bound by any mechanically applied signatures applied to this Power of Attorney.

John Gray, Assistant Secretary

M. Ross Fisher, Senior Vice President

STATE OF CONNECTICUT
COUNTY OF HARTFORD } ss. Hartford

On this 5th day of January, 2018, before me personally came M. Ross Fisher, to me known, who being by me duly sworn, did depose and say: that he resides in the County of Hartford, State of Connecticut; that he is the Senior Vice President of the Companies, the corporations described in and which executed the above instrument; that he knows the seals of the said corporations; that the seals affixed to the said instrument are such corporate seals; that they were so affixed by authority of the Boards of Directors of said corporations and that he signed his name thereto by like authority.

Kathleen T. Maynard
Notary Public
My Commission Expires July 31, 2021

CERTIFICATE

I, the undersigned, Assistant Vice President of the Companies, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force effective as of May 4, 2022
Signed and sealed at the City of Hartford.

Kevin Heckman, Assistant Vice President

 Bond #35BSBHN2300

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN MINNESOTA

This is a Rider to Agreement which is being executed concurrently with this Rider, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. 80C.01 through 80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rule 2860.0100 through 2860.9930, the parties to the attached 1-800 WATER DAMAGE INTERNATIONAL, LLC Franchise Agreement (the "Agreement") agree as follows:

Background. We and you are parties to that certain Franchise Agreement that has been executed concurrently with the execution of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Agreement.

This Rider is being executed because (a) the offer or sale of the franchise for the 1-800 WATER DAMAGE franchise you will operate under the Agreement was made in the State of Minnesota and you will operate the Franchise in the State of Minnesota and/or (b) you are a resident of the State of Minnesota.

Marks. The following language is added at the end of Section 4 of the Agreement:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights that you have to use our proprietary rights, including your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suite or demand regarding the use of the name.

Termination by Franchisor. The following language is added to Section 12.B of the Agreement:

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

Waiver of Punitive Damages and Jury Trial. The following is added to Section 15.I, of the Agreement:

Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.

Limitations of Claims. The following is added to Section 15.K. of the Agreement:

Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three (3) years after the cause of action occurs.

Dispute Resolution Procedures/Governing Law. The following language is added to Sections 15.F and 15.H. of the Agreement:

PURSUANT TO MINN. STAT. 80C.21 AND MINN. RULE 2860.4400J, THESE SECTIONS SHALL NOT IN ANY WAY ABROGATE OR REDUCE YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUES 1984, CHAPTER 80C, INCLUDING THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS OF MINNESOTA.

Agreements/Releases. The following language is added to Section 11.C.:

Provided; however, that such general releases do not apply to the extent prohibited by applicable law with respect to claims which arise under Minn. Rule 2860.4400D.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

FRANCHISOR	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN NEW YORK

This is a Rider to Agreement which is being executed concurrently with this Rider, between Franchisor and Franchisee.

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A 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 WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any

national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective Rev. March 17, 2021 2 injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

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

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

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

FRANCHISOR	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN NORTH DAKOTA

This is a Rider to Agreement which is being executed concurrently with this Rider, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

1. BACKGROUND.

We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the 1-800 WATER DAMAGE Business that you will operate under the Franchise Agreement was made in the State of North Dakota, and/or (b) you are a resident of North Dakota and your Business will be located or operated in North Dakota.

2. FEE DEFERRAL

Based upon our financial statements, the payment of the Initial Fee and Initial Package Fee under the Franchise Agreement to 1-800 WATER DAMAGE INTERNATIONAL, LLC is deferred until 1-800 WATER DAMAGE INTERNATIONAL, LLC completes all of its pre-opening obligations to Franchisee and Franchisee is open for business. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.

3. AGREEMENTS/RELEASES.

Sections 10.B.8, 11.C and 12.A. of the Franchise Agreement are amended by adding the following:

"Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent otherwise prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law."

4. COVENANT NOT TO COMPETE.

Section 13.D of the Franchise Agreement is amended by adding the following:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, you acknowledge and agree that we intend to seek enforcement of these provisions to the extent allowed under the law."

5. GOVERNING LAW.

The following is added to the end of Section 15.H. of the Franchise Agreement:

"except as otherwise required by North Dakota law."

6. DISPUTE RESOLUTION PROCEDURES.

Section 15.F. of the Franchise Agreement is amended by adding the following language:

"Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to Franchisee's dispute resolution obligations, Franchisee may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law."

7. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

To the extent required by the North Dakota Franchise Investment Law, the following paragraph is deleted from Section 15.I. of the Franchise Agreement.

"You and we irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us."

8. LIMITATIONS OF CLAIMS.

Section 15.K. of the Franchise Agreement is amended by adding the following:

"The time limitations set forth in this subsection might be modified by the North Dakota Franchise Investment Law."

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

FRANCHISOR	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, DISCLOSURE ACKNOWLEDGEMENT QUESTIONNAIRE, AND RELATED AGREEMENTS

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

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

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

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

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

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

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR	**FRANCHISEE**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR USE IN VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for 1-800 WATER DAMAGE INTERNATIONAL, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Cover Page: The following statements are added to the cover page:

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

Additional Disclosures:

The following statements are added to Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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 ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

FRANCHISOR

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

]

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT H
CONVERSION ADDENDUM

ADDENDUM
TO THE FRANCHISE AGREEMENT(S) BETWEEN
1-800 WATER DAMAGE INTERNATIONAL, LLC
AND
_____

DATED _____

This is an Addendum to the Franchise Agreement(s), which is being signed concurrently with this Addendum, between 1-800 WATER DAMAGE International, LLC, a Delaware Limited Liability Company, with its principal place of business at 731 Fairfield Court, Ann Arbor, Michigan 48108 (referred to in this Addendum as "we," "us,", "ourselves" and "Franchisor"), and _____, a _____ company, whose principal address is _____ (referred to in this Addendum as "you," "your" or "Franchisee").

Notwithstanding anything to the contrary in the Franchise Agreement(s), in the event of a conflict between the terms of this Addendum and the terms of the Franchise Agreement(s), the terms of this Addendum shall control and supersede the Franchise Agreement(s). Any terms not defined herein shall have the same meanings as in the Franchise Agreement(s) and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement(s) unless stated otherwise.

W I T N E S S E T H:

WHEREAS, _____("Converting Company") is an existing company operating in the State of _____, performing a. water damage restoration services, carpet, mold remediation, odor removal, fire, smoke and related restoration and cleaning services, selective drywall removal and installation, floor covering repair and installation, painting, structural repair and installation, finish carpentry, cabinet replacement, roofing, interior finishing, door replacement, electrical, mechanical, plumbing and heating services, catastrophic disaster services, and any other services performed by 1 800 WATER DAMAGE franchisees. (the "Business").

WHEREAS, Converting Company wishes to convert its existing business to the 1 800 WATER DAMAGE franchise model, under the following terms and conditions as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledges by each of the parties signing below, it is hereby agreed and understood as follows:

1**. Initial Franchise Fee.** The following language shall hereby supersede and replace the first paragraph of Section 2.A of the Franchise Agreement(s):

You promise to pay us a total initial fee (the "Initial Franchise Fee") in the amount of $_____ for a population of up to _____ within the Territory, as described in this Section of this Addendum.

2. **Initial Package Fee.** The following language shall hereby supersede and replace the first paragraph of Section 2.B of the Franchise Agreement(s):

The Initial Package Fee is _____.

3. **Conversion Requirements.**

With three (3) months from the date of execution of the Franchise Agreement(s) or Franchisee's completion of the Initial Training Program, whichever occurs first, Franchisee agrees to complete the following conversion requirements:

Business Vehicles. You agree to re-brand all business vehicles utilizing our approved vendors to conform to the 1-800 WATER DAMAGE model appearance standards.

Global Positioning System. You agree to purchase and install a global positioning system ("GPS") device in all service vehicles as required pursuant to Section 7.A.16 of the Franchise Agreement(s).

Websites. You agree to transfer all Converting Company websites (the "Websites") to the 1-800 WATER DAMAGE website or another website we designate. The Websites include but are not limited to the following: _____.

Telephone Numbers. The telephone number(s) listed below are to be forwarded to the 1-800 WATER DAMAGE call center or a local number that we designate. All advertising for the Business will consist only of the 1-800 WATER DAMAGE number or the local number designated by us.

Media Accounts. You agree to transfer all social media accounts utilized by the Converting Company to 1-800 WATER DAMAGE.

* * *

The terms of this ADDENDUM shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations. In all other respects, the terms and conditions contained in your original Franchise Agreement(s), and any previous Amendments to your Franchise Agreement(s), remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing.

1-800 WATER DAMAGE International, LLC

By:_____ Date: _____
Rusty Amarante
Its: Authorized Representative

FRANCHISEE: Converting Company

By: _____ Date: _____

Its: Authorized Representative

By: _____ Date: _____

Its: Authorized Representative

OWNER

_____ Date: _____

OWNER

_____ Date: _____

EXHIBIT I

COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE (this "Assignment") is made, entered into and effective on _____ (the "Effective Date") by and between: (i) _____ (the "**Franchisor**"); and (ii) _____ (the "**Franchisee**").

BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the "**Franchise Agreement**") dated as of _____ with the Franchisee, pursuant to which the Franchisee plans to own and operate a _____ franchised business (the "**Franchised Business**") located at _____ (the "**Site**"). In addition, pursuant to that certain Lease Agreement (the "**Lease**"), the Franchisee has leased or will lease certain space containing the Franchised Business described therein from _____ (the "**Lessor**"). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information set forth above.

2. **Incorporation of Terms**: Terms not otherwise defined in this Assignment have the meanings as defined in the Franchise Agreement.

3. **Indemnification of Franchisor**: Franchisee agrees to indemnify and hold Franchisor and its parents, affiliates, stockholders, directors, officers, principals, franchisees/licensees and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

4. **Conditional Assignment**: Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory, equipment, and supplies located in the Site and the franchise relating to the Franchised Business, and all of the Franchisee's rights, title and interest in and to the Lease as conditional for the payment of any obligation, liability or other amount owed by the Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by Franchisee under the terms of the Lease, or, in the event Franchisor makes any payment to the Lessor as a result of the Franchisee's breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination**: Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void.

6. **Exercise of Remedies**: In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;

b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;

c) to exclude the Franchisee, its agents or employees from the Site;

d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;

f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and

g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or

h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of Franchisee defaults under the Lease and fails to cure said default within the applicable cure period (if any).

The parties agree and acknowledge that Franchisor is not required to assume the Lease, take possession of the Site or otherwise exercise of its other rights described in this Assignment. In the event Franchisor elects to exercise its right to assume the Lease and/or take possession of the Site, it will provide written notice to Franchisee in writing and undertake the other necessary actions at issue. Nothing in this Assignment may be construed to impose an affirmative obligation on the part of Franchisor to exercise any of the rights set forth herein.

7. **Power of Attorney**: Franchisee does hereby appoint irrevocably Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or

under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies**: It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies. Franchisor is not required to exercise any of its rights set forth in Section 6 hereof, but shall have the irrevocable right to do so.

9. **Binding Agreements**: This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words "Franchisor" and "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control**. This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorneys' Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing party.

12. **Severability**. If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

FRANCHISEE	**FRANCHISOR**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

The Lessor hereby consents, agrees with, approves of and joins in with this COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE.

LESSOR

_____

EXHIBIT A-2
TO THE FRANCHISE DISCLOSURE DOCUMENT

PROMISSORY NOTE

$_____

1. FOR VALUE RECEIVED, _____ and _____ (collectively, the "Undersigned") promises to pay to the order of **1-800 WATER DAMAGE INTERNATIONAL, LLC,** a Delaware Limited Liability Company, at 731 Fairfield Court, Ann Arbor, Michigan 48108 (the "Holder"), the principal sum of $_____ together with interest at a rate of an annual percentage rate of zero percent (0%) for up to twelve (12) months and ten percent (10%) thereafter for up to twenty-four (24) months. The principal and interest shall be paid in equal monthly installments as stated in the payment schedule attached to this Promissory Note as Exhibit "1", which is made a part of this Promissory Note. The first installment shall be due via Electronic Funds Transfer ("EFT") on the tenth of the month following the successful completion of the training required under the franchise agreement between Holder and the Undersigned, and thereafter monthly installments will be due via EFT on the tenth day of each successive month until the principal and interest due under this Promissory Note have been paid in full. PROVIDED, HOWEVER, that the entire principal balance together with all accrued interest thereon shall be due and payable on or before 35 months following the payment of the first installment, anything here in this Agreement to the contrary notwithstanding.

2. Monthly installments shall be applied first upon interest and the balance upon principal. This Promissory Note may be prepaid in full at any time without restriction or penalty.

3. Should any monthly installment not be paid when due, then the whole sum of the remaining principal and interest shall become due immediately and payable without notice or demand at the option of the holder of this Promissory Note. All unpaid amounts owing on this Promissory Note shall immediately become due and payable at the option of Holder without notice or demand upon the occurrence of any of the following events of default: (i) the default of any provision of the Promissory Note; or (ii) the death, dissolution, insolvency (however expressed or indicated) or the filing of a petition in bankruptcy, reorganization or for the adjustment of debts for, by or against the Undersigned; (iii) the sale of substantially all of the Undersigned's stock or assets; (iv) the Undersigned's failure to permit Holder to collect amounts via EFT.

4. The Undersigned hereby waives presentation for payment, demand, notice of non-payment, protest, and all other demands and notices required by law (statutory or otherwise). In the event that the undersigned should default under this Promissory Note, and legal proceedings are commenced to collect the indebtedness evidenced hereby, the undersigned agrees to pay all costs and expenses, including reasonable attorney fees, incurred in the collection of this Promissory Note.

5. Should the undersigned transfer or assign their franchise rights to a third party prior to the pay-off of this Promissory Note, said Promissory Note must be paid in full before Holder will approve such transfer or assignment.

6. The validity, construction, interpretation and enforceability of the terms of this Promissory Note shall be determined and governed by the laws of the State of Michigan.

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7. The Undersigned hereby confirms that the proceeds of this Promissory Note will be used for the business purpose of starting up a 1-800 WATER DAMAGE franchised business.

8. It is the parties' intent that the provisions of this Promissory Note be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the provisions contained here in this Promissory Note shall not render any other part unenforceable.

9. Holder's failure to enforce any rights granted to it under this Promissory Note will not constitute a waiver of such rights.

10. This Promissory Note is binding upon and will insure to the benefit of the parties and their successors, heirs, and assigns.

11. The persons executing this Note on behalf of the Undersigned acknowledge their authority to do so.

I HAVE READ THE ABOVE NOTE AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS NOTE IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

As provided in this Franchise Agreement this Promissory Note is personally guaranteed by _____.

HOLDER

1-800 WATER DAMAGE INTERNATIONAL, LLC

By: _____

Name: _____

Title: _____

Date: _____

UNDERSIGNED

[FRANCHISEE ENTITY NAME]

By: _____

Name: _____

Title: _____

Date: _____

[FRANCHISEE NAME]

_____

[NAME], Individually

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EXHIBIT A-3
TO THE FRANCHISE DISCLOSURE DOCUMENT

CONFIDENTIALITY/NON-DISCLOSURE AGREEMENT

With respect to determining the feasibility of whether or not to purchase a 1-800 WATER DAMAGE franchise, 1-800 WATER DAMAGE INTERNATIONAL, LLC, is are prepared to provide you with certain financial, business, marketing, and operational information concerning the business operations of 1-800 WATER DAMAGE INTERNATIONAL, LLC.

We are able to provide you this Information with your explicit understanding and agreement that you recognize and agree that this information is confidential and valuable, and that this information constitutes special and unique proprietary rights and assets of 1-800 WATER DAMAGE INTERNATIONAL, LLC.

The term "Confidential Information" shall mean and include any and all information disclosed by us to you relating to the 1-800 WATER DAMAGE business and potential trade name and internet web names, whether copyrighted or patented. Provided; however, Confidential Information shall not include information which:

A. Is disclosed to you following the date of this Agreement by a third party who is not under an obligation to keep the information confidential;

B. Is or becomes publicly disclosed through no act or omission of yours; and/or

C. Information previously known by you prior to contact with 1-800 WATER DAMAGE.

In accepting this Information, you agree that you will not disclose it to any third party or make use of it yourself, in any regard, with the exception that it may disclosed to an attorney, accountant or business consultant that you utilize as part of your due diligence process, provided you assure they are informed of and comply with all the terms of this Confidentiality and Non-Disclosure Agreement.

You further agree to maintain the confidentiality of any and all confidential information which has been provided to you in a manner using at least the same degree of care as the manner used to maintain the confidentiality of your most confidential information.

In the event that you do not purchase a 1-800 WATER DAMAGE business, or upon our request at any time, you agree to return all materials furnished to you or to certify in writing that such information has been destroyed.

You further recognize that breach of this Confidentiality and Non-Disclosure Agreement by you will cause severe and irreparable damage to 1-800 WATER DAMAGE INTERNATIONAL, LLC, and that 1-800 WATER DAMAGE INTERNATIONAL, LLC, may pursue all of its rights and remedies after any breach, including specific performance.

Please indicate that you agree to the conditions, as stated above, under which confidential information will be furnished to you by signing a copy of this letter in the space provided below.

ACKNOWLEDGED:

By: _____ Date: _____

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Signature

EXHIBIT A-4
TO THE FRANCHISE DISCLOSURE DOCUMENT

RELEASES

GENERAL RELEASE – RENEWAL

THIS SETTLEMENT AND RELEASE is being made by and between 1-800 WATER DAMAGE INTERNATIONAL, LLC ("1-800 WATER DAMAGE") and [Name] (together referred to as the "FRANCHISE OWNER" and/or "you") resident of [State], and [Corp/LLC,] ("Franchisee") and shall be effective as of the date of the last signature below.

W I T N E S S E T H:

WHEREAS, 1-800 WATER DAMAGE and FRANCHISE OWNER(S) entered into Franchise Agreement on the [date] (the "Franchise Agreements") for the operation of a 1-800 WATER DAMAGE business in a defined Territory(s) in the state of [State] (the "Business"), which Franchise Agreements is being renewed;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by and between each of the parties, it is agreed and understood as follows:

1. FRANCHISE OWNER(S) and FRANCHISOR have agreed upon new renewal Franchise Agreements, to be executed contemporaneously with this Release, which will replace your original Franchise Agreements, thus continuing FRANCHISE OWNER(S) rights to operate a 1-800 WATER DAMAGE business within a Territory, as defined in the Franchise Agreement in the State of [State].

2. In reliance upon the execution of renewal Franchise Agreements, the FRANCHISEE OWNER(S) and FRANCHISEE agree to the following releases:

A. FRANCHISE OWNER(S) and FRANCHISEE, for themselves and for their employees, agents, heirs, successor and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interest of FRANCHISE OWNER(S) and/or FRANCHISEE, hereby releases, acquits, and forever discharges 1-800 WATER DAMAGE and its directors, officers, shareholders, employees, agents, legal representatives, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses and suits whatsoever and of every conceivable kind, character, and nature, whether absolute or contingent, and whether known or unknown, which either party may have against the other, by reason of, or arising out of, or in any way related to any acts or omissions of the other party occurring prior to the date of this Release.

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B. **[CALIFORNIA ONLY]** Except as set forth herein, 1-800 WATER DAMAGE, FRANCHISE OWNER(S) and FRANCHISEE expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California ("Section 1542"), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT."

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, 1-800 WATER DAMAGE, FRANCHISE OWNER(S) and FRANCHISEE expressly acknowledge that this Agreement is intended to include in its effect without limitation, all claims described in this paragraph which 1-800 WATER DAMAGE, FRANCHISE OWNER and/or FRANCHISEE does not know or suspect to exist in its favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

3. Any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises made by the parties herein or with regard to the interpretation, formation, or breach of this Release, shall be litigated exclusively in the courts of general jurisdiction of Washtenaw County, Michigan or the United States District Court presiding over Ann Arbor, Michigan.

4. Neither this Release nor any provision of this Release can be modified or waived in any way, except by an agreement in writing signed by each of the parties hereto, consenting to such modification or waiver.

5. All parties hereto do hereby acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.

6. This Release may be signed in two (2) or more counterparts, and will be effective when all the parties and signatories have affixed their signatures to two (2) or more of the counterparts and they have been delivered as aforesaid, at which time the counterparts together will be deemed one (1) original document.

7. The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

8. This Agreement contains the entire agreement between the parties hereto concerning the resolution of any and all disputes or controversies between or among them.

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1. **[MARYLAND ONLY]** This Release may not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. **[WASHINGTON ONLY]** This Release 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 caused this Release to be executed as of the day and year written below.

FRANCHISOR

1-800 WATER DAMAGE INTERNATIONAL, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE

[FRANCHISEE ENTITY/NAME]

By: _____

Name: _____

Title: _____

FRANCHISE OWNER(S)

_____
[Name of Owner], Individually

_____
[Name of Owner], Individually

_____
[Name of Owner], Individually

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GENERAL RELEASE – ASSIGNMENT

THIS SETTLEMENT AND RELEASE is being made by and between 1-800 WATER DAMAGE INTERNATIONAL, LLC ("1-800 WATER DAMAGE" and/or "Franchisor") and [Franchise Owner Name(s)] (together referred to as the "FRANCHISE OWNER(S)"), resident(s) of [State], and [Company] ("Franchisee") and shall be effective as of the date of the last signature below.

W I T N E S S E T H:

WHEREAS, 1-800 WATER DAMAGE and FRANCHISE OWNER(S) entered into a Franchise Agreement on the _____ day of _____, 20___ (the "Franchise Agreement(s)") for the operation of a 1-800 WATER DAMAGE business in a defined territory(s) in the state of [State Name(s)], (the "Business");

WHEREAS, 1-800 WATER DAMAGE and FRANCHISE OWNER(S) have reached agreement that it is in the best interest of all parties for FRANCHISE OWNER(S) to discontinue operations and terminate the Franchise Agreement, upon the terms and conditions specified below, and for the parties to exchange releases;

NOW THEREFORE, in consideration of the covenants and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by and between each of the parties, it is agreed and understood as follows:

1. Effective as of the date last signed below, FRANCHISE OWNER(S) hereby transfers, sets over and assigns to 1-800 WATER DAMAGE all right, title and interest in and to the Franchise Agreement and agrees to abide by and observe all Post-Termination Obligations and Covenants Not to Compete as set forth in the Franchise Agreement.

2. 1-800 WATER DAMAGE hereby releases FRANCHISE OWNER(S) from any future duties and obligations of the Franchise Agreement except those continuing duties and obligations specifically set forth in Paragraph 1 of this Agreement, or identified as a post-termination obligation or a term that survives termination in the Franchise Agreement.

3. The FRANCHISEE OWNER(S) and FRANCHISEE hereby agree to the following releases:

A. Except for the obligations of the parties herein contained, FRANCHISE OWNER(S) and FRANCHISEE for themselves, and their employees, agents, heirs, successors and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interests of FRANCHISE OWNER(S) and/or FRANCHISEE, hereby releases, acquits, and forever discharges 1-800 WATER DAMAGE and it directors, officers, members, shareholders, employees, agents, legal representatives, heirs, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses, and suits whatsoever and of every conceivable kind, character and nature, whether absolute or contingent and whether known or unknown, which FRANCHISE OWNER(S) and/or FRANCHISEE has, has had or may ever have against 1-800 WATER DAMAGE, by reason

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of, or arising out of, or in any way related to any acts or omissions of the other party prior to the date of this Agreement.

B. **[CALIFORNIA – for use in CA only]** Except as set forth herein, 1-800 WATER DAMAGE, FRANCHISE OWNER(S) and FRANCHISEE expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California ("Section 1542"), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT."

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, 1-800 WATER DAMAGE, FRANCHISE OWNER(S) and FRANCHISEE expressly acknowledge that this Agreement is intended to include in its effect without limitation, all claims described in this paragraph which 1-800 WATER DAMAGE, FRANCHISE OWNER(S) and/or FRANCHISEE does not know or suspect to exist in its favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

4. Any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises made by the parties herein or with regard to the interpretation, formation, or breach of this Release, shall be litigated exclusively in the courts of general jurisdiction of Washtenaw County, Michigan or the United States District Court presiding over Ann Arbor, Michigan.

5. Neither this Release nor any provision of this Release can be modified or waived in any way, except by an agreement in writing signed by each of the parties hereto, consenting to such modification or waiver.

6. All parties hereto do hereby acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.

7. This Release may be signed in two (2) or more counterparts, and will be effective when all the parties and signatories have affixed their signatures to two (2) or more of the counterparts and they have been delivered as aforesaid, at which time the counterparts together will be deemed one (1) original document.

8. The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

9. This Agreement contains the entire agreement between the parties hereto concerning the resolution of any and all disputes or controversies between or among them.

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10. **[MARYLAND – for use in MD only]** This Release may not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **[WASHINGTON ONLY]** This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

4. **[TRANSFERS – WHEN BUYER IS PAYING IN INSTALLMENTS]** FRANCHISE OWNER(S) and Franchisee acknowledge and agree (i) that they negotiated the sale of their franchise to Buyer Company without the assistance, or any other involvement of the Franchisor; (ii) that the purchase price for such sale (the "Purchase Price") will not be paid in full at closing, but will be paid over a period of time after closing, and (iii) that they are assuming the full risk of nonpayment of the Purchase Price, FRANCHISE OWNER(S) and Franchisee further agree that they will not, in any manner, at any time, under any set of circumstances, seek payment of any portion of the Purchase Price from 1-800 WATER DAMAGE INTERNATIONAL, LLC, and/or any of its directors, officers, members, shareholders, employees, agents, representatives, heirs, successors or assigns.

IN WITNESS WHEREOF, the parties have caused this Release to be executed as of the day and year written below.

FRANCHISOR

1-800 WATER DAMAGE INTERNATIONAL, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE

[FRANCHISEE ENTITY/NAME]

By: _____

Name: _____

Title: _____

FRANCHISE OWNER(S)

_____
[Name of Owner], Individually

_____
[Name of Owner], Individually

_____
[Name of Owner], Individually

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EXHIBIT A-5

EQUIPMENT SALES AND SECURITY AGREEMENT

This "Agreement" is made and entered into as of ___, 2023 by and between _____ (the "Franchisee") and 1-800 Water Damage International, LLC, a Michigan limited liability company (the "Franchisor"). This Agreement relates to that certain Franchise Agreement(s) between Franchisee and Franchisor (the "Franchise Agreement") for Franchisee's operation of a 1-800 Water Damage business franchise (the "Business"). In consideration of the mutual promises and agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, the parties mutually agree and intend to be legally bound as follows:

1. EQUIPMENT PURCHASE. Franchisee agrees to purchase from Franchisor and Franchisor agrees to sell to Franchisee the tangible equipment listed on the presented invoice ("Invoice") and, if applicable, pursuant to the agreed upon payment terms. The equipment purchased under this Agreement shall be referred to as the "Equipment." To secure Franchisee's obligations to pay Franchisor for the Equipment, in the event Franchisor financed any portion of the purchase of the Equipment, and to dispose of the Equipment in accordance with the Franchise Agreement, Franchisee has granted to Franchisor the security interest in the Equipment set forth herein.

2. SHIPMENT, TITLE & RISK OF LOSS. Franchisor will arrange for shipment of the Equipment on the Invoice to Franchisee. Risk of loss and title to the Equipment transfers to Franchisee upon delivery, subject to any security interest of Franchisor retained under this Agreement. Franchisee acknowledges containers and/or decals may be scratched in the delivery process and that Franchisor and its agents shall use commercially best efforts in the delivery process. Franchisee shall inspect each shipment promptly upon receipt and will be deemed to accept the Equipment as conforming to the Invoice unless any gross defects or deficiencies are noted to Franchisor within 24 hours after delivery. Franchisee agrees, if no defects or deficiencies are reported within this time period, all sales are final.

3. WARRANTIES. All Equipment is warranted by its manufacturer only. Franchisor warrants only that the Equipment is delivered with good and merchantable title, free and clear of all liens, claims and encumbrances, and that the Equipment conforms to the requirements set by Franchisor under the Franchise Agreement. Franchisor offers no other warranty and assigns to Franchisee any and all rights to any express or implied warranty of each Equipment manufacturer. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES ON THE EQUIPMENT OFFERED, GIVEN OR PROVIDED BY Franchisor INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

4. EQUIPMENT USAGE. Franchisee agrees not to use the Equipment in any business or manner other than in the conduct of the Business pursuant to the Franchise Agreement. Franchisee acknowledges that the Equipment is proprietary to the 1-800 Water Damage franchise system. The Equipment can only be used in connection with 1-800 Water Damage authorized services. Any

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usage contrary to this provision shall be considered to be a breach of the Franchise Agreement, the Promissory Note, and this Agreement.

5. TRANSFER OF OWNERSHIP. Franchisee acknowledges that the Franchise Agreement imposes restrictions and limitations on the resale of the Equipment. Franchisee acknowledges that the Equipment may not be sold, leased, or rented to or used by any other party, except under the conditions stated below, as provided in the Franchise Agreement, or as permitted in writing by Franchisor. The Equipment is proprietary and authorized for use only within the 1-800 Water Damage franchise network. Franchisee covenants that Franchisee will not transfer title to the Equipment except in one of these two ways:

a. Sell the Equipment to another 1-800 Water Damage Franchisee in good standing under its franchise agreement at a mutually acceptable price. Franchisor has first right of refusal to purchase the Equipment and must approve any transaction. If Franchisor financed any portion of the purchase price of the Equipment, the transferee will pay the proceeds to Franchisor if there is any outstanding balance under the Promissory Note for the Equipment prior to transfer of the Equipment. At the time of transfer Franchisee's account with Franchisor must be current and the purchasing Franchisee may not have any pending default under any agreement with Franchisor. If Franchisee is terminating or not renewing the Franchise Agreement and Franchisee owns another 1-800 Water Damage franchise, the Equipment (and the liability for any amount owing on the purchase price of the Equipment) will be transferred to that franchise upon written request.

b. Franchisor will repurchase the Business's equipment (the "Equipment") in accordance with the table below. The percentages shown assume reasonable wear and tear and regular maintenance. If any components of the original piece of Equipment are missing, or there is damage or excessive wear and tear, Franchisor reserves the right to make a corresponding adjustment to the repurchase price. The original Equipment pricing under its Schedule will be reduced to the applicable percentage in effect based on the time elapsed after original purchase.

Time Elapsed After Original Purchase	**Percentage of Equipment Price**
Under 1 year	65%
Under 2 Years	50%
Under 3 Years	35%
Under 4 Years	20%
Under 5 Years	15%
Over 5 Years	Offer After Inspection

6. RETURN OF EQUIPMENT. Upon expiration or termination of the Franchise Agreement, Franchisee will cooperate with Franchisor to repurchase all or some of the Equipment

pursuant to the terms in the Franchise Agreement, unless Franchisee has arranged for the sale of the Equipment to another 1-800 Water Damage franchisee with the consent of Franchisor**.**

7. COVENANTS OF FRANCHISEE. Franchisee covenants with Franchisor to (i) use and maintain the Equipment in a lawful manner and so as not to violate any law or regulation of the state, city or other political subdivisions in which Franchisee uses the Equipment; (ii) return, pay and file when due all taxes, fees and similar charges, including without limitation sales or use tax, and ad valorem and personal property taxes, imposed on the ownership, possession or use of the Equipment; (iii) keep the Equipment free and clear of all liens, security interests, claims and encumbrances except for those incurred through the initial financing of the Equipment with Franchisor or from a vendor approved by Franchisor; (iv) obtain and maintain property insurance on the Equipment covering loss, damage, theft, vandalism and casualty; (v) maintain the Equipment per the manufacturer's maintenance, repair and replacement instructions; (vi) maintain in place any notices, labels or other indicia provided by Franchisor to indicate that the Equipment is subject to this Agreement; (vii) operate the Business as required under the Franchise Agreement; and (viii) notify Franchisor when any party claims any interest in the Equipment.

8. GRANT OF SECURITY INTEREST. In the event Franchisee's purchase of the Equipment sold under the Invoice is financed by Franchisor, Franchisee hereby grants to Franchisor a continuing security interest in the Equipment sold to Franchisee, and any additions, accessions, accessories, attachments and replacements of such Equipment, any proceeds and products. The security interest shall continue for the term of this Agreement to secure Franchisee's obligations under this Agreement. Franchisee authorizes Franchisor to file a financing statement with regards to the Equipment without the necessity of obtaining an additional signature from Franchisee. The rights and remedies of Franchisor as a secured party under this Agreement and under applicable law are cumulative and non-exclusive. Franchisee agrees to entry for the benefit of Franchisor by any court of competent jurisdiction without prior notice or the posting of any bond of temporary and permanent injunctions and orders of specific performance to enforce this Agreement or any right or remedy available at law or in equity to Franchisor.

9. TERM, DEFAULT AND TERMINATION. The term of this Agreement shall commence on the effective date set forth above and shall continue in full force and effect until the Franchise Agreement and Promissory Note terminates or expires, and all Equipment is subject to proper disposition as provided herein.

10. ADDITIONAL TERMS. No cancellation, modification, amendment, deletion, addition or other change in this Agreement or any provision hereof shall be effective for any purpose unless specifically set forth in a writing signed by both Parties. Neither Party's delay in exercising or such Party's acquiescence in or waiver of a breach of any term, provision or condition of this Agreement, shall be deemed or construed to operate as a waiver of such Party's rights hereunder, except for the specific instance of delay, failure, acquiescence, or waiver. This Agreement shall be executed in one or more counterparts, each of which shall be considered to be an enforceable original instrument. Franchisee shall not assign or delegate, directly or indirectly, its obligations and liabilities under this Agreement, except as part of a permitted transfer in compliance with the Franchise Agreement. Except for any payment obligation applicable to Franchisee hereunder, any delay or failure of either Party to perform its obligations shall be excused if it is caused by an

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extraordinary event or occurrence beyond the control of the nonperforming Party and without the nonperforming party's fault or negligence, such as acts of God, fires, floods, windstorms, explosions, natural disasters, wars and sabotage, and terrorism. Raw material or labor shortages are not force majeure events. Written notice of any anticipated delays in performance, including the anticipated duration of the delay must be given within 24 hours of the force majeure event.

11. INCORPORATION OF TERMS. This Agreement incorporates by this reference Section 12, paragraphs 1, 2, 3, 4, 11, 16, 17, 18, 19, and 20, of the Franchise Agreement as integral terms, conditions, parts and provisions of this Agreement as if written herein.

IN WITNESS WHEREOF, the Franchisee and Franchisor have executed this Agreement effective as of the date first above written.

1-800 WATER DAMAGE INTERNATIONAL, LLC **FRANCHISEE**

By:_____ _____

Date:_____ Date:_____

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LENDER ADDENDUM

To Equipment Sales and Security Agreement

This "Lender Addendum" is made and entered into as of the Effective Date by and among the undersigned lender ("Lender"), the Franchisee, and Franchisor. This Lender Addendum supplements and amends that certain Equipment Sales and Security Agreement dated the Effective Date (the "Sales Agreement") between Franchisor and Franchisee. Defined terms from the Sales Agreement are incorporated into this Lender Addendum.

Background. Franchisor and Franchisee have entered into the Sale Agreement ancillary to the Franchisee's entry into the Franchise Agreement with Franchisor so that Franchisee may obtain certain equipment that is proprietary to Franchisor and that is necessary to perform Franchisee's obligations under the Franchise Agreement. Lender desires to finance the purchase of the Equipment by Franchisee and take a security interest in the Equipment as collateral for the financing. Franchisor has restricted the right of the Franchisee to resell and dispose of the Equipment as provided in Section 5 of the Sales Agreement. Franchisor will consent to the financing of the Equipment purchase by Lender and Franchisee's grant of a security interest in the Equipment subject to and conditioned upon Lender's undertakings as set forth in this Lender Addendum.

In consideration of the premises, the mutual promises herein set forth, and for other good and valuable consideration that the parties mutually acknowledge, the parties mutually agree and intend to be legally bound as follows:

1. Franchisee may grant a security interest to Lender in the Equipment and the proceeds, additions, replacements and accessories thereto, so long as Lender pays to Franchisor all amounts due and owing under the Sales Agreement at or before the time the security interest attaches to the Equipment. Franchisor will on Lender's request supply payoff amounts and instructions to Lender. Upon receipt of the payoff amount from Lender or Franchisee, Franchisor's security interest in the Equipment shall be subordinated to the security interest of Lender and shall remain in effect for the duration of the Franchise Agreement term. Lender will notify Franchisor when Lender's financing has been repaid and its security interest released within 15 days after such event.

2. Lender's security interest shall be subject to, and Lender acknowledges that its rights and remedies with regard to the Equipment are limited to, the transfer restrictions set forth in Section 5 of the Sales Agreement. Lender covenants with Franchisor that Lender will not exercise any rights or remedies against the collateral that is inconsistent with the restrictions on disposition set forth in Section 5. Lender may, upon notice to Franchisor, marshal and assemble the Equipment for sale in accordance with Section 5 but shall make no use of the Equipment nor rent, lease, sell, lend or donate the Equipment. If Lender is unable to resell the Equipment to another franchisee of Franchisor within 60 days after first offering the Equipment for sale, then Franchisor will purchase the Equipment as provided in Section 5.

3. Lender may assign this Lender Addendum to any successor in interest to the financing of the Equipment only after Franchisor receives a written assumption of the Lender's obligations under this Lender Addendum acceptable to Franchisor.

4. Lender will copy Franchisor on any notices of default, termination, foreclosure, marshaling, or similar exercises of the secured party's rights under its agreement with Franchisee. Franchisee

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consents to the unrestricted exchange of information about Franchisee and the status of its financing or franchise and the related agreements between Lender and Franchisor.

5. Until Franchisor is notified by Lender that it has taken possession or constructive possession of the Equipment, Franchisor may deal with Franchisee as the lawful possessor and operator of the Equipment, and Franchisee shall at all times remain obligated to comply with its obligations to maintain, insure, protect and service the Equipment under the Sales Agreement and to use the Equipment only in compliance with the Franchise Agreement.

6. All notices to Lender, Franchisor and Franchisee shall be sent to respective address set forth below.

7. Sections 8, 9, 10 and 11 of the Sales Agreement are incorporated by this reference into this Lender Addendum as integral parts hereof.

IN WITNESS WHEREOF, Lender, the Franchisee and Franchisor have executed this Lender Addendum effective as of the date first above written in one or more counterparts.

1-800 WATER DAMAGE INTERNATIONAL, LLC:

By: _____

Its:
Address: 731 Fairfield Court
Ann Arbor, MI 48108

FRANCHISEE:

_____
Name Title

Date: _____

Address**:**

LENDER:

By: _____

Name: _____

Title: _____

Date: _____

Address:

Franchisee:

_____
Name Title

Date: _____

Address:

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PAYMENT SCHEDULE
To
EQUIPMENT SALES AND SECURITY AGREEMENT

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EXHIBIT B

TO FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

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1 800 Water Damage International, LLC

Financial Report

December 31, 2022

1 800 Water Damage International, LLC

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plante moran

Plante & Moran, PLLC
Suite 300
19176 Hall Road
Clinton Township, MI 48038
Tel: 586.416.4900
Fax: 586.416.4901
plantemoran.com

Independent Auditor's Report

To the Board of Directors
1 800 Water Damage International, LLC

Opinion

We have audited the accompanying financial statements of 1 800 Water Damage International, LLC (the "Company"), a wholly owned subsidiary of Belfor Franchise Group, LLC (the "Member"), which comprise the balance sheet as of December 31, 2022, 2021, and 2020 and the related statements of operations, member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, 2021, and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Audits of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 audits 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.

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To the Board of Directors
1 800 Water Damage International, LLC

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

March 4, 2023

1 800 Water Damage International, LLC

Balance Sheet

December 31, 2022, 2021, and 2020

	2022	2021	2020
Assets			
Current Assets			
Cash	$ 119,791	$ 209,791	$ 277,503
Restricted cash	1,115,339	1,213,522	690,811
Accounts receivable:			
Trade - Net	345,933	25,002	368,846
Unbilled	706,364	400,373	256,555
Deferred broker commissions - Current portion	133,281	125,781	110,885
Notes receivable - Current portion	312,976	285,752	231,815
Prepaid expenses and other assets	84,407	62,551	65,064
Total current assets	2,818,091	2,322,772	2,001,479
Property and Equipment - Net (Note 4)	74,236	60,675	112,228
Goodwill	733,778	733,778	733,778
Intangible Assets - Net (Note 5)	48,333	58,333	93,888
Deferred Broker Commissions - Net of current portion	881,087	866,323	832,838
Other Assets			
Notes receivable - Net of current portion	306,916	327,034	379,883
Amounts due from related parties (Note 3)	10,372,056	6,623,262	3,088,884
Total assets	**$ 15,234,497**	**$ 10,992,177**	**$ 7,242,978**
Liabilities and Member's Deficit			
Current Liabilities			
Accounts payable	$ 21,534	$ 18,559	$ 39,838
Finance lease obligation - Current portion (Note 7)	6,517	9,276	15,237
Deferred revenue - Current portion	546,626	507,053	451,687
Accrued and other current liabilities (Note 6)	1,393,808	1,997,619	1,456,970
Total current liabilities	1,968,485	2,532,507	1,963,732
Amounts Due to Related Parties (Note 3)	11,762,600	8,738,586	6,437,545
Finance Lease Obligation - Net of current portion (Note 7)	15,592	976	10,252
Deferred Revenue - Net of current portion	3,565,923	3,481,096	3,398,723
Total liabilities	17,312,600	14,753,165	11,810,252
Member's Deficit	(2,078,103)	(3,760,988)	(4,567,274)
Total liabilities and member's deficit	**$ 15,234,497**	**$ 10,992,177**	**$ 7,242,978**

See notes to financial statements.

1 800 Water Damage International, LLC

Statement of Operations

Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Revenue			
Royalties	$ 4,292,627	$ 3,832,673	$ 2,343,660
Franchise fees	916,848	466,016	681,986
Other revenue	1,489,100	1,321,736	580,988
Total revenue	6,698,575	5,620,425	3,606,634
Operating Expenses			
General and administrative expenses	4,938,453	4,694,685	3,654,401
Selling and marketing	98,521	159,674	14,804
Total operating expenses	5,036,974	4,854,359	3,669,205
Operating Income (Loss)	1,661,601	766,066	(62,571)
Nonoperating Income (Expense)			
Interest income	22,201	23,098	8,932
Gain on disposal of property and equipment	-	18,303	7,200
Interest expense	(917)	(1,181)	(2,413)
Total nonoperating income	21,284	40,220	13,719
Net Income (Loss)	**$ 1,682,885**	**$ 806,286**	**$ (48,852)**

See notes to financial statements.

1 800 Water Damage International, LLC

Statement of Member's Deficit

Years Ended December 31, 2022, 2021, and 2020

Balance - January 1, 2020	$ (4,518,422)
Net loss	(48,852)
Balance - December 31, 2020	(4,567,274)
Net income	806,286
Balance - December 31, 2021	(3,760,988)
Net income	1,682,885
Balance - December 31, 2022	**$ (2,078,103)**

See notes to financial statements.

1 800 Water Damage International, LLC

Statement of Cash Flows

Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Cash Flows from Operating Activities			
Net income (loss)	$ 1,682,885	$ 806,286	$ (48,852)
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization	46,549	90,896	149,873
Gain on sale of property and equipment	-	(18,303)	(7,200)
Bad debt (recovery) expense	(88,255)	86,850	129,324
Changes in operating assets and liabilities that (used) provided cash:			
Accounts receivable	(457,412)	153,114	(446,729)
Amounts due from related parties	(3,648,794)	(3,534,378)	(2,201,194)
Notes receivable	(88,361)	(41,026)	(229,927)
Deferred broker commissions	(22,264)	(48,381)	(6,941)
Prepaid expenses and other assets	(21,856)	2,513	(6,048)
Accounts payable	2,975	(21,279)	(209,461)
Accrued and other liabilities	(603,811)	540,649	853,353
Deferred revenue	124,400	137,739	676,904
Amounts due to related parties	2,924,014	2,301,041	1,784,070
Net cash (used in) provided by operating activities	(149,930)	455,721	437,172
Cash Flows from Investing Activities			
Purchase of property and equipment	(25,864)	(5,501)	(45,243)
Proceeds from sale of property and equipment	-	20,300	7,200
Net cash (used in) provided by investing activities	(25,864)	14,799	(38,043)
Cash Flows Used in Financing Activities - Repayment of finance lease obligation	(12,389)	(15,521)	(13,004)
Net (Decrease) Increase in Cash and Restricted Cash	(188,183)	454,999	386,125
Cash and Restricted Cash - Beginning of year	1,423,313	968,314	582,189
Cash and Restricted Cash - End of year	**$ 1,235,130**	**$ 1,423,313**	**$ 968,314**
Classification of Cash			
Cash	$ 119,791	$ 209,791	$ 277,503
Restricted cash	1,115,339	1,213,522	690,811
Total cash	**$ 1,235,130**	**$ 1,423,313**	**$ 968,314**
Supplemental Cash Flow Information - Cash paid for interest	$ 917	$ 1,181	$ 2,413
Significant Noncash Transactions			
Transfer of property and equipment under finance lease from a related party in exchange for assumption of finance lease obligation	$ -	$ -	$ (14,323)
Property and equipment acquired through finance lease	24,246	-	-

See notes to financial statements.

Note 1 - Nature of Business

1 800 Water Damage International, LLC (the "Company") is a wholly owned subsidiary of Belfor Franchise Group, LLC (the "Member"), which is a wholly owned subsidiary of Belfor USA Group, Inc. (Belfor). The Company's operations are principally related to the sales and support of franchises offering water damage restoration services, carpet cleaning services, mold remediation, and odor removal, primarily in the United States.

The Member is also the sole member of 1 800 Water Damage North America, LLC; Hoodz North America, LLC; Hoodz International, LLC; Ductz North America, LLC; Ductz International, LLC; Driploc, LLC; A Cure Disaster Services, LLC; Packoutz North America, LLC; Packoutz International, LLC; Plumberz North America, LLC; Plumberz International, LLC; Patch Boys International, LLC; Redbox+ International, LLC; Safer Home Services North America, LLC; Safer Home Services International, LLC; Cool Binz North America, LLC; and Cool Binz International, LLC.

Note 2 - Significant Accounting Policies

Revenue Recognition

The Company's revenue mainly consists of franchise fees, royalties, management fees, technology fees, and advertising fees. The Company sells individual franchises that grant the right to service customers within a defined territory using the franchise name. The initial term of a franchise agreement is typically 10 years with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

The Company has performance obligations to provide franchisees with the franchise rights to service customers, as well as provide customized software and advertising, for which fees are charged. The Company has concluded that these items represent a single performance obligation. Therefore, initial franchise fees for each agreement and the fixed technology fees are allocated to each individual franchise and recognized over the term of the respective franchise agreement from the date the agreement is entered. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. Income for royalties, management fees, variable technology fees, and advertising fees is recognized over the term of the respective franchise agreement as the underlying sales occur. Technology fees and advertising fees are recorded as other revenue within the statement of operations.

As of January 1, 2020, balances were $178,672 and $3,173,506 for accounts receivable and deferred revenue, respectively.

Payment Terms

Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is entered into and are nonrefundable. Royalties, management fees, and advertising fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Technology fees are paid on a monthly basis based upon a percentage of franchisee gross sales or a fixed amount defined within the franchise agreement. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue contract liabilities. Refer to the *Notes Receivable* section for information about financing provided to franchisees. Amounts that are expected to be recognized as revenue within one year are classified as current deferred revenue in the balance sheet.

Note 2 - Significant Accounting Policies (Continued)

Allocating the Transaction Price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to service customers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties, management fees, technology fees, and advertising fees, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

Costs to Obtain a Franchise Agreement

The Company occasionally incurs broker commission expenses paid to third parties to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue, which is recognized over time. As a result, the commissions are capitalized as deferred broker commissions and are expensed over the term of the respective franchise agreement. Amounts that are expected to be expensed within one year are classified as current deferred broker commissions in the balance sheet. In 2022, 2021, and 2020, the amounts expensed related to costs to obtain a franchise agreement were approximately $313,000, $182,000, and $272,000, respectively.

Restricted Cash

Restricted cash represents amounts received from franchisees that are restricted for certain advertising activities.

Accounts Receivable

Accounts receivable are stated at net invoice amounts. Accounts receivable and unbilled receivables arise from contracts with franchisees. An allowance for doubtful accounts is established based on a specific assessment of all invoices issued to franchisees that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. At December 31, 2022 and 2021, the Company recorded an allowance for doubtful accounts in the amount of $117,789 and $124,789, respectively. At December 31, 2020, an allowance for doubtful accounts was not recorded.

Notes Receivable

During the normal course of business, the Company may provide financing to franchisees in the form of notes.

Notes receivable are reported at original issue amount plus accrued interest, less principal repaid. Interest is recognized according to terms of the specific notes. An allowance for loan losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. Notes are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for loan losses in the period that determination is made. At December 31, 2022, 2021, and 2020, the Company recorded an allowance for loan losses in the amount of $10,131, $91,386, and $129,324, respectively.

At December 31, 2022, 2021, and 2020, notes receivable represent various loans bearing interest between 8 percent and 10 percent, including related accrued interest. The notes are generally secured by the related assets or business. Notes receivable generally require monthly payments of principal and interest, due one to three years from the original issuance date. The notes are classified as current or long term on the accompanying balance sheet, depending on their maturity dates.

Note 2 - Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the individual assets, ranging from two to seven years. Depreciation of leasehold improvements is provided using the straight-line method over the lesser of the useful life of the improvement or the term of the lease. Costs of maintenance and repairs are charged to expense when incurred.

Goodwill

The recorded amount of goodwill from a business acquisition is based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. Goodwill is not amortized but rather is assessed for impairment at least on an annual basis.

No impairment charge was recognized during the years ended December 31, 2022, 2021, and 2020. It is reasonably possible that management's estimates of the carrying amount of goodwill will change in the near term.

Intangible Assets

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets (4 years for the trademarks, 6 years for the franchise rights, and 10 years for the repurchased franchise territory). Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. No impairment charge was recognized during the years ended December 31, 2022, 2021, and 2020.

Accrued and Other Current Liabilities

Accrued and other current liabilities at December 31, 2022, 2021, and 2020 are composed of accrued compensation, initial package accrual, national ad fund accrual, and other accrued liabilities. Franchisees pay a percentage of monthly sales to a national ad fund to be used for advertising, marketing, and other promotional purposes. These marketing services are a component of the franchise right for which the Company acts as the principal; thus, marketing revenue is presented gross of the related costs. In addition, the marketing fees collected from franchisees are recognized as revenue as earned based upon the underlying sales, and the marketing fund costs are recognized as incurred in the statement of operations. When revenue of the marketing fund exceeds related expenses, marketing expenses are accrued up to the amount of revenue.

Advertising Expense

Advertising expense is charged to income during the year in which it is incurred. Advertising expense for the years ended December 31, 2022, 2021, and 2020 was $979,261, $1,068,796, and $588,972, respectively.

Income Taxes

The Company is a single-member limited liability company (LLC) and joins in filing a consolidated federal income tax return with the Member and Belfor. Current and deferred tax obligations or benefits are not allocated to the Company by the Member or Belfor.

Use of Estimates

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

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including March 4, 2023, which is the date the financial statements were available to be issued.

Note 3 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

Amounts Due to and from Related Parties

The Company's portion of shared expenses is allocated to the Company by parties related through common ownership, including employee payroll costs, certain retirement costs, occupancy costs, and other general and administrative expenses. Expenses that are not allocated to the Company by parties related through common ownership include property taxes, certain retirement contributions, and payroll processing fees. The Company and parties related through common ownership also advance funds to each other for working capital purposes. Amounts due to and from related parties result from these transactions:

At December 31, 2022, 2021, and 2020, the Company owed Ductz North America, LLC $1,424,657, $1,052,307, and $825,833, respectively.

At December 31, 2022, 2021, and 2020, Belfor owed the Company $10,119,727, $6,352,860, and $2,738,683, respectively.

At December 31, 2022, 2021, and 2020, the Company owed A Cure Disaster Services, LLC $210,929.

At December 31, 2022, 2021, and 2020, the Company owed Hoodz International, LLC $50,522, $54,586, and $52,715, respectively.

At December 31, 2022, 2021, and 2020, the Company owed the Member $9,996,820, $7,343,664, and $5,283,258, respectively.

At December 31, 2022, 2021, and 2020, the Company owed Ductz International, LLC $63,186, $61,933, and $56,099, respectively.

At December 31, 2022, 2021, and 2020, 1 800 Water Damage North America, LLC owed the Company $132,874, $200,794, and $289,341, respectively.

At December 31, 2022, 2021, and 2020, the Company owed Hoodz North America, LLC $9,093, $8,697, and $8,711, respectively.

At December 31, 2022, 2021, and 2020, Delta Restoration Services, LLC owed the Company $49,365.

At December 31, 2022, 2021, and 2020, Packoutz International, LLC owed the Company $17,630, $10,092, and $3,957, respectively.

At December 31, 2022, 2021, and 2020, Packoutz North America, LLC owed the Company $5,807, $5,825, and $5,786, respectively.

At December 31, 2022 and 2021, the Company owed Plumberz International, LLC $7,393 and $6,470, respectively; at December 31, 2020, Plumberz International, LLC owed the Company $169.

At December 31, 2022, 2021, and 2020, Plumberz North America, LLC owed the Company $68, $45, and $27, respectively.

At December 31, 2022, 2021, and 2020, Patch Boys International, LLC owed the Company $3,621, $2,682, and $1,556, respectively.

Note 3 - Related Party Transactions (Continued)

At December 31, 2022 and 2021, Redbox+ International, LLC owed the Company $42,246 and $1,599, respectively.

At December 31, 2022, 1 800 BoardUp International, LLC owed the Company $380.

At December 31, 2022, Cool Binz International, LLC owed the Company $62.

At December 31, 2022, Cool Binz North America, LLC owed the Company $214.

At December 31, 2022, Safer Home Services North America owed the Company $62.

Guarantee

The Company has guaranteed balances outstanding on term loans and a line of credit issued to Belfor Holdings, Inc. and other entities related through common ownership. In the event of a default by the affiliates, the Company could be obligated to repay the full amount outstanding on these loans. As of December 31, 2022, the affiliates' outstanding borrowings under the loans and the maximum potential future obligation under this guarantee totaled $1,256,012,150 and $1,347,307,310, respectively. The term loan is payable through April 2026, and the line of credit expires in April 2024. In the event the Company is required to make payments under this guarantee, the Company could seek to recover those amounts from the affiliate; however, the Company does not hold specific recourse or collateral rights in connection with the guarantee.

Note 4 - Property and Equipment

Property and equipment are summarized as follows:

	2022	2021	2020
Technical equipment	$ 126,887	$ 93,095	$ 89,531
Trucks	46,268	41,648	60,895
Furniture and fixtures	17,560	12,746	8,644
Computer equipment and software	272,961	270,416	325,909
Leasehold improvements	10,456	6,116	-
Total cost	474,132	424,021	484,979
Accumulated depreciation	399,896	363,346	372,751
Net property and equipment	$ 74,236	$ 60,675	$ 112,228

Note 5 - Intangible Assets

Intangible assets of the Company are summarized as follows:

	2022		2021		2020	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:						
Franchise rights	$ 460,000	$ 460,000	$ 460,000	$ 460,000	$ 460,000	$ 434,445
Trademarks	40,000	40,000	40,000	40,000	40,000	40,000
Repurchased franchise territory	100,000	51,667	100,000	41,667	100,000	31,667
Total amortized intangible assets	$ 600,000	$ 551,667	$ 600,000	$ 541,667	$ 600,000	$ 506,112

Note 5 - Intangible Assets (Continued)

Amortization expense for intangible assets for the years ended December 31, 2022, 2021, and 2020 was $10,000, $35,555, and $86,667, respectively.

Estimated amortization expense for the years ending December 31 is as follows:

Years Ending	Amount
2023	$ 10,000
2024	10,000
2025	10,000
2026	10,000
2027	8,333
Total	$ 48,333

Note 6 - Accrued and Other Current Liabilities

The following is the detail of accrued liabilities:

	2022	2021	2020
Accrued compensation	$ 155,787	$ 206,386	$ 93,491
Initial package accrual	108,711	503,302	659,045
National ad fund accrual	1,115,339	1,273,960	690,811
Other accrued liabilities	13,971	13,971	13,623
Total	$ 1,393,808	$ 1,997,619	$ 1,456,970

Note 7 - Leases

The Company has an operating lease for the use of building space with the Member, with a lease term of one year or less. The Company has elected to account for this lease as a short-term lease, and it is excluded as a right-of-use asset and lease liability. Total expense related to the short-term lease was $213,264, $155,500, and $159,566 for the years ended December 31, 2022, 2021, and 2020, respectively.

The Company leases automobiles under long-term lease arrangements that are classified as finance leases. Under the terms of the lease agreements, payments ranging from $489 to $533 are due monthly through July 2026. The right-of-use asset and related lease liability have been calculated using a discount rate ranging from 4.75 percent to 8 percent.

At December 31, 2022, 2021, and 2020, property under a finance lease consists of automobiles with a right-of-use asset of $46,268, $41,648, and $60,895, respectively, which is included within the trucks line item in Note 4. Accumulated depreciation on the property under the finance lease at December 31, 2022 and 2021 was $17,039 and $22,460, respectively. Depreciation on property under the finance lease is included in the depreciation amount disclosed on the statement of cash flows.

Note 7 - Leases (Continued)

The future minimum lease payments under finance leases are as follows:

Years Ending December 31	Amount
2023	$ 7,378
2024	6,400
2025	6,400
2026	3,733
Total	23,911
Less amount representing interest	1,802
Present value of net minimum lease payments	22,109
Less current obligations	6,517
Long-term obligations under operating leases	$ 15,592

Note 8 - 401(k) Plan

The Company participates in the Belfor Group 401(k) plan of Belfor. The employer matching contribution and discretionary match are paid by Belfor. The Company was allocated a portion of the matching contributions by its affiliates in the amount of $42,921, $46,756, and $24,069 for the years ended December 31, 2022, 2021, and 2020, respectively.

EXHIBIT C

TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE ADMINISTRATORS

State	State Administrator
CALIFORNIA	Commissioner of Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 217.782.1090
INDIANA	Indiana Secretary of State Securities Division Franchise Section, Room E-111 302 West Washington Street Indianapolis, IN 46204 317.232.6681
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360
MICHIGAN	Michigan Department of Attorney General Division of Securities, Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 517.373.7117

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State	State Administrator
MINNESOTA	Minnesota Department of Commerce Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 651.296.4026
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212.416.8222
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 701-328-4712
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities 350 Winter Street, N.E. #410 Salem, OR 97310 503.378.4387
RHODE ISLAND	Department of Business Regulation Division of Securities 1151 Pontiac Avenue Building 69-1 Cranston, RI 02920 401.222.3048
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 605.773.3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 804.371.9051
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 360.902.8760

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State	State Administrator
WISCONSIN	Wisconsin Securities Commissioner Department of Financial Institutions 201 W. Washington Ave., 3rd Floor P.O. Box 1768 Madison, WI 53703 608-261-9555

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EXHIBIT D

TO FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

State	Agent for Service of Process
CALIFORNIA	California Commissioner of Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677
HAWAII	Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722
ILLINOIS	Illinois Attorney General 500 South Second Street Springfield, IL 62706 217.782.1090
INDIANA	Indiana Secretary of State 201 State House Indianapolis, IN 46204 317.232.6681
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 670 Law Building Lansing, MI 48913 517.373.7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 651.296.4026
NEW YORK	Secretary of State 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capital, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 701-328-4712

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State	Agent for Service of Process
OREGON	Director of Oregon Department of Insurance and Finance 350 Winter Street, N.E. #410 Salem, OR 97310 503.378.4387
RHODE ISLAND	Director of Rhode Island Department of Business Regulation 1151 Pontiac Avenue Building 69-1 Cranston, RI 02920 401.222.3048
SOUTH DAKOTA	Director of South Dakota Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 605.773.3563
VIRGINIA	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 804.371.9051
WASHINGTON	Director of Washington Financial Institutions 150 Israel Road SW Tumwater, Washington 98501 360.902.8760
WISCONSIN	Commissioner of Securities of Wisconsin 201 W. Washington Ave., 3rd Floor Madison, WI 53703 P.O. Box 1768 608-261-9555

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EXHIBIT E

TO FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDA TO DISCLOSURE DOCUMENT

ADDITIONAL DISCLOSURES FOR THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code δδ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code δδ 20000 – 20043, the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of California, shall be amended to include the following:

The following is added to the Cover Page of this Disclosure Document:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

The cover page of this Disclosure Document is amended to state that the California's Department of Department of Financial Protection and Innovation toll free number is 866.275.2677.

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

Based on Franchisor's financial condition, the California Department of Department of Financial Protection and Innovation requires that we post a surety bond. We have secured a surety bond in the amount of $82,500.00 from the Hartford Fire Insurance Company to ensure fulfillment of all of our pre-opening obligations to you under the Franchise Operator Agreement.

Item 6 of the Franchise Disclosure Document is hereby supplemented with the following: "The highest interest rate allowed in California is 10%."

The following paragraphs are added at the end of Item 17 of the Disclosure Document:

1. California Law Regarding Termination, Transfer and Non-Renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.

2. Non-Competition Covenants. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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3. Applicable Law. The Franchise Agreement requires application of the laws of the State of Michigan. This provision may not be enforceable under California law.

4. General Release. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

5. Applicable Law. The Franchise Agreement requires application of the laws and forums of the State of Michigan. This provision may not be enforceable under California law.

6. Litigation. The Franchise Agreement requires that all disputes be litigated in Michigan. This provision may not be enforceable under California law. Prospective franchises are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

7. Financial Performance Representations. "The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from Gross Sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information."

OUR WEBSITE WWW.1800WATERDAMAGE.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

Neither we, nor any person, or franchise broker in Item 2 of the Disclosure Document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

Franchisor certifies that it has complied with all requirements of California Corporations Code Section 31109.1.

ADDITIONAL DISCLOSURES FOR THE STATE OF HAWAII

The following is added to the Cover Page of this Disclosure Document**:**

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

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THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT, THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS, AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Notwithstanding anything contained in the Franchise Agreement to the contrary, you do not have to pay us the Initial Fee until we perform our pre-opening obligations under the Franchise Agreement and your first Franchised Business is open. Once we complete this obligation and you are open, you must immediately pay us all initial fees we deferred.

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. Sections 482E-, *et. seq*., the Franchise Disclosure Document of 1-800 WATER DAMAGE INTERNATIONAL, LLC, in connection with the offer and sale of franchises for use in the State of Hawaii, shall be amended to include the following:

a. The following list is hereby added to the end of Item 20 of the Disclosure Document to reflect the status of our franchise registrations in states which have franchise registration and/or disclosure laws:

i. The states in which a registration is effective, in which we are relying on an exception, or where an offering has been filed: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

ii. The states in which a proposed registration of filing is or will be shortly on file: None

iii. The states, if any, which have refused, by order or otherwise, to register these franchises: None.

iv. The states, if any, which have revoked or suspended the right to offer these franchises: None

v. The states, if any, in which proposed registration of these franchises has been withdrawn: None

2. Based upon our financial statements, the payment of the Initial Fee and Initial Package Fee under the Franchise Agreement to 1-800 WATER DAMAGE INTERNATIONAL, LLC is deferred until 1-800 WATER DAMAGE INTERNATIONAL, LLC completes all of its pre-opening obligations to Franchisee. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.

3. The following is added to the page of Franchisor's FDD entitled "**Special Risks to Consider About *This* Franchise":**

Negative Equity. According to Franchisor's most recent audited financial statements, Franchisor has negative equity, meaning its liabilities outweigh its assets.

ADDITIONAL DISCLOSURES FOR THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, 815 ILCS δδ705/1 et. seq., the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of Illinois, shall be amended to include the following:

The following language is added to the table in Item 17 at the end of the Summary sections of provisions (v) and (w) entitled Choice of Forum and Choice of Law: "subject to state law, and except for any claims arising under the Illinois Franchise Disclosure Act of 1987." Illinois law will govern the Agreement and all litigation will be commenced in Illinois.

Based on Franchisor's financial condition, the Illinois Attorney General's Office requires that we post a surety bond. We have secured a surety bond in the amount of $79,000.00 from the Hartford Fire Insurance Company to ensure fulfillment of all of our pre-opening obligations to you under the Franchise Operator Agreement.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Investment Act of 1987 are met independently without reference to this Addendum to the Disclosure Document.

ADDITIONAL DISCLOSURES FOR THE STATE OF INDIANA

In recognition of the requirements of the Indiana Code, Title 23, Article 2, Chapter 2.7, Sections 1 -7; amended by Laws of 1985, PL 233, the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of Indiana, shall be amended to include the following:

1. It is unlawful for any Franchise Agreement entered into between any franchisor and a franchisee that is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana, to contain any of the following provisions. The following statements are added at the end of the Franchise Agreement table in Item 17: "Any release required as a condition of renewal and/or transfer will not apply to any claims that may arise under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act."

2. The Summary section of Item 17(r.) entitled Non-Competition Covenants after the Franchise Terminates or Expires is amended to provide that the provisions contained in the Franchise Agreement and Item 12 of this Disclosure Document are subject to Indiana Code 23-2-2-7-1(9), which prohibits covenants not to compete which extend beyond any exclusive Territory granted to you.

3. Item 17(v) and 17(w) entitled Choice of Forum and Choice of law are amended to provide that Michigan law generally applies except for matters arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act.

4. Any waivers in the Agreement may constitute a limitation on litigation and therefore violate IC 23-2-2.7-1(10) and may not occur under this provision.

5. A limitation of claims in the Franchise Agreement may only be barred unless an action is brought more than two years after the violation pursuant to IC 23-2-2.7-7.

Each provision of these Additional Disclosures to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to these Additional Disclosures to the Disclosure Document.

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ADDITIONAL DISCLOSURES FOR THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Uniform Franchise in connection with the offer and sale of franchises for use in the State of Maryland, shall be amended to include the following:

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

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have secured a surety bond in the amount of $208,000.00 from the Hartford Fire Insurance Company. A copy of the bond is on file at Maryland's state authority in the Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. Also, a copy is attached in Exhibit 1 to the Maryland State Addendum to the Franchise Agreement.

Item 17.C. and 17.M. require a general release as a condition of renewal, sale, and/or transfer. Any such release shall not apply to any liability that falls under the Maryland Franchise Registration and Disclosure Law.

Item 17.U. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought by you within three (3) years after the grant of the Franchise.

Item 17.V., requires that all actions will be commenced in the state, and any court of general jurisdiction in Washtenaw, Michigan, or the United States District Court for the Eastern District of Michigan except for claims arising under the Maryland Franchise Registration and Disclosure Law, which may be commenced by you in Maryland.

Exhibit I of the Franchise Disclosure Document is a Disclosure Acknowledgement Questionnaire. Such representations are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The following is added to the end of the Item 17 chart:

Despite any contradicting provision in the Franchise Agreement, you have three years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

ADDITIONAL DISCLOSURES FOR THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat 80C.01 through 80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules 2860.0100 through 2860.9930, the Franchise Disclosure Document in connection with the offer and sale of franchises for use in the State of Minnesota shall be amended to include the following:

Items 5 and 21 A Surety Bond has been obtained by Franchisor to assure its financial capability; the bond is on file with the Minnesota Department of Commerce. This financial assurance requirement was imposed by the Minnesota Department of Commerce due to Franchisor's financial condition.

Item 13 "Trademarks, Service Marks, Trade Names Logotypes and Commercial Symbols," is amended by the addition of the following:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights that you have to use our proprietary rights, including your right to use the trademarks, service marks, trade names,

logotypes or other commercial symbols and indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suite or demand regarding the use of the name.

Item 17 "Renewal, Termination, Transfer, and Dispute Resolution," is amended by the addition of the following paragraphs:

1. Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.

2. Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three years after the cause of action occurs.

3. Minn. Stat. Sec. 80C, 14 Subds. 3, 4, and 5 requires that, except in certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise cannot be unreasonably withheld.

4. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum, or remedies that the laws of jurisdiction provide.

5. Minn. Rule 2860.4400D. prohibits us from requiring you to assent to a general release.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated by the Minnesota Commissioner of Commerce, are met independently without reference to these Additional Disclosures in the Disclosure Document.

ADDITIONAL DISCLOSURES FOR THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A 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 WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective Rev. March 17, 2021 2 injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

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

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

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDITIONAL DISCLOSURES FOR THE STATE OF NORTH DAKOTA

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes on supplements, as the case maybe, the corresponding disclosures in the main body of the text of the 1-800 WATER DAMAGE INTERNATIONAL, LLC Franchise Disclosure Document.

1. Based upon our financial statements, the payment of the Initial Fee and Initial Package Fee under the Franchise Agreement to 1-800 WATER DAMAGE INTERNATIONAL, LLC is deferred until 1-800 WATER DAMAGE INTERNATIONAL, LLC completes all of its pre-opening obligations to Franchisee and Franchisee is open for business. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.

2. Item 17 is amended by the addition of the following language to the original language that appears therein:

(a) Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in North Dakota, except in certain instances as provided by law.

(b) Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

(c) Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(d) Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(e) Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(f) Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

(g) Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(h) Any provision in the Franchise Agreement requiring a franchisee to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(i) Any provision in the Franchise Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

ADDITIONAL DISCLOSURES FOR THE STATE OF RHODE ISLAND

The following is added to the Cover Page of the Disclosure Document:

EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT "HOME STATE" LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THE OFFERING FOR DETAILS.

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 et seq., the Franchise Disclosure Document for 1-800 WATER DAMAGE INTERNATIONAL, LLC, for use in the State of Rhode Island is amended as follows:

1. Item 17 (u) shall be amended to read: §19-28.1-21 (a) A person who violates any provision of this act is liable to the franchisee for damages, costs, and attorneys and experts fees. In the case of a violation of §§19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation. (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.

2. Item 17 (v)(w) shall be amended to read: §19-28.1-14 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.

ADDITIONAL DISCLOSURES FOR THE STATE OF VIRGINIA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR USE IN VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for 1-800 WATER DAMAGE INTERNATIONAL, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Cover Page: The following statements are added to the cover page:

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

Additional Disclosures:

The following statements are added to Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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 ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

ADDITIONAL DISCLOSURES FOR THE STATE OF WASHINGTON

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

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

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

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

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

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

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

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EXHIBIT F

TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES
as of December 31, 2022

© 2023 1-800 WATER DAMAGE International, LLC

Name	Primary Contact	Street 1	City	State	ZIP Code	Bus Phone	# of Territories
1-800 WATER DAMAGE of Birmingham, AL	Kurt Gardner & Cody Bass	69 Oak Tree	Chelsea	AL	35043	205-545-7788	2
1-800 WATER DAMAGE of Rogers and Bentonville	Elmer Reyes	1533 North Greenwood Ave	Fort Smith	AR	72901	479-480-5070	1
1-800 WATER DAMAGE of Lake Havasu City, AZ	John Shaff	1605 Country Shire Ave	Lake Havasu City	AZ	86403	928-634-2222	1
1-800 WATER DAMAGE of Greater Tucson	John & Janet Brewer	4400 West Ina Road	Tuscon	AZ	85741	520-444-7233	1
1-800 WATER DAMAGE of Phoenix	Thomas H. Hodges	15219 North Cave Creek Road	Phoenix	AZ	85032	602-715-2225	1
1-800 WATER DAMAGE of Gilbert and Chandler, AZ	Jason & Dietta Phillips	919 W Elizabeth Way	Coolidge	AZ	85128	701-890-0014	1
1-800 WATER DAMAGE of Anaheim and Placentia	Dan Han	751 S. State College Blvd.	Fullerton	CA	92831	714-462-8090	1
1-800 WATER DAMAGE of Bakersfield	Kenny Crawford	6851 McDevitt Drive	Bakersfield	CA	93313	661-554-4747	1
1-800 WATER DAMAGE of Hayward and Dublin CA	Lex Shan	998 A Street	Hayward	CA	94541	510-398-2444	1
1-800 WATER DAMAGE of Sherman Oaks	Jack Satamian	6340 Coldwater Canyon Avenue	North Hollywood	CA	91606	818-448-0411	1
1-800 WATER DAMAGE of Murrieta / Temecula	Richard Marquez	41555 Cherry Street	Murrieta	CA	92562	951-461-0340	1

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Name	Primary Contact	Street 1	City	State	ZIP Code	Bus Phone	# of Territories
1-800 WATER DAMAGE of Roseville & Rocklin	Alfred and Amanda Daugereaux	1090 Sierra View Circle #3	Lincoln	CA	95648	916-510-9898	1
1-800 WATER DAMAGE of S. Sacramento	Raouf Alafranji	6332 27th St.	Sacramento	CA	95822	916-823-3800	1
1-800 WATER DAMAGE of San Bernadino/Fontana, CA	Robert Rodello	255 West Benedict Rd	San Bernardino	CA	92408	909-757-6010	2
1-800 WATER DAMAGE of Thousand Oaks / Woodland Hills	Cecilia Salsbury	749 Lakefield Road	Westlake Village	CA	91361	818-885-8897	1
1-800 WATER DAMAGE of Ventura & Santa Barbara	Douglas & Caroline Desario	4352 Telephone Road	Ventura	CA	93003	805-209-0204	2
1-800 WATER DAMAGE of NE Sacramento-Folsom	Bill Burns	11355-A Pyrites Way, Ste 6	Rancho Cordova	CA	95670	916-594-7752	1
1-800 WATER DAMAGE of Colorado Springs	Robert Cristinzio	40 Mount View Lane Unit H	Colorado Springs	CO	80907	719-684-9200	2
1-800 WATER DAMAGE of Denver	Efrem Woldu	747 Sheridan Blvd	Lakewood	CO	80214	303-284-0145	1
1-800 WATER DAMAGE of South Denver	Luis Balmaceda	2985 W. Oxford Avenue	Englewood	CO	80110	720-619-8843	1
1-800 WATER DAMAGE of Western Colorado	Bruce & Tyler Milyard	730 Scarlet Street	Grand Junction	CO	81505	970-514-6848	1
1-800 WATER DAMAGE of New Haven, CT	David Patrick	106 Beaverbrook Road	Milford	CT	06421	203-874-4555	1
1-800 WATER DAMAGE of	Scott Weiner	14B Trowbridge Drive	Behel	CT	06801	203-349-8484	2

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Name	Primary Contact	Street 1	City	State	ZIP Code	Bus Phone	# of Territories
Southern Fairfield & Westchester Counties							
1-800 WATER DAMAGE of Weston & Southwest Ranches	Patrick Nedrick	1470 NE 142 Street	North Miami	FL	33161	786-351-8007	2
1-800 Water Damage of Ft. Lauderdale	Roger Doolbar	18321 NE 4th Ct.	Miami	FL	33162	443-823-9134	1
1-800 WATER DAMAGE of Lake County & the Villages	Robert T. Kennedy	11440 Mattioda Road	Groveland	FL	34736	352-565-7100	1
1-800 WATER DAMAGE of Metro Miami, Brickell & the Beaches	Ivette F. Naranjo	3257 NW 7th Ave Cir	Miami	FL	33127	786-589-7030	2
1-800 WATER DAMAGE of North Orlando	Chris Cento	998 Josiane Court	Altamonte Springs	FL	32701	321-972-8425	1
1-800 WATER DAMAGE of the Emerald Coast	Sandy Williams	6875 Greenland Road	McDavid	FL	32568	850-905-6746	2
1-800 WATER DAMAGE of Athens & East Gwinnett	Scott Miller & Chad Fallows	182 Tawnyberry Dr	Athens	GA	30606	706-408-9747	1
1-800 WATER DAMAGE of Central Georgia	Gary Hogg	101 Chase Court	Milledgeville	GA	31061	478-288-5257	1
1-800 WATER DAMAGE of North Fulton	Ron Wilder	1815 Hembree Road, Bldg 400	Alpharetta	GA	30009	470-710-0365	1
1-800 WATER DAMAGE of Savannah/Hilton Head	Adam Fins	106 Winnai Lane	Guyton	GA	31312	912-728-3857	1

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Name	Primary Contact	Street 1	City	State	ZIP Code	Bus Phone	# of Territories
1-800 WATER DAMAGE of West Georgia / Carrollton	John Ake	108 Park Place Way	Carrollton	GA	30117	678-890-1283	1
1-800 WATER DAMAGE of Boise	Doug Stern	2793 N. Centrepoint Way	Meridian	ID	83646	208-887-0084	1
1-800 WATER DAMAGE of Chicago	Daniel Synwolt	4714 W. Berteau Ave	Chicago	IL	60641	630-878-1453	2
1-800 WATER DAMAGE of Peoria / Bloomington	Jordan Kohn	511 Denver St.	Bloomington	IL	61704	309-740-1497	1
1-800 WATER DAMAGE of South Side Chicago	Byron Wooten	12608 S. Kroll Drive	Alsip	IL	60803	630-499-6151	1
1-800 WATER DAMAGE of South Indianapolis	Doug Snell	210 Meadowview Ln	Greenwood	IN	46142	317-399-9141	3
1-800 WATER DAMAGE of Southwestern Indiana	Tim Wright	841 E. 200 N.	Washington	IN	47501	812-610-4646	1
1-800 WATER DAMAGE of Siouxland	Joe Stephens	717 Cunningham Dr	Sioux City	IA	51106	712-258-0988	1
1-800 WATER DAMAGE of East Louisville	Shawn Baker	440 Commercial Drive	Louisville	KY	40223	800-928-3732	1
1-800 WATER DAMAGE of Lake Charles, OK	Linda Lavergne	24389 Gilson	Iowa	LA	70647	337-842-1051	1
1-800 WATER DAMAGE of Fall River and New Bedford	Joe Rezendes	231 Weaver Street	Fall River	MA	02720	508-974-9372	1

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Name	Primary Contact	Street 1	City	State	ZIP Code	Bus Phone	# of Territories
1-800 WATER DAMAGE of Columbia, MD	Erik Barvir	4110 Sequoia Dr	Westminster	MD	21157	410-709-1116	1
1-800 WATER DAMAGE of Anne Arundel County	Daniel Lawrence	782 Route 3 North	Gambrills	MD	21054	410-709-1008	1
1-800 WATER DAMAGE of Northwest Baltimore	Hyman, Michael	5 Greenwood Place	Pikesville	MD	21208	410-694-7900	1
1-800 WATER DAMAGE of Laurel	Laire Bourne	14723 Baltimore Ave	Laurel	MD	20707	240-630-4742	1
1-800 WATER DAMAGE of Lansing / Jackson	Nicholas Fuller	206 W. Lewis Glick Highway	Jackson	MI	49201	517-888-3112	2
1-800 WATER DAMAGE of Mid-Michigan	Ron Veenhuis	6012 S Linden Road	Swartz Creek	MI	48473	810-655-0388	1
1-800 WATER DAMAGE of Royal Oak/Sterling Heights	Rowland Crosby	32494 Dequindre Road	Warren	MI	48092	248-607-6830	1
1-800 WATER DAMAGE of Southeast Michigan	Fred Arthur	7792 Boardwalk Road	Brighton	MI	48116	248-412-4030	5
1-800 WATER DAMAGE of Washtenaw County & Taylor	Kevin Krull	3510 W. Liberty Road	Ann Arbor	MI	48103	734-822-6705	2
1-800 WATER DAMAGE of Twin Cities South Metro	Mark Herll	11975 Portland Avenue South	Burnsville	MN	55337	952-484-9041	2
1-800 WATER DAMAGE of Kansas City North	David Johnson	2581 SW Highway 169	Trimble	MO	64492	816-781-6760	2

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Name	Primary Contact	Street 1	City	State	ZIP Code	Bus Phone	# of Territories
1-800 WATER DAMAGE of Mid Missouri	Doug & Deb Eidem	810 Rabbit Run Rd	Jefferson City	MO	65109	573-304-5945	1
1-800 WATER DAMAGE of the Mississippi Gulf Coast	Glen Murray	10551 Outdoor Way	Gulfport	MS	39503	228-284-5869	1
1-800 WATER DAMAGE of Western Montana	Robert Montgomery	39235 Dubay Road	Polson	MT	59850	406-206-7106	2
1-800 WATER DAMAGE of N.W. Triangle, Durham. NC	Shahzad Ghaffar	412 Chatterson Dr	Raleigh	NC	27615	919-589-1300	2
1-800 WATER DAMAGE of South Charlotte and Union County	Charles Stafford	3248 Smith Farm Road	Stallings	NC	28104	980-321-0201	1
1-800 WATER DAMAGE of South Raleigh	Adam (Red) Howard	1129 Corporation Parkway	Raleigh	NC	27610	919-805-3171	1
1-800 WATER DAMAGE of Wilmington, NC	Ed Fuerst	108 Great Pine Court	Wilmington	NC	28411	910-900-8035	1
1-800 WATER DAMAGE of Lincoln	Jeff, Sandra and Connor Carstens	2004 S.W. 5th Street	Lincoln	NE	68522	402-807-0072	1
1-800 WATER DAMAGE of West Omaha, NE	Shanna Schneiderwind	1509 N 203rd St.	Elkhorn	NE	68022	402-242-6400	1
1-800 WATER DAMAGE of Asbury Park, NJ	Cosmo Martelli	81 Pension Road	Manalapan	NJ	07726	510-866-6966	1
1-800 WATER DAMAGE of Passaic & Bergen County	Jason Pelak and Nicholas Gerbino	422 Paterson Ave.	East Rutherford	NJ	07073	201-636-2686	2
1-800 WATER DAMAGE of Westfield	Marcus, Allen	111 Canfield Avenue	Randolph	NJ	07869	973-927-5113	2

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Name	Primary Contact	Street 1	City	State	ZIP Code	Bus Phone	# of Territories
/Morristown/ Wayne							
1-800 WATER DAMAGE of Brentwood, NY	David Kunze	190 N. Belle Mead Rd.	East Setauket	NY	11733	631-759-4100	3
1-800 WATER DAMAGE of Rochester, NY	Don Metzinger	1250 Scottsville Rd	Rochester	NY	14624	585-504-4543	1
1-800 WATER DAMAGE of Nassau County	John McQuaid	160 Engineers Drive	Hicksville	NY	11801	516-412-6000	4
1-800 WATER DAMAGE of New York City	Michael Sands	564 Emerson Drive	West Hempstead	NY	11552	347-726-8585	5
1-800 WATER DAMAGE of Suffolk County	Richard Gherardi	45 Ramsey Road	Shirley	NY	11967	631-488-1454	1
1-800 WATER DAMAGE of Canton	Chad Lindamood	4604 Kirby Ave. NE	Canton	OH	44705	330-409-7309	1
1-800 WATER DAMAGE of Cincinnati / Dayton, OH	Jason Byrd	12123 Princeton Pike	Cincinnati	OH	45246	513-942-0820	5
1-800 WATER DAMAGE of NW Columbus	John Block	3112 Scioto Darby Executive Court	Hilliard	OH	43026	614-695-6121	1
1-800 WATER DAMAGE of Oklahoma City	Conrad Therrien	7043 Highwater Circle	Edmond	OK	73034	405-348-3060	4
1-800 WATER DAMAGE of McAlester, OK	Brian Helfenbein	215 West Carl Albert	McAlester	OK	74501	539-444-4418	1
1-800 WATER DAMAGE of SE Tulsa	Joshua Smith	1904 West Iola Street	Broken Arrow	OK	74012	918-872-0864	1
1-800 WATER DAMAGE of Tulsa, OK	Stephen Kerley	117 West 31st Place	Sand Springs	OK	74063	918-406-0751	1

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Name	Primary Contact	Street 1	City	State	ZIP Code	Bus Phone	# of Territories
1-800 WATER DAMAGE of SW Portland	Mike Tanuvasa	9595 SW Tualatin-Sherwood Rd.	Tualatin	OR	97062	503-378-9111	8
1-800 WATER DAMAGE of Harrisburg	Austin Duchaine	3256 North Susquehanna Trail	York	PA	17406	717-324-1647	2
1-800 WATER DAMAGE of Newtown	Hallman-Ritter	2574 Maple Ave	Langhorne	PA	19047	215-586-7800	1
1-800 WATER DAMAGE of DelChester	Jim McDevitt	1265 Ridge Road	Pottstown	PA	19465	610-321-3477	1
1-800 WATER DAMAGE of Wilmington /West Grove	Jim Wesley	2501 West 3rd St	Wilmington	DE	19805	302-467-1610	1
1-800 WATER DAMAGE of Greater Providence, RI	John Vigniero	53 Abbot St	Cranston	RI	02920	401-400-7406	1
1-800 WATER DAMAGE of Rock Hill, SC	Bryen Douglas	3011 Drewsky Lane	Fort Mill	SC	29715	803-984-9533	1
1-800 WATER DAMAGE of the Charleston & Berkeley Counties	Jarrod Smith	4365 Dorchester Road, Suite 203	North Charleston	SC	29405	843-806-1814	1
1-800 WATER DAMAGE of Lexington County, SC	Gene Harvey	123 Centrum Drive	Irmo	SC	29063	803-470-5151	1
1-800 WATER DAMAGE of Katy, TX	A.J. Hamilton	18027 Timber Mist Ct.	Cypress	TX	77433	281-297-9009	2
1-800 WATER DAMAGE of Aggieland	Ayers, Bradley & Suzannah	5400 Elmo Weedon Road	College Station	TX	77845	979-488-4292	1
1-800 WATER DAMAGE of NE	Randy & Erika Herman	1821 Belt Line Road	Garland	TX	75044	214-817-2014	2

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Name	Primary Contact	Street 1	City	State	ZIP Code	Bus Phone	# of Territories
Dallas & SE Collin							
1-800 WATER DAMAGE of SE Texas	Ramirez, John Anthony, III	305 IH 10 South	Beaumont	TX	77726	409-866-5700	3
1-800 WATER DAMAGE of So. and West Austin, TX	Jim Abramson	324 Riverwalk Dr, Suite 104	San Marcos	TX	78666	813-517-8426	1
1-800 WATER DAMAGE of Pearland & League City, TX	Nader Al-Rahahleh	15502 Highway 3, Unit 109	Webster	TX	77598	713-240-2307	1
1-800 WATER DAMAGE of Northern Utah	Marc & Teri Baldwin	590 N. Kays Drive	Kaysville	UT	84037	801-923-7033	2
1-800 WATER DAMAGE of Utah County	Gerald Cleveland	1194 E 1060 N	Spanish Fork	UT	84660	801-701-1004	2
1-800 WATER DAMAGE of Northern Virginia	Mohammad A. Anwaryan	5108 Charles Ewell Lane	Woodbridge	VA	22193	703-650-9104	4
1-800 WATER DAMAGE of Virginia Beach	Antoine Curry	522 Central Drive	Virginia Beach	VA	23454	757-837-4080	1
1-800 WATER DAMAGE of Seattle / South Puget Sound, Tacoma, Bremerton, & Olympia	Joanne Sandberg	12600 Interurban Ave S	Tukwila	WA	98168	206-381-3041	9
1-800 WATER DAMAGE of Appleton/Oshkosh, WI	Kurt and Alex Schoenick	1313 Racine Rd.	Menasha	WI	54952	920-471-1414	1
1-800 WATER DAMAGE of South Metro Milwaukee	Justin Johnson	10700 W. Venture Drive	Franklin	WI	53132	414-750-8383	1

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Name	Primary Contact	Street 1	City	State	ZIP Code	Bus Phone	# of Territories
1-800 WATER DAMAGE of Racine & Waukesha	Bartz, Robert; Dahl, Jason	3125 Western Avenue	Jackson	WI	53037	262-599-8944	2

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*Franchisees who have signed but **did not open** as December 31, 2022*

Location	Name	Phone	Address
1-800 WATER DAMAGE of Jacksonville East & St. Augustine (2 Territories)	Buys, Robert & Cherniavsky, Alex	305-304-2095	866 SW 9th Street, Apt 206, Boca Raton, FL

EXHIBIT G

TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF FORMER FRANCHISEES

Former Traditional Model Franchisees

Owner	Address	City	State	Zip Code	Phone
William Krug & Bryson Baker	7352 Green Ridge Dr., Unit A-6	Windsor	CO	80550	970-616-6418
Jim Brumfield	312 North 325 East	Valparaiso	IN	46383	219-992-0594
Kent Ristow	600 Langley	St. Joseph	MI	49085	269-473-8805
Robert Bittle and Ruth Irwin	815 Wasena Ave SW	Roanoke	VA	24015	540-315-4334
Jamey Ainsworth	1300 S Frazier St, Suite 310	Conroe	TX	77301	936-207-4239
Dean Sylvester	S. 34 W. 29942 Little John Dr.	Waukesha	WI	53189	262-599-8944

Former Managing Operator Franchisees

Location	Name	Phone Number	Address
1-800 WATER DAMAGE of NW Suburban Chicago* *(2 Territories)*	Jeff Siegel	224-678-9520	9176 Trinity Drive Lake in the Hills, IL 60156

**Converted to Traditional Model via Re-Sale.*

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EXHIBIT H - 1
TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE ORGANIZATIONS

We have created, sponsored, or endorsed the following franchise organizations:

Organization	Established	Address	Members
Franchise Advisory Council	January 2017	731 Fairfield Ct. Ann Arbor, MI 48108	Chairperson(s): Tim Fagan Committee: Kevin Krull – Franchisee, 734-822-6705, kevin.krull@1800waterdamage.com Austin Duchaine – Franchisee, 717-324-1647 austin@adcllc.biz Gerald Cleveland, Franchisee, 801-701-1004 Gerald.cleveland@1800waterdamage.com Tyler Milyard, Franchisee,970-712-5298 tmilyard@deltawesterncolorado.com Doug Snell, Franchisee, 317-399-9141 Doug.snell@1800 waterdamage.com

EXHIBIT H - 2

TO FRANCHISE DISCLOSURE DOCUMENT

INDEPENDENT FRANCHISEE ASSOCIATIONS

As of the date of this Disclosure Document, to our knowledge, there are no Independent 1-800 WATER DAMAGE Franchise Associations.

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EXHIBIT I
TO THE FRANCHISE AGREEMENT

DISCLOSURE ACKNOWLEDGEMENT QUESTIONNAIRE

To be completed by each signatory to the Franchise Agreement.

As you know, 1-800 Water Damage International, LLC and you are preparing to enter into a Franchise Agreement for the operation of a 1-800 Water Damage franchise. Please review each of the following questions carefully and provide honest responses to each question.

1. Have you received and personally reviewed the 1-800 Water Damage Franchise Disclosure Document and each exhibit we provided to you? Yes_____ No_____

2. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? Yes_____ No_____

3. Have you discussed operating a 1-800 Water Damage franchise with an attorney, accountant or other professional advisor? Yes_____ No_____

4. Do you understand the success or failure of your franchise will depend on many factors including your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace? Yes_____ No_____

5. Has any employee or other person speaking on behalf of 1-800 Water Damage International, LLC made any statement or promise regarding the amount of money you may earn in operating the 1-800 Water Damage franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes_____ No_____

6. Has any employee or other person speaking on behalf of 1-800 Water Damage International, LLC made any statement or promise concerning the total amount of revenue the 1-800 Water Damage franchise will generate that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes____ No_____

7. Has any employee or other person speaking on behalf of 1-800 Water Damage International, LLC made any statement or promise regarding the costs involved in operating the 1-800 Water Damage franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
   Yes_____ No_____

8. Has any employee or other person speaking on behalf of 1-800 Water Damage International, LLC made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating a 1-800 Water Damage franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes_____ No_____

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9. Has any employee or other person speaking on behalf of 1-800 Water Damage International, LLC made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes____ No_____

10. If you have answered "Yes" to any of the questions 7 through 11, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

_____
_____
_____
_____

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

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_____
_____

Maryland sales/Maryland residents: The representations, acknowledgements and affirmations in this Exhibit 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 Act

Washington sales/Washington residents: This Franchisee Disclosure Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

_____
FRANCHISE APPLICANT

_____, 20__

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EXHIBIT J

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Florida	Effective
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Effective
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Utah	Effective
Virginia	Pending
Washington	Pending
Wisconsin	April 3, 2023

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.

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EXHIBIT K
TO FRANCHISE DISCLOSURE DOCUMENT
RECEIPTS

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 WATER DAMAGE INTERNATIONAL, LLC offers you a franchise, it must provide the disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If 1-800 WATER DAMAGE INTERNATIONAL, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit C.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the Franchise Relationship. Michigan and Oregon require that we give you this Disclosure Document at least ten business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the Franchise Relationship.

Date of Issuance: March 31, 2023
See Exhibit D for our registered agents authorized to receive service of process.
I have received a disclosure document dated March 31, 2023, that included the following Exhibits:

A – Form of Agreements
A-1 - Franchise Agreement and Addenda
A-2 - Promissory Note
A-3 - Confidentiality / Non-Disclosure Agreement
A-4 - General Release(s) Upon Renewal or Assignment
B – Financial Statements
C – State Administrators
D – Agents for Service of Process
E – State Addenda to the Disclosure Document
F – List of Franchisees
G – List of Former Franchisees
H-1 – Franchise Organizations
H-2 - Independent Franchisee Associations
I – Disclosure Acknowledgement Questionnaire
J –State Effective Dates
K-- Receipt

The franchise seller is 1-800 WATER DAMAGE INTERNATIONAL, LLC, 731 Fairfield Court, Ann Arbor, MI 48108, (734) 864-9799. Any additional individual franchise sellers involved in offering the 1-800 WATER DAMAGE franchises are:
( ) Ken Osness phone (734) 864-9767( ) Ryan McLaughlin (734) 864-9766 ( )_____. Located at 731 Fairfield Court, Ann Arbor, MI 48108.
Date Received:_____

_____ _____
Signature of Prospective Franchisee Print Name

_____
Entity Name (if applicable)

_____ _____
Signature of Prospective Franchisee Print Name

_____
Entity Name (if applicable)

© 2023 1-800 WATER DAMAGE International, LLC

You should return one copy of the signed receipt by signing, dating, and mailing it to us at 731 Fairfield Court, Ann Arbor, MI 48108 or faxing it to 734 222-0531, attn. Stephanie Stevens-Barbatano, Legal Administrator. You may keep the second copy for your records.

© 2023 1-800 WATER DAMAGE International, LLC

RECEIPTS

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 WATER DAMAGE INTERNATIONAL, LLC offers you a franchise, it must provide the disclosure document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If 1-800 WATER DAMAGE INTERNATIONAL, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit C.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the Franchise Relationship. Michigan and Oregon require that we give you this Disclosure Document at least ten business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the Franchise Relationship.

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The franchise seller is1-800 WATER DAMAGE INTERNATIONAL, LLC, 731 Fairfield Court, Ann Arbor, MI 48108, (734) 864-9799. Any additional individual franchise sellers involved in offering the 1-800 WATER DAMAGE franchises are:

( ) Ken Osness phone (734) 864-9767 ( ) Ryan McLaughlin (734) 864-9766 ( ) _____ Other. Located at 731 Fairfield Court, Ann Arbor, MI 48108.

Date Received:_____

_____ _____
Signature of Prospective Franchisee Print Name

_____
Entity Name (if applicable)

_____ _____
Signature of Prospective Franchisee Print Name

_____
Entity Name (if applicable)

© 2023 1-800 WATER DAMAGE International, LLC

You should return one copy of the signed receipt by signing, dating, and mailing it to us at 731 Fairfield Court, Ann Arbor, MI 48108 or faxing it to 734 222-0531, attn. Stephanie Stevens-Barbatano Legal Administrator. You may keep the second copy for your records.

© 2023 1-800 WATER DAMAGE International, LLC