FRANCHISE DISCLOSURE DOCUMENT

ADD Franchising, Inc.
a Delaware corporation
3120 East Garvey Avenue S.
West Covina, California 91791
Telephone: (888) 508-5598
Email: info@alliedfranchising.com
Website:
https://allieddisasterdefensefranchise.com

The franchisee will operate a business under the name Allied Disaster Defense® that provides protection to commercial and residential properties from the threat of wildfire and other disasters.

The total initial investment necessary to begin operation of an Allied Disaster Defense® business ranges from $86,250 to $179,750. This includes $35,000 that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact O.P. Almaraz at 3120 East Garvey Avenue, West Covina, California 91791 (888) 508-5598.

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

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

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

Issuance Date: September 5, 2024.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
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 C 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 Allied Disaster Defense® Business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Allied Disaster Defense® franchisee?	Item 20 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 clients, 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 A**.

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 and the area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

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.

Table of Contents

Page

Exhibits

A. List of State Franchise Administrators

B. List of Agents for Service of Process

C. Financial Statements

D. Franchise Agreement

E. State-Specific Addenda to Disclosure Document

F. Allied Disaster Defense® Standards Manual Table of Contents

G. Lease Addendum

State Effective Dates Page

COPIES OF RECEIPT

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN STATE SPECIFIC ADDENDA TO THE DISCLOSURE DOCUMENT IN EXHIBIT E, OR IN STATE SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT IN EXHIBIT D.

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "us" or "we" or "our" means the franchisor – ADD Franchising, Inc., a Delaware corporation. "You" means the person who buys the franchise. If the franchisee is a corporation, limited liability company or other entity, "you" may also refer to its owners.

Franchisor, Parents and Affiliates

We conduct business under the name Allied Disaster Defense®. We are a Delaware corporation formed on July 17, 2023 Our principal place of business is 3120 East Garvey Avenue S., West Covina, California 91791. Our telephone number is (888) 508-5598. We do not have any predecessors, parents or affiliates that offer franchises or provide products or services to our franchisees.

Agents for Service of Process

Our agents for service of process are disclosed in **Exhibit B**.

The Business We Offer

We offer a franchise under the name Allied Disaster Defense® that provides protection to commercial and residential properties from the threat of wildfire and other disasters. Wildfires are becoming more frequent and severe, leading to increased demand for effective wildfire prevention services. Prevention solutions include wildfire property assessments, installation of water and gas shutoff devices, home hardening, creation of defensible space, vegetation management, creation of an ember free zone, installation of ember resistant vents, gutter guard installation, the use of fire retardant, automatic water shut-off devices, earthquake shut-off valves, and the Allied Disaster Defense Concierge Protection Plan materials and information. The Allied Disaster Defense Concierge Protection Plan encompasses water damage prevention, earthquake protection and a signature suite of wildfire defense services for the preservation of high-value property. Franchisees will work with homeowners, commercial property owners, homeowners associations (HOAs), insurance brokers and agents, property managers, insurance companies, municipalities, government, fire and forestry services, fire safe councils, utility companies, the military and fire officials.

Some franchisees may also offer restoration services including water mitigation, mold remediation, smoke deodorization, cleaning, contents pack-outs, dry cleaning, earthquake repairs and construction.

We are in the business of granting and administering a franchise program for the operation by franchisees of Allied Disaster Defense® businesses. We do not currently conduct any business activities other than franchising the Allied Disaster Defense® business.

Market

Your Allied Disaster Defense® business will compete with other businesses that offer similar products and services. The market for protection wildfire is developing and competitive. Your business might be affected by many factors, including economic, market and climate conditions, your business knowledge, competition, and the area in which your franchised business offers services.

Applicable Regulations

In addition to laws and regulations that apply to businesses generally, you will have to obtain a contractor's license (if you do not already have one) for certain construction work including work related to class A building materials, gutter guard installation, vents and other fire defensive elements. In addition, the federal Occupational Safety and Health Act (OSHA) and equivalent state agencies may have regulations with which you must comply. Some states may also impose regulations and safety precautions relating to the use of fire retardants.

Because you will accept credit cards, you will also have to comply with any general laws and regulations relating to the acceptance of credit cards, including the Payment Card Industry ("PCI") Data Security Standard ("DSS"). Compliance with the PCI DSS is your responsibility. You must also comply with data privacy laws that affect the safekeeping of member information, and regulations that apply to electronic marketing, like faxes, emails, text messaging and telemarketing. In particular, you may not copy, transfer or use data on current or past clients such as their names, addresses, phone numbers or email addresses, or provide that information to third parties.

There are also state and federal laws and regulations that apply to credit transactions, such as the Federal Truth in Lending Act and Regulation Z, and various other credit related statutes like the Equal Credit Act and Fair Debt Collection Practices Act. These laws and regulations vary from state to state and may affect your operations.

It is your responsibility to comply with all of these laws and obtain any necessary approvals or licenses before you open for business. You should consult with your own advisors and the government agencies in your state for information on how these laws apply to you.

Prior Experience

We began offering franchises on the date this Disclosure Document was issued. Our affiliate, Allied Disaster Defense, Inc., has operated a business similar to the franchised business since September 2021. Another affiliate, Allied Restoration Service, Inc., operates a cleanup and restoration business related to flooding, fires, mold, smoke damage and other damage from disasters. Neither we nor our affiliates offer franchises in any other line of business.

ITEM 2

BUSINESS EXPERIENCE

President, Chief Executive Officer, Treasurer, Secretary, Director: O.P. Almaraz

Mr. Almaraz has served as the President, Chief Executive Officer, Treasurer, Secretary and Director since our formation on July 17, 2023. He has been the Chief Executive Officer of Allied Disaster Defense, Inc. in Southern California since September 2021 and he has also served as Chief Executive Officer of Allied Restoration Service, Inc. since 2008.

Business Continuity and Wildfire Prevention Strategist: Richard Snyder

Mr. Snyder has served as our Business Continuity and Wildfire Prevention Strategist since our formation on July 17, 2023. Since 2021, Mr. Snyder has been the Business Continuity and Wildfire Prevention Strategist and a Director of Allied Disaster Defense, Inc. in Southern California. From 1996 to 2022, he was the Fire Captain of the Sierra Madre Fire Department in Sierra Madre, California.

Dynamic Vice President: Timothy Bauer

Mr. Bauer has served as our Dynamic Vice President since our formation on July 17, 2023. Since 2014, Mr. Bauer has been a Vice President of Allied Disaster Defense, Inc. and Allied Restoration Service, Inc. in Southern California.

Strategic General Manager: Stewart Barrios

Mr. Barrios has served as our Strategic General Manager since our formation on July 17, 2023. Since 2018, Mr. Barrios has been the General Manager of Allied Disaster Defense, Inc. and Allied Restoration Service, Inc. in Southern California.

Orchestrator of Administrative Brilliance: Dana Almaraz

Dana Almaraz has been our Orchestrator of Administrative Brilliance since our formation on July 17, 2023. Since 2018, she has also been the Accounting Specialist for Allied Disaster Defense, Inc. and Allied Restoration Service, Inc. in Southern California.

Digital Marketing Specialist: Vincent Lu

Mr. Lu has been our Digital Marketing Specialist since our formation in July 2023. Since 2019, he has also been the Digital Marketing Specialist for Allied Disaster Defense, Inc.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

You must pay us an initial franchise fee of $35,000 in a lump sum when you sign the Franchise Agreement for an Allied Disaster Defense franchise. The initial franchise fee is uniform except as described below.

Honorably discharged U.S. military veterans receive a $5,000 discount on the initial franchise fee for their first franchise.

If you are one of our existing franchisees and you acquire another Allied Disaster Defense franchise, you pay an initial franchisee fee equal to 75% of our then-current non-discounted initial franchise fee.

In all instances, the initial franchise fee is non-refundable and earned upon receipt.

ITEM 6

OTHER FEES

Franchise Agreement

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	8% of gross revenues	Monthly by EFT	See Note 1.
System Marketing Fund Contribution	Up to 2% of gross revenues	Same as Royalty Fee	See Note 2.
Additional Initial Training Fee or Onsite Assistance	$500 per day per trainer	Before we provide additional initial training	See Note 3.
Additional Assistance Fee	Our then-current additional assistance fee, currently $500 per day per trainer, plus expenses	Before we provide additional assistance	See Note 4.
Alternative Vendor Evaluation Fee	Our costs	When you request evaluation of an alternative vendor	See Note 5.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	75% of the then-current undiscounted initial franchise fee; 50% of the then-current undiscounted initial franchise fee if transferee is an existing franchisee; $1,500 if to existing owners or no change of control; our expenses if transfer is from an individual owner to an entity	$5,000 upon application to transfer and the balance before transfer is concluded	See Note 6.
Successor Agreement Fee	10% of the then-current undiscounted initial franchise fee	Upon notice of renewal	See Note 7.
Research and Development Fee	Up to $500 per month; currently, $150 per month	Same as Royalty Fee	See Note 8.
Late Fee	Lesser of 2% per month or maximum amount permitted by law	When payment is overdue	See Note 9.
Insufficient Funds Fee	Our then current fee, currently $200 per occurrence	Upon demand	See Note 10.
Audit Fee	Cost of audit	Upon demand	See Note 11.
Annual Conference Fee	Up to $1,000 per attendee	Upon demand	See Note 12.
Indemnification	Payment of our losses and costs	Upon demand	See Note 13.
Costs and Attorney’s Fees	Attorney’s fees and costs	Upon demand	See Note 14.
Reimbursement of Insurance Costs	Premiums, costs and expenses	Upon demand	See Note 15.

ALL FEES ARE IMPOSED BY AND ARE PAYABLE TO US, UNLESS OTHERWISE NOTED. WE MAY VARY THE FREQUENCY AND METHOD OF PAYMENT OR COLLECTION AT ANY TIME. WE REQUIRE YOU TO PAY FEES VIA ELECTRONIC

WITHDRAWAL FROM YOUR BANK ACCOUNT. ALL FEES ARE UNIFORMLY IMPOSED AND NON-REFUNDABLE, UNLESS OTHERWISE NOTED. IF YOU ARE LOCATED IN A STATE IN WHICH WE DO NOT HAVE AN OFFICE OR OTHER PHYSICAL PRESENCE, AND THE STATE OR LOCAL TAXING AUTHORITY IMPOSES A TAX ON ANY PAYMENT YOU ARE REQUIRED TO MAKE TO US (EITHER BY REQUIRING YOU TO WITHHOLD THE AMOUNT OF THE TAX OR BY REQUIRING US TO PAY IT) OR IF THERE IS A TAX IMPOSED FOR ANY OTHER REASON, YOU MUST PAY US THE DIFFERENCE BETWEEN THE PAYMENT AS ORIGINALLY CALCULATED AND THE PAYMENT WE RECEIVE FROM YOU AFTER DEDUCTING THE TAX IF WE DO NOT RECEIVE A REFUND OR CREDIT.

Notes:

1. Gross revenues means all revenues you receive from operation of the franchised business (including any payments under your business interruption insurance coverage and all revenues you may receive from remediation services) deducting only amounts paid to any governmental tax authority and any customer refunds made in accordance with our policy. If you do not provide us with revenue data for any month, we will base our EFT withdrawal for this and other fees based on gross revenues on your previous month's gross revenues. Your payments will be adjusted once we receive your accurate report of gross revenues.

2. We require that you contribute up to 2% of your gross revenues to our system marketing fund. Until we have a certain number of franchisees, we will work with you to spend your contribution to the system marketing fund in your protected area.

3. We do not charge a separate fee for providing initial training to you and one of your key staff members. If you request initial training for additional or replacement personnel or if all of your personnel cannot attend the initial training at the same time, we may charge this fee. This fee also applies if you request that we provide more than three days of onsite assistance after you open your Allied Disaster Defense business. You are also responsible for paying the expenses and compensation for your personnel.

4. If we determine that additional training is advisable or if we agree to conduct additional training or provide additional operations assistance at your request, we will charge you this fee. If the training or operations assistance is provided on-site at your franchised business, you must also reimburse the trainer's travel, lodging and food expenses. You must pay this to us before we provide the additional training or operations assistance. You are also responsible for paying the expenses and compensation for you and your personnel.

5. If you request our approval for an alternative vendor for any products or services you use in your Allied Disaster Defense business, you must reimburse us for our costs to evaluate and determine the qualifications an alternative vendor. This fee is payable when you request us to evaluate a proposed vendor, and is not refundable if we do not approve the vendor.

6. You pay 50% of the then-current initial franchise fee if the transferee is one of our existing franchisees that we have approved to develop additional locations, and 75% of the then-current initial franchise fee if the transferee is not one of our existing franchisees. You must pay $5,000 of the transfer fee to us when you submit an application to transfer. This payment is non-refundable. You must pay the balance of the transfer fee before the transfer is final and it is non-refundable. If the transfer is: (a) among existing owners of the franchisee; or (b) to a new owner but the transfer does not change the majority ownership or control of the franchisee, the transfer fee is $1,500. It is payable when you request the transfer and is non-refundable. If you are an individual transferring your Franchise Agreement to an entity, you must pay us for our expenses in processing the transfer. You must also sign a personal guaranty, an assumption agreement and a personal services agreement. There are other conditions to your ability to transfer.

7. You must pay this fee when you send us notice that you wish to renew and sign a successor agreement. You must be in good standing to renew. There are other conditions to renewal. This fee applies whether or not we consent to the renewal.

8. You must pay us this fee which we will use to develop new services, methods and technology for the Allied Disaster Defense business. We may increase this fee by 10% per year, up to a maximum of $500 per month.

9. If you do not pay any amount when due, you must pay a late charge of 2% per month, or the maximum rate permitted by law, if less.

10. We collect monies from you via electronic funds transfer (EFT). You must pay us our then-current fee per occurrence if there are insufficient funds in your account or if we accept your check or other form of payment and it is dishonored.

11. You must pay the cost of an audit of your records by us only if the audit shows an understatement of at least 2% of fees due for the period audited. The cost of the audit will vary depending on factors such as the amount of time that is the subject of the audit and the state of your records and will include accounting and legal fees, travel expenses, room and board and compensation for our representatives. We may audit your records at any time without notice. This fee is in addition to any delinquent fees and late charges.

12. If we decide to hold an annual conference for training and other plans related to the franchise system, you and those of your personnel we require must attend and we will charge this fee to help defray our costs. You must also pay for the travel and other costs for you and your personnel.

13. You must defend us and our affiliates and representatives and pay for any claims and losses to us resulting from your actions or failure to act.

14. If there is a dispute between us, the prevailing party will be entitled to attorney's fees and costs. If we obtain injunctive relief against you because you breach the Franchise Agreement's provisions concerning use of our trademarks, trade secrets or

confidential information or if you do not comply with your obligations under the Franchise Agreement upon termination or expiration, you must also reimburse us for our attorney's fees and costs.

If you fail to obtain and maintain the insurance coverage we specify, we may obtain the insurance for you and your franchised business and you must reimburse us for all premiums, costs and expenses we incur.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type Of Expenditure	**Amount**	**Method Of Payment**	**When Due**	**To Whom Payment Is To Be Made**
Initial Franchise Fee	$35,000	Lump Sum	At signing of Franchise Agreement	Us
Interior Design/Leasehold Improvements (Note 1)	$1,000 - $4,000	As incurred	As incurred	Contractors
Utility and Security Deposits	$250 - $500	Lump Sum	As incurred	Landlord, Utilities
Signage (Note 2)	$750 - $2,000	As incurred	As incurred	Contractors
Furniture and Fixtures (Note 3)	$1,500 - $3,000	As incurred	As incurred	Vendors
Equipment Used in Business (Note 4)	$8,000 - $20,000	As incurred	As incurred	Vendors
Office Equipment, Computers, Office Supplies (Note 5)	$2,000 - $3,000	As incurred	As incurred	Vendors
Business Software Set Up Fee	$500 - $750	As incurred	As incurred	Vendors

Vehicle and Signage (Note 6)	$3,000 - $50,000	As incurred	As incurred	Vendors
Vehicle Insurance (Note 7)	$750 - $1,250	As incurred	As incurred	Insurer
Business Licenses and Permits	$500 - $750	As incurred	As incurred	Government Agencies
Professional Fees (Note 8)	$1,500 - $3,000	As incurred	As incurred	Professional Service Providers
Initial Inventory (Note 9)	$500 - $2,000	As incurred	As incurred	Vendors
Business Insurance (Note 10)	$3,500 - $6,000	As incurred	As agreed to with insurance provider	Insurance provider
Training Expenses (Note 11)	$2,500 - $3,500	As incurred	As incurred	Airlines, hotels, restaurants and other vendors
Grand Opening Marketing (Note 12)	$5,000	As incurred	As incurred	Media and other vendors
Additional Funds – three months (Note 13)	$20,000 - $40,000	Varies	As incurred	Varies
TOTAL (Note 14)	$86,250 - $179,750			

Notes:

1. These amounts are estimates for changes to the office interior and storage for supplies in your commercial space. You may operate from your home for the first six months that you operate your Allied Disaster Defense business. After that, you must operate from a commercial site location that should be approximately 800 to 1,000 square feet with adequate space for a business office and storage for vehicles, equipment and supplies. If you already have a business office in a commercial space, you may not have this expense.

2. These estimates are for interior and exterior office signage.

3. These amounts are for office furniture such as desks, chairs and tables.

4. This is the estimate is for the cost of pumps and sprayers.

5. These amounts include the cost of an iPad, a computer and a printer.

6. The low end of this estimate assumes you already have a vehicle that you will use in your Allied Disaster Defense business and is for the wrapped signage. The high end assumes you will make a cash purchase of a vehicle. You may also be able to lease a vehicle to use in your business.

7. These estimates are for six months' premiums.

8. This is our estimate of the cost for you to set up an entity and consult with independent legal and financial advisors.

9. This represents your cost to obtain chemicals and cleaning materials.

10. These amounts are estimates for six months' premiums.

11. This amount varies depending on how far you are from our training location and on the number of people attending training. You do not pay us a fee for this training. These estimated costs are those you and your personnel may incur in travelling to our training facility and the cost of accommodations.

12. You must pay us this amount for onboarding and training costs. This includes the onboard experience online planning session, three live standing training events and ongoing coaching for your first year of operations.

13. These expenses are additional funds you may need to expend during the initial phase of the business (three months) including salaries and normal operating expenses such as telephone service and WiFi. They do not account for any salary or other payments to you. They are estimates and we cannot guarantee that you will not have additional expenses above this estimate when starting the business. This is not a breakeven analysis or representation. Your costs will depend on factors such as how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, the prevailing wage rate in your particular geographic area, competition and the number of client and level of revenue you reach during the initial phase of operations. We base our estimate of these expenses on our affiliate's experience.

14. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

All figures in Item 7 are estimates. We strongly advise that you review the estimated financial information with an advisor, such as a lawyer or an accountant. Actual costs will vary for each franchisee depending on a number of factors. The amounts payable to us are nonrefundable unless otherwise noted. The refundability of other amounts depends upon your agreement with the applicable supplier or other party.

We do not offer direct or indirect financing to franchisees for any items as of the date this Franchise Disclosure Document was issued.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved and Designated Products and Services; Specifications

You must purchase or lease all goods, services, supplies, fixtures, signage, equipment, inventory, computer hardware and software, products and comparable items used in your Allied Disaster Defense business from the franchisor or its affiliate, if available, or from suppliers approved or designated by us. We may also issue specifications for such items. We will provide you with specifications and standards for such items periodically in the Allied Disaster Defense® Standards Manual, in notices we send you or in bulletins and supplements to the Allied Disaster Defense® Standards Manual.

Designated Suppliers

We may also periodically designate suppliers from which you must purchaser certain goods, services, supplies, fixtures, signage, equipment, inventory, computer hardware and software, products and comparable items. In some cases, we or our affiliate may be the only approved supplier. For example, we specify the chemicals, equipment and other materials that you must use in your business.

We or our affiliate may sell a variety of products and services to franchisees and we may be the only supplier of such products and services.

We or our affiliate may develop proprietary products or other products or services either directly to franchisees or to suppliers for resale to Allied Disaster Defense businesses, and receive revenue from these sales. If we do establish our own product line or services, we or our affiliate may be the only supplier of these items and you may not be able to sell or use other products or services.

Vehicles

You must obtain a pickup truck for the operation of your Allied Disaster Defense business that meets our specifications and that is capable of towing and delivering all authorized products and services. It must be rated at a ¾ ton vehicle or a ½ ton vehicle with a larger or turbo-charged engine for towing capacity. You must obtain our consent to your proposed vehicle before you obtain it. You are also responsible for having the signage we require and design wrapped on your vehicle. We estimate that one vehicle will be sufficient for the first two years of your operations, but we may require you to obtain additional vehicles we decide it is warranted.

Computer Hardware and Software

We require you to obtain smart phones and a personal computer we designate. You must secure and use the computer hardware and software products we designate including our designated software for bid generating, estimating, CRM (customer relations management), payroll, time tracking, job management and accounting.

You must use Quickbooks Online as of the date this Disclosure Document was issued. We require you to use specific computer software to operate your Allied Disaster Defense business including software to gather financial data and monitor performance. No matter which software you use, you must provide us with direct access to your data. We do not require you to hire a bookkeeper or accountant, but you must use our standard chart of accounts, income statement, balance sheet format and any other forms we designate. You must submit statements on the forms we require on a timely basis and we may vary the frequency for your required reports. If you do not meet our required accounting and reporting standards, we may require you to hire a third party accounting firm that we designate.

In addition, we or our affiliate may, at a later date, develop or specify additional proprietary computer software that we will require you to use in your business. If we do so, you may be required to sign a license agreement with us or our affiliate and pay license fees for the use of the software.

Consent to Alternative Vendors

In order to obtain our consent to a new or different vendor or supplier, you must satisfy the following conditions. We are not required to consent to the vendors you propose even if they meet these conditions.

1. You must send a written request to us and agree to pay our expenses in researching and evaluating the proposed vendor and testing its products or services, the payment of which is nonrefundable;

2. The vendor must demonstrate that it can supply an item or service meeting our specifications. This may mean providing us with samples, allowing us or our representatives to perform tests and inspect its facility;

3. The vendor must demonstrate to us its financial soundness, reputation and the reliability of its program, product or service;

4. The supplier or vendor must maintain the insurance coverage we require and must name both you and us as additional insureds with the right to 30 days' notice before modification, termination or cancellation of coverage; and

5. If the item will bear our affiliate's trademark, we may require the vendor to sign a license agreement which may include a royalty payment to us or our affiliate.

We generally will notify you whether or not we consent to a vendor within four months. If we consent to a vendor, we may add the vendor to our supplier list. We may notify you that the consent to a vendor is revoked at any time. If we revoke consent to a vendor, you must immediately stop using that vendor.

Officer-Owned Suppliers

None of our officers owns an interest in any supplier (other than our affiliate) as of the date this Disclosure Document was issued.

System Marketing

You must obtain our prior consent to all marketing, advertising and publicity materials you use to promote your Allied Disaster Defense business before you use them. You must provide any non-approved materials to us at least 21 days before submitting them for publication or using them. If we do not respond within that period of time, you may not use the materials.

Lease

You may operate your Allied Disaster Defense business from your home for the first six months. After that, you must secure a commercial office location and obtain our consent to the lease or contract for your office before you sign the lease or contract. You are responsible for all costs to negotiate and sign the lease or contract. We may require you to include certain terms in your lease including a conditional lease assignment to us or our nominee if your Franchise Agreement expires or is terminated. We require that the lease contain the terms set forth in the Lease Addendum attached as **Exhibit H**. After you sign the lease or contract, you must return a copy to us. If you already have an existing commercial space when you become a franchisee, these restrictions will apply to any extension or renewal of the lease.

Insurance

You must obtain the insurance coverage required by the Franchise Agreement and as we may periodically notify you underwritten by a carrier with a minimum rating of A by A.M. Best Rating and that is admitted in the state in which your Allied Disaster Defense Business is located. You must obtain our consent to the carrier you use. We may periodically designate one or more insurance companies that provide the insurance we require, and if we do so, you must obtain insurance from such companies.

You must obtain coverage against all loss and liability from the operation of Allied Disaster Defense business including the following minimums:

- General Liability $1,000,000 per occurrence and in the aggregate
- Contractors Pollution/Environmental up to $2,000,000
- Auto Insurance of $1,000,000
- Workers Compensation as required by applicable law, at least $1,000,000

You must also secure an alternate employer's endorsement in our favor. The required coverage is subject to change. Your insurance must include coverage for losses that occur after the termination or expiration of the Franchise Agreement for such period of time as we designate. We must be named as a co-insured on all of the above policies along with any of our affiliates that we designate, and we must receive at least 30 days' prior written notice from the insurer of any changes to insurance coverage or default or termination of coverage. You must provide us with copies of all insurance policies written on your behalf related to the franchised business. You must also provide a waiver of subrogation in our favor and provide that your insurance policies are primary and non-contributory to any policies we may carry. If you do not secure the required coverage, we may do it for you and you must reimburse us for our expenses in doing so.

Other Information

During the fiscal year ended December 31, 2023, we did not receive any revenues on account of sales to franchisees but we will do so in the future. During the fiscal year ended December 31, 2023, we did not receive any rebates on account of purchases or leases by franchisees from suppliers, but we may do so in the future.

We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

We do not provide material benefits (such as renewal or granting additional franchises) to franchisees based on use of designated or approved suppliers.

We do not have any purchasing or distribution cooperatives as of the date this Disclosure Document was issued but may elect to establish them in the future.

We estimate that the required purchases and leases described in this Item will constitute approximately 60% to 70% of all purchases and leases you must obtain to establish your Allied Disaster Defense business and 40% to 50% of all purchases and leases you must obtain to operate your Allied Disaster Defense business.

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 Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 1C of Franchise Agreement	Items 7 and 11

Obligation	Section in Agreement	Disclosure Document Item
b. Pre-opening purchases/leases	Section 1C of Franchise Agreement	Items 7 and 8
c. Site development and other pre-opening requirements	Sections 1C, 2A and 4C of Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Section 3A of Franchise Agreement	Item 11
e. Opening	Section 2 of Franchise Agreement	Items 7 and 11
f. Fees	Sections 1E(2)(i), 3A, 5, 10B, 10C, 15B(3)(f), 16 and 17J(5) of Franchise Agreement	Items 5 and 6
g. Compliance with standards and policies/Operations Manual	Section 3C of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Sections 6 and 11 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Section 3 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 3 of Franchise Agreement	Item 16
k. Territorial development and sales quotas	Section 4K of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Section 4 of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Section 4 of Franchise Agreement	Item 17
n. Insurance	Section 5 of Franchise Agreement	Items 7 and 8

Obligation	Section in Agreement	Disclosure Document Item
o. Advertising	Section 9 of Franchise Agreement	Items 6, 7 and 11
p. Indemnification	Section 16 of Franchise Agreement	Item 6
q. Owner's participation/ management/staffing	Section 4G of Franchise Agreement	Item 15
r. Records and reports	Section 8 of Franchise Agreement	Item 6
s. Inspections and audits	Section 10 of Franchise Agreement	Item 6
t. Transfer	Section 15 of Franchise Agreement	Item 17
u. Renewal	Section 1E(2) of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Section 14 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 12 of Franchise Agreement	Item 17
x. Dispute resolution	Section 17J of Franchise Agreement	Item 17
y. Other: Spousal Consent (Note 1); Owner Guaranty and Confidentiality and Non-Competition Agreements (Note 2)	Exhibits B and D to Franchise Agreement	Items 9 and 22

Notes:

1. The spouse of an individual franchisee (and the spouse of each owner of a franchisee that is an entity) must sign a spousal consent (Exhibit B to Franchise Agreement).

2. Each individual who owns an interest in a franchisee that is a business entity (and that individual's spouse) may be required to sign an agreement to maintain

confidentiality and not to compete and an agreement guaranteeing all obligations of the "Franchisee" under the Franchise Agreement (Exhibit D to Franchise Agreement).

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, ADD Franchising, Inc. is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Allied Disaster Defense business, we:

1. Will provide you with guidance, criteria and specifications for setting up an office for your Allied Disaster Defense business. You may operate from your home during the first six months after you sign the Franchise Agreement. After that, you must operate in a commercial space including an office, a storage area for supplies (including chemicals) and a secure yard for your vehicles and equipment. The location should be approximately 800 to 1,000 square feet and have a business office and adequate storage space for your vehicles, equipment and supplies. Your location for your business is subject to our acceptance in writing. You must submit your request in a format that we require. We generally do not own premises or lease them to franchisees (See Franchise Agreement, Section 1C(1)).

2. We will evaluate your proposed or existing office and notify you if we consent to it within 30 days after receiving the request and all of the information we require concerning the proposed or existing location. If we cannot agree on a proposed site, then you must find another site and request our approval. You must obtain our consent to a location within six months after signing the Franchise Agreement. If you do not do so, your Franchise Agreement may terminate. You must secure any governmental approval and licenses that are required to operate your Allied Disaster Defense business at your location. We require that you begin operating your Allied Disaster Defense business within four months after signing the Franchise Agreement. Since you may operate from your home for the first six months after you sign the Franchise Agreement, we estimate that the typical length of time between the earlier of the signing the Franchise Agreement and the first payment of consideration for the franchise and the opening of an Allied Disaster Defense business will be two to three months or more. The factors that affect these deadlines are whether you plan to operate out of an existing location or whether you have to obtain our consent to a new location; and the time it takes you to hire staff;

complete training, including new software training and technician training; office set up, including an administrative office and materials; obtaining and purchasing materials; and vehicle purchase and set up (See Franchise Agreement, Section 1C(2)).

3. Will review and evaluate the layout plans for the location that you submit to us (See Franchise Agreement, Section 1C(4)).

4. Will review your proposed lease to ascertain whether it has the additional terms and conditions we require (See Franchise Agreement, Section 1C(5)).

5. Will provide you with input on how to design and construct or renovate your office space or facility as an Allied Disaster Defense business (See Franchise Agreement, Section 1C(6)).

6. Will provide you with requirements for the signage at your Allied Disaster Defense business (See Franchise Agreement, Section 1C(8)).

7. Will provide you with initial training in conducting the business of the Allied Disaster Defense business (See Franchise Agreement, Section 3A(1)).

8. Will lend you a copy of the Allied Disaster Defense® Standards Manual which will be digital and will be password protected (See Franchise Agreement, Section 3C). The manual is confidential and remains our property. We will modify this manual periodically. As of the date this Disclosure Document was issued, the Allied Disaster Defense® Standards Manual had a total of 290 pages. There are an unlimited number of characters per "page". The table of contents as of the date this Disclosure Document was issued is attached as **Exhibit F**.

9. Will assist you with your initial launch marketing (See Franchise Agreement, Section 9D).

10. Will provide you with access to our website and Intranet (See Franchise Agreement, Section 3D).

11. Will provide you with specifications for products and supplies and information about approved and designated suppliers (See Franchise Agreement, Section 4D).

<u>Post-Opening Assistance</u>

During the operation of your Allied Disaster Defense business, we:

1. Will periodically update the Allied Disaster Defense® Standards Manual, including vendor designation and updates to standards and specifications (See Franchise Agreement, Section 3C).

2. Will furnish advice and guidance to you by email and telephone on the operation of the franchised business and provide ongoing support (See Franchise Agreement, Section 3D).

3. Will periodically visit you at your business to evaluate the operation and performance of your business (See Franchise Agreement, Section 3D).

4. May advise you on marketing and advertising issues and may periodically make advertising materials available to you (See Franchise Agreement, Section 9C).

5. Will evaluate and decide whether or not to consent to the use of any advertising materials you propose to use (See Franchise Agreement, Section 9C).

6. May contract with third party suppliers to conduct quality assurance audit programs as part of our ongoing support program (See Franchise Agreement, Section 10B).

7. May provide additional training as described below (See Franchise Agreement, Section 3A).

System Marketing

We administer a system marketing fund to which you must contribute. The proceeds from the system marketing fund will be used for marketing and promotional purposes and we may elect to disseminate our promotional materials through any media including Internet, television, radio and print media such as magazines, billboards, flyers or mailers and newspapers. We may use the system marketing fund to promote general brand awareness and to develop electronic messaging, brochures, handouts, ad slicks, social media content and other advertising materials. We may use the system marketing fund to employ an outside consultant or advertising agency to assist in the development, production and dissemination of promotional materials. We may also use the system marketing fund to develop promotional and advertising materials for your use. We may use the system marketing fund to hire a website management firm to manage the website and optimization on behalf of all franchisees. We may also spend the system marketing fund on administrative expenses including allocation of overhead and salaries of our personnel. We are not required to spend any specific amount on advertising in the area or territory in which your Allied Disaster Defense business is located.

We require that you contribute up to 2% of your gross revenues each month to the system marketing fund. Until we have a certain number of franchisees, we will work with you to spend your system marketing fund contribution in your protected area. We may change the amount of this fee at any time upon prior written notice to you. As of the date this Disclosure Document was issued, we require franchisees to contribute to the system marketing fund at the same rate, although there may be exceptions in some circumstances in the future. We anticipate that any Allied Disaster Defense business owned by us or our affiliates will contribute to the system marketing fund on the same basis as franchisees although this may change in the future.

During the fiscal year ended December 31, 2023, we did not make any expenditures from the system marketing fund.

The system marketing fund is not audited as of the date this Disclosure Document was issued. If financial statements of the fund are prepared in the future, they will be available to you upon reasonable request.

If all the contributions to the system marketing fund are not spent in any fiscal year, the surplus may be used in the next year. We do not plan to use any of the system marketing fund contributions principally to solicit new franchise sales. If we decide to terminate the marketing fund, we will distribute any amounts remaining in the marketing fund to then-existing franchisees pro rata based on the amounts they contributed during the preceding three years.

We assist you in conducting initial launch marketing for your Allied Disaster Defense business. We require that you spend a minimum of $5,000 on your initial launch marketing. This marketing is designed to expose your Allied Disaster Defense business to potential customers and referral sources such as insurance agents in your local market.

We also require that you spend a minimum amount on local advertising each month. You must spend the greater of 5% of your gross revenues or $1,500 per month for this local advertising. Once you begin operations, you must employ at least one full-time person dedicated to the sales and marketing of your Allied Disaster Defense business.

You may use your own advertising materials only after you have submitted them to us for our review and consent in writing. If we do not provide you with our written consent, you may not use the advertising materials. You must submit such advertising materials to us at least 21 days before the date you wish to start using them. If you do not hear from us within that period of time, you may not use the advertising materials.

We do not currently have a franchise advisory council, but we may create one in the future. As of the date this Disclosure Document was issued, we do not have any local or regional advertising cooperatives, but we may organize cooperatives in the future and require you to participate in them. If we do so, the amount you must contribute will offset up to 50% of your required local advertising expenditures.

Computers and Software

As of the date this Disclosure Document was issued, we require you to have a computer system that includes the following items that meet our specifications: personal computer, smart phones, and the software described below.

We also currently require you to obtain client and employee scheduling software, credit card processing software and gift card software from suppliers we designate. We may obtain the right to use software programs and sublicense their use to you. Currently, you must obtain our designated estimating, CRM (customer relations management), payroll, time tracking, job management and accounting software. As of the date this Disclosure Document was issues, you must use Quickbooks Online.

We may also require you to implement any software, computer or Internet security procedures that we outline for you in the Allied Disaster Defense® Standards Manual or as may be required by our designated third-party vendors. You must also take steps necessary to avoid or mitigate risks from internet problems, power supply issues and attacks by viruses, malware or hackers.

We may also develop our own proprietary software. If we do so, we may require you to use it and sign a software license agreement and pay licensing fees.

We may change the computer system and software we require you to use at any time. We estimate that the initial cost of your computer system will be approximately $1,000 to $5,000. You may also have to pay for other required software from third parties that we will collect on their behalf or that you will pay directly.

We may require you to maintain, repair, upgrade or update any computer equipment you utilize in your Allied Disaster Defense business to maintain compatibility with any software requirements and there are no contractual limitations on the frequency or cost of your obligation to do so. We estimate that your annual cost to do so will be approximately $500 to $1,000.You must provide us with direct access to your software and accounting data. There is no contractual limit on our right to access this software and the data and information on it.

Training

You must attend and successfully complete our initial training program which will last approximately five days.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Wildfire Behavior	4	2	Our Headquarters: West Covina, California
Long Term Fire Retardant Application	2	6	Our Headquarters: West Covina, California
Marketing / Sales	4	0	Online or Our Headquarters: West Covina, California
Wildfire Assessment Report Creation and Inspections	4	4	Online or Our Headquarters: West Covina, California

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Home Hardening Techniques, Water Shut-Off Devices, EQ Valves, Allied Disaster Defense Concierge Protection Plan	8	4	Our Headquarters: West Covina, California
Software Training	8	0	Online or Our Headquarters: West Covina, California
HR / Onboarding for Employers	4	0	Our Headquarters: West Covina, California
Totals	36	16	

Before you open your Allied Disaster Defense business, you and your key staff member that we designate must complete our initial training program to our satisfaction.

If you and your key staff member fail to complete training to our satisfaction, we may terminate your Franchise Agreement. You must also complete your training before you begin conducting business. We have the right to further evaluate your fitness to operate under the Franchise Agreement during the initial training program. Training programs are held when necessary to train new franchisees.

Our personnel will conduct initial training. Our trainers have a minimum of two years of experience with us or our affiliate and ten years of experience in their field. Some of our trainers have significantly longer experience in their field.

We do not charge a separate fee for providing initial training to you and your key staff member if you receive your training at the same time. You will receive no compensation or reimbursement for services or expenses for participation in training. You will be responsible for all of your and your personnel's expenses to attend the training program, including any travel, lodging and food. If you send additional personnel to initial training, our current fee for providing the additional initial training is $500 per person per day.

We also provide you with at least three days' of onsite training within 60 days after your Allied Disaster Defense business begins operations. If you request that we conduct additional onsite training and we agree to do so, you must pay a fee of $500 per day per trainer.

In addition to the initial training, we may require you and your personnel to attend ongoing training for up to five days each year which may be at a location we designate. You and your personnel may also be required to participate in educational webinars held up to four times a year. We may charge a fee for this additional training. We may also require you and certain members of your personnel to attend a national or regional business meeting or an annual convention each year for which we will charge a fee to defray our expenses. You will be responsible for all of your and your personnel's expenses such as travel, lodging and food for attending these events.

We may require you to undergo additional training if we determine that you are not operating in accordance with our requirements. We may conduct this training virtually, at your office or at a different location we select. You may also request additional training or assistance and we will decide whether or not to provide it. In either case, you will be responsible for paying a daily training rate per trainer provided, and the expenses of the trainer or trainers including travel, lodging and food. The rate per trainer may be higher if we provide the additional training at your location.

You are solely responsible for hiring and training your employees and all of your other personnel. Your staff must meet the training requirements established by the Allied Disaster Defense brand standards and must also obtain and maintain all licenses required by applicable law.

ITEM 12

TERRITORY

You will receive a protected area that is subject to our consent. This protected area will be consist of a list of zip codes. We determine the protected area based on consideration of climate, high fire risk severity zones, topography, terrain, fire risk, population, home value, regulations and other factors that can affect the business. In part, we determine this protected area with reference to how many homes are located in applicable high fire severity zones and wildland urban interfaces, or similar designations in your area. Except as described below and provided that you are not in default of your Franchise Agreement, we will not open an Allied Disaster Defense business or grant a franchise to open an Allied Disaster Defense business to be located in your protected 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.

Subject to our rules on the use of social media, you are not permitted to advertise for customers outside of your protected area if our affiliate or a franchisee is located in that area. If a customer from outside your protected area contacts you, however, you may provide services to that customer. Customers located in your protected area may contact our affiliate or other franchisee and they may provide services to those customers.

We may also establish national or regional accounts with insurance companies or others that may have special pricing or discounts. If you choose not to participate, we may have our affiliate or another franchisee provide services for national or regional accounts to customers in your protected area.

If there is a large wildfire event in your protected area, we may coordinate a group of franchisees and our affiliate to provide services to customers in your protected area and we will set up a cost and payment sharing program for those services.

You may not relocate your protected area or establish additional Allied Disaster Defense businesses without our prior written consent. You may seek our consent to open satellite offices in your protected area if they meet our criteria for doing so.

As of the date this Disclosure Document was issued, we have not granted any options, rights of first refusal or similar rights to acquire additional franchises, but we may do so in the future.

We or our affiliates may use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales to advertise in your protected area, using our trademarks or other marks. We reserve the right to sell products and services through other channels of distribution including online to clients in your protected area without compensation to you. We may also communicate with your clients directly in order to provide satisfaction surveys, newsletters or podcasts.

You may not establish a website or other Internet on electronic presence without our prior written consent. Our current practice is to assign you a sub-page on our website. We will set up social media pages for you and provide best practices and standard brand language so that you present a consistent brand image. You may not set up other social media accounts with Facebook, Instagram, LinkedIn, YouTube, Google, Twitter or other social media without our prior consent. You must provide us with co-administrative rights to all of these social media applications. We may require you to remove any questionable usage or content involving our trademarks. Our policy on social media is subject to change and will be provided in the Allied Disaster Defense® Standards Manual.

As of the date this Disclosure Document was issued, neither we nor any of our affiliates operates, franchises or has plans to operate or franchise a business under a different trademark that will offer services similar to the ones you will offer as an Allied Disaster Defense franchisee, but we reserve the right to do so. If we acquire, are acquired by, or merge with another company, there may be businesses similar to yours operating in your protected area and we reserve the right to continue to operate or franchise such businesses and additional businesses under that brand.

The continuation of your rights in your protected area is dependent on achievement of the following minimum revenues:

Year	Minimum Revenue
Year One	$200,000
Year Two	$300,000
Year Three	$400,000
Year Four	$500,000
Year Five and After	$600,000

If you do not achieve the minimum revenue, we may reduce the size of your protected area, require you to successfully complete additional training or terminate your Franchise Agreement.

ITEM 13

TRADEMARKS

We grant you the right to operate a business that provides protection against damage by wildfires using fire retardants and other techniques under the name “Allied Disaster Defense®” and related trademarks. You must also use other trademarks which we develop or prescribe to identify your business and its services and products. By trademark, we mean trade names, trademarks, service marks and logos used to identify your business, its services and its products.

You must follow our rules when you use these trademarks. You must use the ® symbol any time you use the trademarked names or logos listed below. You must also use the ™ symbol next to any other unregistered trademarks that we designate. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our trademarks in the sale of an unauthorized product or service or in a manner not authorized in writing by us. If we adopt trademarks that you develop in the course of operating your franchised business, they will belong to us and you may only use them while you are a franchisee.

Our affiliate, ADD Licensing, Inc., owns the following marks that are registered on the principal register of the U.S. Patent and Trademark Office (“USPTO”):

Registration Number	Description of Mark	Registration Date
7096273	Allied Disaster Defense	July 4, 2023
7173549	ALLIED DISASTER DEFENSE	July 11, 2023

Our affiliate has filed all required affidavits.

There are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and there are no pending infringement, opposition, or cancellation proceedings, or any pending material litigation, involving our principal trademark.

We have the right to use the trademarks and to license their use to you under an agreement with our affiliate dated as of July 10, 2024. Unless terminated, the agreement continues indefinitely, and the agreement may not be modified without both parties' consent. Our affiliate can terminate the agreement if we are involved in any litigation that affects the value of the trademarks, if we file for bankruptcy protection or are judicially found to be insolvent or otherwise unable to pay our debts as they become due, or if we otherwise materially breach the agreement and do not cure the breach within 30 days after notice. If the agreement is terminated for any reason, it provides that the owner of the trademarks has the option to continue to honor the rights we granted to you. No other agreements limit our right to use or license the use of the trademarks.

You must notify us immediately when you learn about a challenge to your use of our affiliate's trademark. The Franchise Agreement requires us to protect you against claims of infringement if you are using the trademark as required by the Franchise Agreement, if you are in full compliance with the Franchise Agreement, if you notify us of the claim in a timely manner and if you cooperate in the defense of the claim. You must assist us and our affiliate in protecting any of our or our affiliate's rights, at our expense. We or our affiliate will control any administrative proceedings or litigation involving the trademark and decide whether or not to settle any action. You do not have the right to settle a claim without our consent.

If you learn about a third party's use of our affiliate's trademark or similar ones that you believe to be unauthorized, you must notify us immediately. We or our affiliate will decide whether or not to take action against the third party, and you must assist us or our affiliate, at our expense, if we or our affiliate decides to do so.

If we decide to add a new trademark or item of trade dress, or modify or discontinue the use of any trademark or item of trade dress, you must use the new trademark or item of trade dress or change or discontinue the use of the trademark or item of trade dress, all at your expense.

You must not contest our or our affiliate's right to our or our affiliate's trademarks, trade secrets, trade dress or business techniques or our right to use them.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademark.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent.

We claim a copyright in the Allied Disaster Defense® Standards Manual. We may also claim copyright protection covering various other materials used in our business including marketing, advertising, promotional and training materials. We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so.

We may register any of these items or copyrightable materials in the future. Any and all copyright in materials you develop for the franchised business will belong to us. You must not contest our rights to our copyrights.

There are currently no material determinations of the USPTO, the United States Copyright Office or any court regarding any copyright we own. There is no material pending proceeding in the USPTO or any court concerning any copyrighted materials.

You must notify us immediately if you learn about a challenge to use of our copyrighted materials. We will defend you against claims of infringement if you are using the copyrighted material as required by the Franchise Agreement, if you notify us of the claim and you are in full compliance with the Franchise Agreement. You must assist us in protecting any of our rights, at our expense. We will control any administrative proceedings or litigation involving the copyrighted materials. You do not have the right to settle a claim without our consent.

If you learn about a third party's use of these copyrighted materials which you believe to be unauthorized, you must notify us immediately. We will decide whether or not to take action against the third party, and you must assist us, at our expense, if we decide to do so.

We do not know of any superior rights or infringing uses that could materially affect your use of our copyrighted materials.

You also receive the right to use certain of our trade secrets and confidential and other proprietary information, including our proprietary practices and procedures, proprietary software, marketing strategies, operations, financial information, supplier and client lists, specifications and materials about services and products and, in general, methods, techniques, formulas, formats, specifications standards, procedures, know-how, information systems and knowledge and the contents of our Allied Disaster Defense® Standards Manual. You must have any of your personnel with access to this information sign a confidentiality and non-competition agreement in a form acceptable to us.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You (or if you are a business entity, your principal owner) must complete initial training to our satisfaction and we encourage you to work full-time in your Allied Disaster Defense business. You or your principal owner must actively manage your Allied Disaster Defense business for at least the first three years of operation. If we consent to your not working full-time in the Allied Disaster Defense business after that, you must designate a manager. The Franchise Agreement requires that your Allied Disaster Defense business always be under the direct on-site supervision of you or your manager. Any manager that you employ at your Allied Disaster Defense business must successfully complete our training program. We also require that your manager and your other personnel we designate execute confidentiality and non-competition agreements. If your manager is terminated or otherwise ends his or her relationship with your business, you must recruit a new manager within 30 days and submit his or her qualifications to us for review and consent. We may require that we provide training to any replacement manager at your cost and that he or she complete that training to our satisfaction. While you are seeking a replacement manager, you must designate a temporary manager to whom we consent or you must manage the business yourself.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that you offer and sell only those services and products that we have approved.

You must offer all services and products that we designate unless we otherwise agree in writing. We have the right to add, delete or change authorized services or products that you must offer. There are no limits on our right to do so. In the future we may develop additional services and products that we may require you to provide, and you may incur costs to provide such products and services.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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.

Franchise Agreement

Provision	Section in Franchise Or Other Agreement	Summary
a. Length of the franchise term	Section 1E(1)	Five years.
b. Renewal or extension of the term	Section 1E(2)	If you meet certain conditions, you can enter into successor Franchise Agreements for two additional five-year terms. If you seek to renew your franchise, you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreement.
c. Requirements for franchisee to renew or extend	Section 1E(2)	You must sign our then-current Franchise Agreement; you must be in full compliance under all agreements with us or our affiliates and you must have paid all that you owe us as and when due; your business must meet our then-current requirements or you must update the business to reflect our then-current requirements; your operating partner or manager must successfully complete retraining; you and your owners must sign a general release; you must not have received three or more default notices in any 24 month period; we must not have decided to withdraw from your market; you must have the right to continue operating at your location, you must pay us a renewal fee of 10% of then-current non-discounted initial fee; you must have given us 120 days' notice of your election to renew and return documents within 20 days.

Provision	Section in Franchise Or Other Agreement	Summary
d. Termination by franchisee	Not applicable	Not applicable.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with cause	Section 13	We can terminate if you default or if the events described in (h) occur.
g. "Cause" defined – curable defaults	Section 13B	You have five days to cure nonpayment, and up to 30 days to cure other types of noncompliance, subject to applicable law.
h. "Cause" defined – non-curable defaults	Section 13A	Non-curable defaults (subject to applicable law): Bankruptcy; admission of inability to pay debts when due; assignment for benefit of creditors; insolvency; application made for receiver; abandonment; you make material misrepresentation or omission to us; your failure to begin operating your Allied Disaster Defense business within four months after signing the Franchise Agreement; failure to timely complete training to our satisfaction; you or your principal are convicted or plead no contest to a felony or other crime or offense, or engage in conduct that reflects unfavorably on us or the franchised business; unauthorized transfer; termination of any other agreement with us or our affiliate because of your breach; your unauthorized use of our trademarks or trade secrets; failure to treat the Allied Disaster

Provision	Section in Franchise Or Other Agreement	Summary
		Defense® Standards Manual as confidential (including failure to keep it in a secure location or failure to protect online access) and to protect the confidential information contained within it and on other restricted sections of our website; repeated failure to comply with Franchise Agreement requirements (three or more times during term) whether or not cured after notice; seizure of assets or premises or execution of levy by government official, lien holder or lessor; noncompliance with law within three days after notice; intentional failure to report gross revenues; undischarged execution of levy on your business; final judgment of more than $5,000 remains unsatisfied for 30 days; we determine your operation is a danger to public health or safety; you or your principal becomes a specially designated national or blocked person; the right to operate under any license, certification or permit is suspended, terminated or interrupted; fraudulent behavior; failure to submit any reports required by licensing or certification authorities within ten days of receipt.
i. Franchisee's obligations on termination/nonrenewal	Section 14	Pay all amounts due to us and our affiliates; refrain from identifying yourself as our licensee or franchisee, using our trademarks or using any name

Provision	Section in Franchise Or Other Agreement	Summary
		that suggests a connection with us; return or destroy all products with our trademarks; refrain from engaging in competing business; discontinue use of trademarks and system and return the Allied Disaster Defense® Standards Manual and other proprietary and confidential information; re-assign to us telephone and facsimile numbers, e-mail addresses, home pages, subdomain names, websites, social media pages and the like as we direct; refrain from soliciting clients and turn over client lists; cancel fictitious business name statements; assist in smooth transition of the business; refrain from making disparaging remarks; de-identify; obtain tail insurance coverage that meets our specifications; and comply with all other requirements in the Allied Disaster Defense® Standards Manual; comply with all other obligations that survive termination or expiration.
j. Assignment of contract by franchisor	Section 15A	No restrictions on our right to assign the Franchise Agreement.
k. "Transfer" by franchisee – defined	Section 15B(2)	Includes transfer of Franchise Agreement, assets of business or greater than 25% ownership of the franchisee.
l. Franchisor approval of transfer by franchisee	Section 15B(1)	You must obtain our consent to all transfers and meet certain conditions.

Provision	Section in Franchise Or Other Agreement	Summary
m. Conditions for franchisor approval of transfer	Sections 15B(3) and 1e	Conditions include: You must not be in default under the Franchise Agreement or any other agreement with us or our affiliates; your business premises must meet our then-current standards; transferee meets qualifications for new franchisee and must have completed initial training to our satisfaction; the transferee must sign the then-current form of Franchise Agreement and guaranty for remaining term; you pay the transfer fee; you sign a general release; transferee's obligations to you are subrogated to obligations to us; at our option, you must transfer all of your (and your affiliates') agreements with us or our affiliate; transferee and its personnel must have all necessary licenses and certifications; and transferee or its principal must not be a specially-designated national or blocked person under the anti-terrorism laws. If you want to transfer your franchise to an entity, you must own the entity, sign a personal service agreement with the entity and a personal guaranty, pay our expenses, the entity must agree to the Franchise Agreement and the franchise business must be the sole business of the entity. You must pay us the cost to review and prepare documents if

Provision	Section in Franchise Or Other Agreement	Summary
		your transfer involves a loan agreement or mortgage.
Franchisor's right of first refusal to acquire franchisee's business	Section 15C	We or our nominee can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 14D	We or our nominee have the option of acquiring your assets if the Franchise Agreement expires or terminates. You must pay ½ the cost of the appraisal if we cannot agree on the fair market value of the assets.
p. Death or disability of franchisee	Section 15D	If you or your principal dies, your executor or representative may either satisfy the then-current qualifications for franchisees or transfer the Franchise Agreement to a qualified buyer within 60 days.
q. Non-competition covenants during the term of the franchise	Section 12A(1)	You may not be involved in any competing business.
r. Non-competition covenants after the franchise is terminated or expires	Section 12A(2)	You may not operate a similar business within 25 miles of your primary territory for two years after termination or expiration.
s. Modification of the agreement	Section 17I	No modifications without a writing signed by both parties, except that we may amend and supplement the Allied Disaster Defense® Standards Manual.
t. Integration/merger clause	Section 17I	Only the terms of the Franchise Agreement are binding. Any other promises may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim anything contained in this Disclosure Document.

Provision	Section in Franchise Or Other Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 17J	Except for certain claims (including claims related to non-curable defaults and quality control defaults), all disputes must be mediated and if not resolved, arbitrated.
v. Choice of forum	Section 17J	Mediation and arbitration must be in city where our headquarters is located, currently, West Covina, California. These provisions may be subject to applicable state law.
w. Choice of law	Section 17J(1)	Delaware law applies, subject to the Lanham Act and the Federal Arbitration Act. These provisions may be subject to applicable state law.

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise as of the date this Franchise Disclosure Document was issued.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Following are charts for calendar years 2022 and 2023 and for the first six months of 2024 that present the total revenues that our affiliate received for services provided to customers and our affiliate's gross profit after deducting the costs our affiliate incurred for materials, wages and subcontractors' fees. There are other costs that you will incur in operating your franchised business including the cost of gasoline for transportation, payroll and other taxes and insurance premiums.

The figures do not reflect the costs of sales, other operating expenses or other costs or expenses that must be deducted from the revenues to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your business.

January through December 2022 (12 months)

	Amount	**Percentage**
Income		
Long Term Retardant	$ 48,505.00	18.40%
Home Hardening	$208,118.24	78.95%
Inspection	$ 7,000.00	2.65%
Total Income	$263,623.24	100%
Cost of Goods Sold		
Materials	$ 67,608.33	25.65%
Wages	$ 23,808.97	9.03%
Subcontractors	$ 38,171.24	14.48%
Total COGS	$129,588.54	49.16%
Gross Profit	$134,034.70	50.84%

January through December 2023 (12 months)

	Amount	**Percentage**
Income		
Long Term Retardant	$ 27,496.67	13.82%

Home Hardening	$141,229.91	70.97%
Inspection	$ 30,265.00	15.21%
Total Income	$198,991.58	100%
Cost of Goods Sold		
Materials	$ 31,013.00	15.59%
Wages	$ 32,735.93	16.45%
Subcontractors	$ 15,804.59	7.94%
Total COGS	$ 79,553.52	39.98%
Gross Profit	$119,438.06	60.02%

January through June 2024 (6 months)

	Amount	**Percentage**
Income		
Long Term Retardant	$ 4,890.24	7.67%
Home Hardening	$ 27,938.61	43.80%
Inspection	$ 30,950.00	48.53%
Total Income	$ 63,778.85	100%
Cost of Goods Sold		
Materials	$ 1,011.18	1.59%
Wages	$ 14,035.84	22.01%
Subcontractors	$ 3,066.99	4.80%
Total COGS	$ 18,114.01	28.40%
Gross Profit	$ 45,664.84	71.60%

Notes:

1. Long term retardant refers to fire retardant that is applied to organic materials like wood, grass, and vegetation, and then reacts with the material when heated by a fire. This reaction is intended to slow down the rate of combustion and reduce the spread of the fire.

2. Home hardening refers to the process of making a home less vulnerable to wildfires by using noncombustible materials and other measures to prevent embers from entering the home. It includes water shut off valves and other earthquake shut off devices.

3. Inspection services include checking vents which can allow the entry of stray, airborne embers into the home even if the wildfire itself is some distance away, fences and desks which can be combustible, windows and screens, shutters, siding, roofs and gutters and surrounding trees and vegetation.

4. Materials include approved wildfire vents, mesh for application over existing vents, screws, nails, caulking, gutter guard and fire retardent.

5. Wages are paid to personnel who are employed in the business operations and only include payroll for hours worked.

6. Subcontractors include gutter guard installers and finish carpenters.

This is a historical financial performance representation based on the past performance of our affiliate. Our affiliate has been conducting this business since 2021. The source of the data presented are the books and records of our affiliate.

We strongly recommend that you research and develop your own pro forma cash flow statement and make your own projections concerning potential sales, operating costs, capital investment requirements, debt, and other financial aspects of operating an Allied Disaster Defense business. You should consult with independent professional financial, tax and legal advisors.

These figures are only estimates of what we think you may earn. Your individual results may differ. There is no assurance that you'll earn as much.

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

Other than as set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting O.P. Almaraz, 3120 East Garvey

Avenue, West Covina, California 91791 and (888) 508-5598, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2021 to 2023

Column 1 Outlet Type	Column 2 Year End	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchise	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Affiliate-Owned	2021	0	1	+1
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	0	1	+1
	2022	1	1	0
	2023	1	1	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other Than to Us)
For Years 2021 to 2023

Column 1 State	Column 2 Year End	Column 3 Number of Transfers
Total	2021	0
	2022	0
	2023	0

Table No. 3
Status of Franchised Outlets
For Years 2021 to 2023

Column 1 State	Column 2 Year End	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations -Other Reasons	Column 9 Outlets at End of Year
Total	2021 2022 2023	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0

Table No. 4
Status of Affiliate-Owned Outlets
For Years 2021 to 2023

Column 1 State	Column 2 Year End	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of Year
California	2021 2022 2023	0 1 1	1 0 0	0 0 0	0 0 0	0 0 0	1 1 1
Total	2021 2022 2023	0 1 1	1 0 0	0 0 0	0 0 0	0 0 0	1 1 1

Table No. 5
Projected Openings
As of December 31, 2023

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	3	0
Colorado	0	1	0
Montana	0	1	0
Total	0	5	0

We do not have any franchisees as of the date this Disclosure Document was issued. No franchisee has had an outlet terminated, canceled, not renewed or otherwise ceased to do business under the Franchise Agreement during the most recently completed fiscal year. There are no franchisees who have not communicated with us for the 10-week period before the date this Disclosure Document was issued. 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, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as franchisees in our franchise system.

We have not created, sponsored or endorsed a trademark-specific franchisee association. No trademark-specific franchisee organization has made a request to be included in this Franchise Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached as **Exhibit C** to this Franchise Disclosure Document is our opening balance sheet as of February 29, 2024. Our fiscal year end is December 31. We have not been in operation long enough to have three full years' worth of financial statements.

ITEM 22

CONTRACTS

Attached are copies of the following agreements proposed for use in this state:

Exhibit D – Franchise Agreement

Exhibit C to Exhibit D – Spousal Consent

Exhibit E to Exhibit D – Guaranty and Assumption of Franchisee's Obligations

Exhibit G – Lease Addendum

ITEM 23

RECEIPTS

Attached to the end of this Franchise Disclosure Document, following the Exhibits, is a receipt. Please sign it, date it the date you receive the Franchise Disclosure Document, and return it to us. Make sure that you indicate the franchise seller(s) with whom you had substantive discussions about this franchise. A duplicate of the receipt is attached for your records.

EXHIBIT A

EXHIBIT A

LIST OF STATE FRANCHISE ADMINISTRATORS

State Number	Title of Administrator	Telephone
California	Toll Free Number	(866) 275-2677
	Commissioner of Financial Protection and Innovation 320 W. 4th Street Suite 750 Los Angeles, California 90013-1259	(213) 576-7500
	or	
	One Sansome Street Suite 600 San Francisco, California 94104-4428	(415) 972-8565
	or	
	1455 Frazee Road, Suite 315 San Diego, California 92108	(619) 610-2093
	or	
	2101 Arena Boulevard Sacramento, California 95834	(916) 445-7205
	www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	
Hawaii	Commissioner of Securities 335 Merchant Street, RM 205 Honolulu, Hawaii 96813	(808) 586-2744
Illinois	Attorney General 500 South Second Street Springfield, Illinois 62701	(217) 782-4465
Indiana	Securities Commissioner 302 West Washington St., Rm. E-111 Indianapolis, Indiana 46204	(317) 232-6681

Maryland	Office of the Attorney General, Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021	(410) 576-6360
Michigan	Attorney General 525 West Ottawa Street G. Mennen Williams Building, 1st Floor P.O. Box 30755 Lansing, Michigan 48909	(517) 335-7632
Minnesota	Commissioner of Commerce Main Office, Golden Rule Building 85 7th Place East, Suite 280 St. Paul, Minnesota 55101	(651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005	(212) 416-8222
North Dakota	Securities Commissioner 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, North Dakota 58505-0510	(701) 328-2910
Oregon	Director, Department of Consumer and Business Services 350 Winter Street NE P.O. Box 14480 Salem, Oregon 97309-0405	(503) 378-4100
Rhode Island	Director of Business Regulation Building 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920-4407	(401) 462-9500
South Dakota	Director, Division of Insurance -Securities Regulation 124 S. Euclid, Second Floor Pierre, South Dakota 57501	(605) 773-3563

Virginia	Director, Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 East Main Street Richmond, Virginia 23219	(804) 371-9051
Washington	Director, Department of Financial Institutions 150 Israel Rd. SW Tumwater, Washington 98501	(369) 902-8760
Wisconsin	Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705	(608) 266-2139

EXHIBIT B

Exhibit B

LIST OF AGENTS FOR SERVICE OF PROCESS

State	Name and Address of Agent
California	California Commissioner of Financial Protection and Innovation 320 West 4th Street Suite 750 Los Angeles, California 90013-1259

If a state is not listed, ADD Franchising, Inc. has not appointed an agent for service of process in that state in connection with the requirements of franchise laws.

EXHIBIT C

ADD FRANCHISING, INC.
dba ALLIED DISASTER DEFENSE®

FINANCIAL STATEMENTS
AS OF AND FOR THE PERIOD FROM INCEPTION TO FEBRUARY 29, 2024

(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

ADD FRANCHISING, INC.
dba ALLIED DISASTER DEFENSE®
TABLE OF CONTENTS
FEBRUARY 29, 2024

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ADD Franchising, Inc. dba Allied Disaster Defense
West Covina, California

Opinion

We have audited the financial statements of ADD Franchising, Inc. doing business as Allied Disaster Defense® (the "Company"), which comprise the balance sheet as of February 29, 2024, and the related statements of operations and stockholder's equity and cash flows for the period from inception to February 29, 2024, 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 February 29, 2024, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Kwan & Co. CPA Inc.

Alhambra, California
September 5, 2024

ADD FRANCHISING, INC.
dba ALLIED DISASTER DEFENSE®
BALANCE SHEET
FEBRUARY 29, 2029

ASSETS

Current assets		
Cash and cash equivalents	$	75,000
Total current assets		75,000
Total assets	**$**	**75,000**

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities		
Accounts payable and accrued expenses	$	4,013
Total current liabilities		4,013
Total liabilities		4,013
Stockholder's equity		
Common stocks (no par value, 1,000 shares authorized, 1,000 shares issued and outstanding)		1,000
Additional paid in capital		74,000
Accumulated deficit		(4,013)
Total stockholder's equity		70,987
Total liabilities and stockholder's equity	**$**	**75,000**

See independent auditor's report.
The accompanying notes are an integral part of these financial statements.

ADD FRANCHISING, INC.
dba ALLIED DISASTER DEFENSE®
STATEMENT OF OPERATIONS AND STOCKHOLDER'S EQUITY
FOR THE PERIOD FROM INCEPTION TO FEBRUARY 29, 2024

Revenues	$ -
Operating expenses	
Professional fees	3,788
Office expenses	225
Total operating expenses	4,013
Loss from operations	(4,013)
Net loss	**(4,013)**
Stockholder's equity, beginning of period	-
Capital contribution	75,000
Stockholder's equity, end of period	**$ 70,987**

See independent auditor's report.

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

ADD FRANCHISING, INC.
dba ALLIED DISASTER DEFENSE®
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCEPTION TO FEBRUARY 29, 2024

Cash flows from operating activities		
Net loss	$	(4,013)
Adjustments to reconcile net loss to		
net cash used in operating activities		
Increase in		
Accounts payable and accrued expenses		4,013
Net cash used in operating activities		-
Cash flows from financing activities		
Capital contribution		75,000
Net cash provided by financing activities		75,000
Net increase in cash and cash equivalents		75,000
Cash and cash equivalents, beginning of period		-
Cash and cash equivalents, end of period	**$**	**75,000**

See independent auditor's report.

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

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

ADD Franchising, Inc., doing business as Allied Disaster Defense® (the "Company"), was incorporated in the state of Delaware on February 8, 2024, for the purpose of granting and administrating the franchise of Allied Disaster Defense®- the prevention solutions that provides protection to commercial and residential properties from the threat of wildfire and other disasters. Allied Disaster Defense® was developed and owned by a company under the same ownership as the Company.

As of February 29, 2024, the Company is in the process of registering trademark, gathering/preparing the information necessary for the franchisor applications in various states. The Company does not have an estimated time when it will begin its franchising operation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company defines cash and cash equivalents as cash in banks, money market funds and certificates of deposit with an original maturity of three months or less and with no restrictions as to their use.

Income Taxes

The Company, with the consent of its stockholder, elected to be taxed as an S Corporation (the approval is still pending from Internal Revenue Service). As a result of this election, the stockholder of the Company is taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. However, California imposes a corporate level tax of 1.5% on S corporations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company is required to recognize, measure, classify, and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Company's tax returns. As of February 29, 2024, management was not aware of any uncertain tax positions.

In the normal course of business, the Company's tax return is subject to examination by the taxing authorities. The federal statute of limitations is three years and state normally four years.

NOTE 3 – CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially expose the Company to a concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are placed with high-credit, quality financial institutions. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

NOTE 4 – CAPITAL CONTRIBUTION

As of February 29, 2024, the Company has authorized and issued 1,000 shares of common stocks to a stockholder and received $75,000 in consideration.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been reviewed by management through the date of the report, which is the date when the financial statements became available to be issued.

EXHIBIT D

ALLIED DISASTER DEFENSE®

FRANCHISE AGREEMENT

TABLE OF CONTENTS

PAGE

<u>Exhibits</u>

ALLIED DISASTER DEFENSE®

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is entered into as of _____________, by and between ADD Franchising Inc., a Delaware corporation ("**Franchisor**"), and ________________________, a(n) ____________________ ("**Franchisee**"), with reference to the following facts:

A. Franchisor has the right to operate and grant to others the right to operate "Allied Disaster Defense®" businesses that provide protection to commercial and residential properties from the threat of wildfire and other disasters through prevention solutions including wildfire property assessments, water and gas shutoff devices, home hardening, creation of defensible space, vegetation management, creation of an ember free zone, installing ember resistant vents, gutter guard installation, the use of fire retardant, automatic water shut-off devices, earthquake shut-off valves and the Allied Disaster Defense Concierge Protection Plan material and information, in accordance with certain proprietary practices and procedures ("**Proprietary Information**") that are part of a system relating to the establishment, development, operation and management of such businesses ("**System**");

B. Franchisor has the right to use and license the use of the trademarks, tradenames, service marks, designs, emblems, logos, slogans, copyrights, Trade Dress, Trade Secrets (as defined below), commercial symbols and other indicia it designates, now or hereafter used or intended to be used in connection with the System, and any and all revisions, modifications and additions thereto, whether or not recorded or registered with the United States Patent and Trademark Office or any other local, state, federal or foreign agency, registrar or body including, without limitation, the name "Allied Disaster Defense®" and related design logos ("**Marks**") pursuant to a license agreement with Franchisor's affiliate, Allied Disaster Defense, Inc.; and

C. Franchisor licenses the right to use the System and the Marks in the operation of Allied Disaster Defense® businesses ("**Franchised Business**"). The Franchised Business may also include restoration services including water mitigation, mold remediation, smoke deodorization, cleaning, contents pack-outs, dry cleaning, earthquake repairs and construction. Franchisee desires to obtain a license to use the Marks and System in the operation of a Franchised Business, and Franchisor is willing to grant Franchisee a license upon the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of these premises and of the mutual covenants contained herein, the receipt and sufficiency of which is acknowledged by the parties, the parties agree as follows:

1. GRANT OF RIGHTS

A. NON-EXCLUSIVE LICENSE

Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, a non-exclusive license to use the Marks and the System solely in the operation of the Franchised Business at one (1) location within the geographic territory described in **Exhibit "A"** attached hereto ("**Protected Area**"). The parties agree and acknowledge that only personnel who hold all applicable licenses and meet all other requirements, shall be responsible for, and have complete authority, responsibility, supervision and control over, the provision of all services performed at the Franchised Business.

B. PROTECTED AREA

(1) Provided that Franchisee is in compliance with this Agreement including, without limitation, the minimum performance standards set forth below, Franchisor shall not open and operate, or franchise a third party to open and operate, a Franchised Business within the Protected Area during the term of this Agreement.

(2) Franchisee agrees to comply with the following minimum performance standards:

Operations Period	Minimum Performance Standard
Year One	$200,000
Year Two	$300,000
Year Three	$400,000
Year Four	$500,000
Year Five and thereafter	$600,000

C. SITE SELECTION PROCEDURE

(1) Franchisee's Obligation. Franchisee may operate the Franchised Business from Franchisee's home for the first six (6) months. After that, Franchisee shall lease a facility for the Franchised Business at a site to which Franchisor consents. Franchisor will consult with Franchisee in the site selection process and will provide Franchisee with certain guidelines, criteria and specifications for site selection, design, and construction of the facility; provided, however, that Franchisee assumes all cost, liability, expense, risk and responsibility for locating, obtaining financing for and developing the site of the Franchised Business and for constructing and equipping the Franchised Business.

(2) Site Proposal. Franchisee shall provide Franchisor with all relevant information concerning the proposed site including the general location and

neighborhood, zoning of the site, demographic information about the surrounding area, locations of any other disaster protection business, any complementary businesses, traffic flow, parking, rent, size, layout, physical characteristics of the location, lease terms and such other information as Franchisor may require (collectively, **"Site Proposal"**). Franchised Business locations will typically be approximately 800 to 1,000 square feet and shall have a business office and adequate storage for vehicles, equipment, and supplies. In addition, Franchisee must operate in a commercial space with a secure yard. Franchisor will decide whether or not to consent to the proposed site within thirty (30) days after it receives Franchisee's notice and all relevant information. If Franchisee and Franchisor cannot agree on a proposed site, then Franchisee shall find another site and request Franchisor's approval. Franchisee must obtain Franchisor's consent to a site for the Franchised Business within six (6) months after execution of this Agreement.

(3) Franchisor's Evaluation. Franchisor may act in its reasonable business judgment in deciding whether or not to consent to a Site Proposal. Franchisee shall not secure any site unless Franchisor consents to the Site Proposal in writing.

(4) Site Plans. Franchisee shall submit the following to Franchisor for approval:

(a) two (2) copies of a final site plan, showing site dimensions, topographical evaluations, building type and placement on site, and proposed ingress and egress;

(b) two (2) sets of layout plans including any features required to comply with local governmental requirements and a proposed equipment list; and

(c) schedules showing all equipment and fixtures to be installed (collectively, "**Plans**").

After Franchisor has consented to the Plans, it shall be Franchisee's sole responsibility to submit the Plans to the appropriate governmental entities for their approval and permitting, in order to comply with the local law regarding the securing of any architect stamps, permits, licenses, or other necessary governmental approvals. If any such governmental entities require modifications to the Plans, Franchisee shall submit such modifications to Franchisor for its review and approval prior to commencement of construction. Franchisee shall make such changes to the Plans as Franchisor informs Franchisee in writing that it requires, in its reasonable business judgment.

(5) Leased Property Site Development and Lease Terms. Franchisee shall not sign a lease or contract for the location without receiving Franchisor's prior written consent. Franchisee shall fully perform all obligations to be performed by Franchisee under the lease or contract and shall immediately upon receipt of any notice of violation from the lessor or other party to the contract deliver a copy of such notice to Franchisor together with a statement of the steps proposed to be taken by Franchisee in response to the notice. The lease or contract must contain such additional terms and conditions as Franchisor may require to provide for the protection of Franchisor's rights and interests, including but not limited to a conditional lease assignment to Franchisor or its nominee in a form acceptable to Franchisor, and including the following:

(a) the absolute and unconditional right of Franchisee to assign its interest in the lease to Franchisor or Franchisor's nominee at any time without the consent of the landlord and without rent increase or penalty;

(b) the landlord's acknowledgment that Franchisee shall not assign or transfer the lease or any of its rights thereunder or grant any sublease thereunder without the prior written consent of Franchisor;

(c) the landlord's consent to Franchisee's use of such signage and other displays of the Marks as Franchisor may require;

(d) the obligation of the landlord to notify Franchisor in writing of any default by Franchisee of any of the terms and conditions of the lease and to provide to Franchisor, at Franchisor's option, the right to cure any default under the lease within fifteen (15) days after expiration of the period in which Franchisee is required to cure the default, if Franchisee fails to do so;

(e) that no amendment, addition, or other modification or change be made to the lease without obtaining the prior written consent of Franchisor;

(f) that upon expiration or termination for any reason of the Franchise Agreement, Franchisee's rights under the lease will, at the option of Franchisor, be transferred and assigned to Franchisor or its nominee without rent increase or penalty immediately upon notice by Franchisor;

(g) Franchisee's acknowledgment that the landlord may rely upon such notice and will not be required to inquire into the due execution of such notice or the accuracy of the statements set forth in such notice;

(h) that such notice will, without further act or formality, operate as an effective assignment of Franchisee's rights under the lease to Franchisor or its nominee without rent increase or penalty, and the assumption by Franchisor or its nominee of the covenants required to be observed or performed by Franchisee under the lease; provided, however, that landlord agrees and acknowledges that Franchisor and its nominee, if any, shall not assume, and shall have no obligation to the landlord with respect to, any liabilities arising from or relating to Franchisee's actions, failure to act or defaults prior to the assignment of the lease;

(i) Franchisee's acknowledgment that the landlord will, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in the landlord's possession respecting the premises and the operation of the Franchised Business, including, without limitation, revenue information;

(j) the landlord's acknowledgment that the Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the Franchise Agreement for any reason whatsoever, to enter the premises and to make any alterations to the exterior or interior decor and signage as

Franchisor deems necessary to remove its identification with the System as required by this Agreement and, in the event of the exercise by Franchisor of such right, the landlord further acknowledges that such entry by Franchisor shall not constitute an assignment of the lease nor a subletting of the premises; and

(k) that Franchisor is a third party beneficiary under the lease.

Franchisee shall be responsible for all costs associated with the negotiation of the lease. All amounts spent by Franchisor to cure any breach by Franchisee of the lease for the site of the Franchised Business shall be due to Franchisor from Franchisee upon Franchisor's written demand. Nothing herein shall create an obligation on the part of Franchisor to cure any breach by Franchisee.

(6) Design and Construction. Franchisor will provide input and information to Franchisee on the design and construction of the Franchised Business and Franchisor's standard office space or facility layout.

(7) Additional Franchisee Responsibilities. In addition to Franchisee's other responsibilities hereunder, Franchisee agrees that it is solely responsible for (a) obtaining all required zoning changes, all required building, utility, health, sanitation and sign permits and licenses; (b) purchasing or leasing equipment, fixtures, furniture and signs as required by this Agreement; (c) completing construction or remodeling, equipment, fixture, furniture and sign installation and decorating the Franchised Business in compliance with plans and specifications required by Franchisor and all applicable ordinances, building codes and permitting requirements; (d) obtaining all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and (e) otherwise completing development of the site.

(8) Signage and Decorating Materials. All signage and decorating materials at the Franchised Business shall conform to Franchisor's specifications. Franchisee acknowledges and agrees that Franchisor has the right, at Franchisor's option, to require that Franchisee purchase or lease the signage from Franchisor or its affiliate.

(9) Equipment, Supplies and Vehicle. Franchisee must purchase equipment and initial supplies for the Franchised Business as designated by Franchisor from Franchisor, its affiliate or suppliers that are designated or approved by Franchisor as provided in Section 4D below. Franchisor shall assist Franchisee in planning and ordering the equipment and initial supplies. Franchisee must also obtain a pickup truck that meets Franchisor's specifications for towing and delivering authorized products and services. Franchisee must obtain Franchisor's prior written consent of the vehicle and have it designed wrapped in accordance with Franchisor's requirements. Franchisor may require Franchisee to obtain additional vehicles to operate the Franchised Business.

(10) Relocation. Franchisee may not relocate the Franchised Business, or open additional locations, without Franchisor's prior written consent.

FRANCHISEE ACKNOWLEDGES THAT ALTHOUGH FRANCHISOR MAY HAVE BEEN INVOLVED IN THE SITE SELECTION PROCESS AND IN SITE DEVELOPMENT AND MAY HAVE PROVIDED AND REVIEWED INFORMATION ON THE SITE, THE LEASE, CONSTRUCTION AND OTHER ASPECTS OF THE DEVELOPMENT OF THE FRANCHISED BUSINESS, FRANCHISOR MAKES NO WARRANTY, REPRESENTATION OR GUARANTY OF ANY KIND WITH RESPECT TO THE LOCATION, ITS DESIGN OR CONSTRUCTION, THE LEASE, OR THE SUCCESS OR PROFITABILITY OF THE BUSINESS TO BE OPERATED AT SUCH LOCATION.

D. FRANCHISOR'S RESERVATION OF RIGHTS

Franchisee acknowledges that this Agreement does not restrict Franchisor or its affiliates from conducting businesses using marks or commercial symbols different from the Marks either within or outside of the Protected Area, nor does it preclude them from using the Marks or licensing the right to others to use the Marks for purposes other than operating as a Franchised Business in the Protected Area. Franchisor reserves all rights not specifically granted to Franchisee under this Agreement. In particular, and not in limitation of the foregoing, Franchisor reserves the right to conduct all commerce over the Internet and other means of electronic commerce as may in the future be developed, and Franchisee has no right to do so except as may be specifically permitted hereunder.

E. TERM AND RENEWAL

(1) Term. The initial term of this Agreement shall begin on the date it is executed by Franchisor and shall continue for five (5) years, subject to earlier termination as provided herein.

(2) Renewal. Subject to compliance with each and every one of the conditions set forth below, Franchisee shall have the option to renew the right to operate the Franchised Business for two (2) additional periods of five (5) years each:

(a) Franchisee must sign Franchisor's then-current form of Franchise Agreement which may contain terms that are materially different from those set forth in this Agreement provided; and

(b) Franchisee must be in full compliance with this Agreement, and all other contracts between Franchisee and Franchisor and its affiliates, and in particular, must have paid all sums owing to Franchisor and its affiliates as and when due; and

(c) Franchisee's Franchised Business must meet Franchisor's then-current requirements or Franchisee must make all expenditures deemed necessary by Franchisor to update the Franchised Business' equipment, signage and decor to reflect Franchisor's then-current requirements and image; and

(d) Franchisee or Franchisee's operating partner or manager, as applicable, must complete re-training to Franchisor's satisfaction; and

(e) Franchisee (and its principals if Franchisee is a corporation or other entity) shall execute and deliver, a general release in a form acceptable to Franchisor of any and all claims against Franchisor, and its affiliates and associates, officers, directors, managers, shareholders, members, employees, agents and representatives; and

(f) Franchisee shall not have received three (3) or more notices of default during any twenty-four (24) month period during the initial term or preceding renewal term, as applicable; and

(g) Franchisor must not have decided to withdraw from Franchisee's Protected Area; and

(h) Franchisee must have the right to occupy the premises of its Franchised Business for the renewal term; and

(i) Franchisee must pay to Franchisor a nonrefundable renewal fee equal to ten percent (10%) of the initial franchise fee Franchisor is then charging, or the then most recent initial franchise fee Franchisor has been charging if Franchisor is not then offering franchises, when Franchisee provides Franchisor notice of renewal.

Franchisee shall notify Franchisor no later than one hundred twenty (120) days prior to the expiration of the initial term or preceding renewal term of this Agreement, as applicable, if Franchisee wishes to enter into a new Franchise Agreement with Franchisor at the expiration of the initial term or preceding renewal term. Franchisee shall have no right to enter into a new agreement with Franchisor if Franchisee fails to do so or if Franchisee fails to comply with each of the conditions set forth above in a timely manner or if Franchisee fails to return to Franchisor any documents within twenty (20) days after Franchisor has delivered them to Franchisee.

2. COMMENCEMENT OF OPERATIONS

A. CONDITIONS FOR OPENING

Franchisee shall not begin operating the Franchised Business or open the Franchised Business until Franchisor has given its consent in writing. Franchisee shall satisfy the conditions to commencement of operations, including without limitation, the completion of the Initial Training Program, as defined below, to Franchisor's satisfaction. Franchisor may require that Franchisor or its representative conduct an on-site inspection prior to giving its consent and from time to time during the term of this Agreement.

B. OPENING SCHEDULE REQUIREMENTS

Franchisee must begin operations at the earlier of four (4) months after signing this Agreement.

3. TRAINING AND OPERATING ASSISTANCE

A. TRAINING

(1) Franchisee shall furnish to Franchisee and such personnel of Franchisee as Franchisor shall designate an initial training program during such period of time as Franchisor designates ("**Initial Training Program**"). The Initial Training Program may be furnished at Franchisor's corporate headquarters in West Covina, California or at another location designated by Franchisor in its discretion. Franchisee and Franchisee's key staff members as designated by Franchisor must complete the Initial Training Program to the sole satisfaction of Franchisor.

(2) Franchisor shall have the right, during the Initial Training Program, to further evaluate Franchisee's fitness to operate under this Agreement. No person shall be permitted to operate the Franchised Business until such person has completed the Initial Training Program to Franchisor's satisfaction. In the event Franchisee fails to successfully complete the Initial Training Program before conducting business of the Franchised Business, Franchisor shall have the right to terminate this Agreement.

(3) Franchisee shall not be charged an additional fee for the Initial Training Program if Franchisee's personnel all attend the Initial Training Program at the same time unless Franchisee requests that Franchisor train a replacement operating partner or manager.

(4) Franchisor may require Franchisee and those of Franchisee's personnel as Franchisor may designate to attend refresher and additional training courses for up to five (5) days per year, and Franchisee acknowledges that there may be a fee charged for such training. Franchisee and Franchisee's personnel may also be required to participate in educational webinars held up to four (4) times per year. Franchisor may charge a fee for this additional training. Franchisor may also require Franchisee to attend additional training if Franchisor deems it necessary or appropriate. Franchisee agrees and acknowledges that Franchisor may designate the location for such training. Franchisee will pay Franchisor's then-current per-day, per-trainer training fee. Franchisee will also pay the expenses of the trainer or trainers, including lodging, transportation and food. Franchisee may also request additional on-site training or assistance and Franchisor will determine whether or not to provide it. If Franchisor does so, Franchisor will charge its then-current per-day, per-trainer training fee. If such additional training is held at the Franchised Business location, Franchisee will also pay the expenses of the trainer or trainers, including lodging, transportation and food. Franchisee will pay the training fee to Franchisor before Franchisor conducts the training. Franchisee also agrees to attend a national or regional business meeting or convention if required by Franchisor.

(5) Franchisee shall be responsible for all travel and living expenses, if any, that Franchisee and its personnel may incur in connection with the Initial Training Program or refresher or additional training and in attending national business meetings or conventions.

(6) Franchisee shall be responsible for training new employees and then-current employees in the operation of the Franchised Business. All employees must have all certifications and credentials required by applicable laws and regulations, and must complete all continuing education requirements, if any.

B. ON-SITE ASSISTANCE

Franchisor will provide Franchisee with on-site assistance with opening the Franchised Business for three (3) days within sixty (60) days when Franchisee begins operations. Franchisee will pay Franchisor's per-day, per-trainer training fee if Franchisee requests that Franchisor provide more than three (3) days of onsite assistance after Franchisee opens the Franchised Business and Franchisor agrees to provide such assistance.

C. ALLIED DIASTER DEFENSE® STANDARDS MANUAL

Franchisor will lend to Franchisee for use during the term of this Agreement its proprietary and confidential manual and will also provide Franchisee with bulletins, memoranda, directives and other written and oral instructions, all of which Franchisor may amend from time to time, containing mandatory specifications, standards, operating procedures and rules for the System designed to protect and maintain the value of the Marks as well as suggested operational procedures (collectively, "**Allied Disaster Defense® Standards Manual**"). All mandatory specifications, standards, operating procedures and rules prescribed from time to time in the Allied Disaster Defense® Standards Manual, or otherwise communicated to Franchisee in writing, shall constitute requirements of this Agreement and shall be kept confidential by Franchisee. Franchisee will not at any time copy any part of these materials, disclose any information contained in them to others or permit others access to them. Franchisee acknowledges and agrees that the Allied Disaster Defense® Standards Manual may be modified from time to time to reflect changes in the standards of authorized services or the System and for other reasons. All modifications to the Allied Disaster Defense® Standards Manual shall be binding upon Franchisee upon being mailed or otherwise delivered to Franchisee. Franchisee agrees to accept, implement and adopt any such modifications at Franchisee's own cost. The Allied Disaster Defense® Standards Manual will contain proprietary information belonging to Franchisor and Franchisee acknowledges that the Allied Disaster Defense® Standards Manual is, and shall remain, the property of Franchisor. Franchisee shall promptly return the Allied Disaster Defense® Standards Manual to Franchisor upon termination or expiration of this Agreement. Franchisee understands and agrees that it is of substantial value to Franchisor and other franchisees of Franchisor, as well as to Franchisee, that the System establishes and maintains a common identity. Franchisee agrees and acknowledges that full compliance with each and every detail of the System and the mandatory provisions of the Allied Disaster Defense® Standards Manual is essential to preserve, maintain and enhance the reputation, trade demand and goodwill of the System and the Marks and that failure of Franchisee to operate the Franchised Business in accordance with the System and the mandatory provisions of the Allied Disaster Defense® Standards Manual can cause damage to all of the other parties described above, as well as to Franchisee. Consistent with the goals of the System, Franchisee shall be responsible for the day-to-day operation of Franchisee's business. The Allied Disaster Defense® Standards Manual does not contain any mandatory provisions concerning the hiring, supervision, promotion, demotion, or termination of Franchisee's employees, or concerning hours or schedule worked, rate of pay, benefits, work assigned, discipline, response to grievances and complaints or working conditions of Franchisee's employees.

D. PERIODIC ADVICE AND CONSULTATION

Franchisor shall provide Franchisee with access to Franchisor's Intranet and website. Franchisor shall also, from time to time, to the extent it deems necessary, furnish Franchisee advice or consult with Franchisee on the operation of the Franchised Business in order to communicate new developments, techniques and services. Franchisor will periodically, with such frequency as Franchisor shall determine in its reasonable business judgment, consult with Franchisee in the development of its business. Franchisor may do so via telephone or e-mail or by periodic visits.

4. OPERATION BY FRANCHISEE

A. CONDITION AND APPEARANCE

Franchisee agrees:

(1) that neither the Franchised Business nor its premises will be used for any purpose other than the operation of the Franchised Business in compliance with this Agreement;

(2) to operate the Franchised Business with a high ethical and moral standard and to maintain the condition and appearance of the Franchised Business in accordance with Franchisor's standards as specified in the Allied Disaster Defense® Standards Manual, and consistent with the image of the Franchised Business as a clean, sanitary, safe, attractive, and efficiently operated business offering professional and courteous service;

(3) to maintain the condition, appearance and efficient operation of the Franchised Business and its premises as is required by Franchisor, including, without limitation:

(a) continuous and thorough cleaning and sanitation of the interior and exterior of the Franchised Business;

(b) interior and exterior repair of the Franchised Business;

(c) maintenance of equipment in good condition;

(d) replacement of worn out or obsolete improvements, fixtures, furnishings, equipment and signs with approved improvements, fixtures, furnishings, equipment and signs; and

(e) periodic painting and decorating.

(4) to place or display on the Franchised Business' premises only such signs, emblems, lettering and logos, and display only such advertising materials as are from time to time consented to in writing by Franchisor and to display all advertising materials required by Franchisor.

B. ALTERATIONS AND REMODELING

Franchisee shall not make any alterations to the Franchised Business premises, or to any improvements, layout, fixtures, and furnishings, signs, equipment, or appearance thereof or other elements of the Trade Dress, as defined below, without the prior written consent of Franchisor. Franchisee shall undertake all such remodeling, modernization and redecoration of the Franchised Business as Franchisor shall from time to time require.

C. PRODUCTS AND SERVICES

(1) Franchisee shall cause the Franchised Business to use all equipment, products and services, and offer all products and services, and only those equipment, products and services, designated by Franchisor from time to time, and shall use such equipment, products, and services, and provide such products and services, strictly in accordance with the standards and specifications described in the Allied Disaster Defense® Standards Manual.

(2) Franchisee shall at all times provide prompt, courteous, friendly and efficient service to all customers. Franchisee shall in all dealings with all customers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees not to deviate from the mandatory standards, specifications and operating procedures set forth in this Agreement and the Allied Disaster Defense® Standards Manual in order to ensure uniformity and quality of services offered to the public under the Marks.

D. PURCHASE OF PRODUCTS AND SERVICES; APPROVED SUPPLIERS

(1) Franchisor shall provide Franchisee with specifications for products and supplies as well as information about approved and designated suppliers through the Allied Disaster Defense® Standards Manual. Franchisee shall purchase any and all products (including, without limitation, products bearing the Marks), and any and all other equipment, vehicles, supplies and services required or used in the operation of the Franchised Business only from: (a) manufacturers, suppliers or distributors from time to time designated in writing by Franchisor; (b) such other suppliers proposed by Franchisee and consented to by Franchisor in the manner and subject to the conditions set forth in Section 4D(2) below; or (c) from Franchisor or its affiliate, if available. Franchisee agrees and acknowledges that certain specially designed equipment (such as signage and certain equipment), proprietary products, certain services and items used in the Franchised Business that are integral to the System such as sprayers, pumps and chemical supplies may only be available from Franchisor, its affiliate or its designated

supplier. Franchisee agrees and acknowledges that Franchisor has the right to negotiate purchase arrangements with suppliers for the benefit of franchisees and establish purchasing or distribution cooperatives, and agrees to participate in such a cooperative if required to do so by Franchisor.

(2) Franchisor may, in its reasonable business judgment, consent to suppliers proposed by Franchisee provided the following conditions are first met. Franchisor is not obligated to consider or evaluate suppliers proposed by Franchisee.

(a) Franchisee shall submit a written request to Franchisor for consent to the supplier and agree to pay Franchisor's expenses in researching and evaluating the proposed supplier and testing its products or services, the payment of which is nonrefundable;

(b) The supplier shall demonstrate to Franchisor's satisfaction that it is able to supply an item or service to Franchisee meeting Franchisor's specifications for such item or service, including but not limited to, providing Franchisor with samples, allowing Franchisor or Franchisor's representative to perform tests and the opportunity to inspect its facilities from time to time;

(c) The supplier shall demonstrate to Franchisor's satisfaction that the supplier is of good standing in the business community with respect to its financial soundness and reputation and the reliability of its product and service;

(d) The supplier shall obtain, maintain and submit to Franchisor proof of, sufficient insurance coverage (including, but not limited to, product liability coverage) at limits and including coverage acceptable to Franchisor, and include Franchisor and Franchisee as additional named insureds with the right to receive at least thirty (30) days' prior written notice of any modification, cancellation or termination of such policy; and

(e) In the event the item to be supplied is required to bear one of the Marks, such supplier must execute a license agreement (which may include a royalty payment to Franchisor or its affiliate) in a form acceptable to Franchisor.

(3) Until and unless Franchisor notifies Franchisee in writing that it has consented to a supplier, Franchisee must continue to purchase from the parties described in Section 4D(1) above.

(4) If Franchisor determines that a previously approved supplier no longer conforms to such standards, it shall so notify Franchisee and Franchisee shall thereupon discontinue making purchases from that supplier

E. DESIGNATED BRAND-NAME SUPPLIES, EQUIPMENT AND SERVICES

Franchisor shall have the right to designate by brand name the supplies, equipment and services that Franchisee is required to use in the operation of the Franchised Business.

F. SPECIFICATIONS, STANDARDS AND PROCEDURES

Franchisee acknowledges that each and every detail of the appearance, business layout, supplies utilized, services offered, Franchised Business premises, and other elements of trade dress in the operation of the Franchised Business ("**Trade Dress**") is important to Franchisor and the System. Franchisee shall comply with all mandatory specifications, standards and operating procedures relating to: (i) the type and quality of the services offered by the Franchised Business; (ii) the appearance, color, indicia and signage of the Franchised Business premises; (iii) appearance of employees; (iv) cleanliness, standards of services, and operation of the Franchised Business; (v) submission of requests for consent to use materials, supplies, distributors and suppliers; and (vi) safety procedures and programs prescribed by Franchisor. Franchisee also agrees to use all equipment, signage and services Franchisor authorizes for the System from time to time. Mandatory specifications, standards, and operating procedures may be prescribed from time to time by Franchisor in the Allied Disaster Defense® Standards Manual, or otherwise communicated to Franchisee in writing, including without limitation, procedures regarding handling customer complaints. All references herein to this Agreement shall include all such mandatory specifications, standards, and operating procedures.

G. SUPERVISION; DUTY TO DILIGENTLY CARRY OUT OBLIGATIONS

Franchisee, or if Franchisee is a business entity, Franchisee's principal owner, shall complete the Initial Training Program to Franchisor's satisfaction and must execute a confidentiality and non-competition agreement in a form acceptable to Franchisor. Franchisor recommends that Franchisee works full-time in the Franchised Business. Franchisee or Franchisee's principal owner shall actively manage the Franchised Business for at least the first three (3) years of operation. If Franchisor consents to Franchisee not working full-time in the Franchised Business after the first three (3) years of operation, Franchisee shall designate an operating manager. Franchisor requires that the operation of the Franchised Business be under the direct supervision of Franchisee or Franchisee's operating manager. Any operating manager that Franchisee employs at the Franchised Business must complete the Initial Training Program to Franchisor's satisfaction and Franchisee must obtain Franchisor's consent to the replacement operating manager. Franchisor requires that Franchisee's operating manager and Franchisee's other personnel as designated by Franchisor shall execute confidentiality and non-competition agreements. If Franchisee's operating manager is terminated or otherwise ends his or her relationship with Franchisee, Franchisee shall designate and train a new person who completes the Initial Training Program to Franchisor's satisfaction within thirty (30) days of such termination. While Franchisee is seeking a replacement operating manager, Franchisee shall designate a temporary manager at Franchisor's consent or Franchisee shall manage the Franchised Business itself. Franchisor reserves the right to provide training to any replacement manager at Franchisee's cost.

H. **SYSTEM CHANGES**

Franchisee acknowledges that the System must continue to evolve in order to reflect changing markets and to meet new and changing business demands, and that accordingly variations and additions to the System may be required from time to time in order to preserve and enhance the public image of the System. Accordingly, Franchisee agrees that Franchisor may, from time to time, upon notice, add to, subtract from or otherwise modify or change Franchisee's obligations under the System, including, without limitation, changes reflecting Franchisor's adoption and use of new or modified Marks, services and equipment. Franchisee agrees promptly to accept and implement all such additions, modifications and changes at Franchisee's sole cost and expense (e.g., changing signs, destroying or recalling advertising and promotional items). Franchisee agrees and acknowledges that if Franchisee develops any component of the System which Franchisor permits or adopts for use in the Franchised Business or the System, such component will belong to Franchisor and Franchisee shall have no right or interest in such component other than a license to use it as part of the System pursuant to this Agreement. In particular, and not in limitation of the foregoing, Franchisee agrees that all reproductions, notes, summaries or similar documents relating to the Trade Secrets and any files, memoranda, reports, price lists, customer lists and other documents relating to the System, shall become and remain the property of Franchisor immediately upon creation.

I. **COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES**

(1) Prior to beginning operations, Franchisee shall secure in Franchisee's name as the owner of an independent business all required licenses, permits and certificates relating to Franchisee's operation of the Franchised Business in the Protected Area, including, without limitation, all permits and certificates relating to the Franchised Business. Franchisee shall obtain all contractor's licenses for construction work including, without limitation, work related to class A building materials, gutter guard installation, vents and other fire defensive elements. In addition, Franchisee shall adhere to all applicable legal requirements regarding wildfire protection businesses. Franchisee acknowledges that such licenses, certificates and permits may require the payment of security deposits and other fees. Franchisee shall maintain all such licenses, permits and certificates (and require its contractors to maintain their respective licenses, permits, and certificates) in full force and effect throughout the term of this Agreement.

(2) Franchisee shall operate in full compliance with all applicable laws, ordinances and regulations, including, without limitation, such laws, ordinances and regulations relating to occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes, trade name and advertising restrictions, building codes and handicap access. In particular and not in limitation of the foregoing, Franchisee shall comply with the Americans with Disabilities Act.

(3) Franchisee must also comply with all laws governing consumer data and privacy and employ all means to maintain the security of consumer data. If any data security incident occurs, Franchisee shall notify Franchisor immediately and shall take steps to address and remedy such incident. Franchisor is not obligated to remedy Franchisee's data security issue, but if Franchisor requires Franchisee to take certain steps including, without limitation, the retention of a remediation expert, Franchisee will do so. A data security incident includes an act originated within or outside Franchisee's organization affecting Franchisee's computer system or other technology that violates the law or Franchisor's policies and involves unauthorized access to view, copy or use the System, customer data, confidential information or trade secrets.

(4) Franchisee shall operate the Franchised Business in a safe and secure manner that optimizes public health and safety. Franchisee is solely responsible for determining and addressing all safety concerns relating to the condition of the premises and surrounding areas, the operation of any vehicles in connection with the Franchised Business and otherwise.

(5) Immediately upon receipt of any citation, notice, complaint or other indication that Franchisee or any of its personnel has violated any law or regulation, Franchisee shall immediately notify Franchisor and transmit copies of all such citations, notices, complaints or other such indications, along with all available information including, without limitation, Franchisee's proposal to contest or remedy the violation.

J. <u>REGIONAL AND NATIONAL ACCOUNTS</u>

Franchisee acknowledges and agrees that Franchisor has the right to establish regional and national accounts for the provision of services from Franchised Businesses. Franchisee agrees to cause its personnel to provide services at the Franchised Business to the applicable client based on the terms of any such regional or national account agreements that Franchisor may reach with such person or entity. If Franchisee is unable to service a regional or national account client or declines to do so, Franchisor can service the client in the Protected Area directly or through another franchisee.

5. <u>INSURANCE</u>

Before beginning to operate the Franchised Business, Franchisee must obtain all insurance required by Franchisor from an insurer or insurers that meet Franchisor's criteria and which has a minimum A.M. Best's Rating of A, to which Franchisor consents. Franchisor may designate one of more insurance companies, and if Franchisor does so, Franchisor must obtain insurance from such company or companies. Franchisee shall maintain such insurance coverage throughout the term of this Agreement. Such insurance shall include coverage insuring against all loss and liability arising out of or in connection with the operation of the Franchised Business, including, without limitation, general liability coverage in the minimum amounts of One Million Dollars ($1,000,000) per occurrence and in the aggregate, contractors pollution and environmental coverage up to Two Million Dollars ($2,000,000), auto liability coverage with a combined single limit of One Million Dollars ($1,000,000), business interruption coverage, worker's compensation coverage required by applicable law of at least One Million Dollars ($1,000,000), billing errors and omissions coverage and tail coverage upon termination or expiration of this Agreement, cybersecurity and such other limits and coverage as we may periodically require. Franchisee shall secure an alternate employer's endorsement in Franchisor's favor. Franchisee shall maintain such insurance coverage in full force and effect during the entire term of this Agreement. Franchisee's insurance shall include coverage for losses that occur after the termination or expiration of this Agreement for such period of time as designated by Franchisor. Franchisee shall cause Franchisor and any of its affiliates that Franchisor specifies to be named as additional insureds under all such policies. In addition, all such policies shall provide for thirty (30) days' prior written notice to Franchisor of any material modification, cancellation or expiration of a policy. Franchisee shall provide Franchisor with copies of all insurance policies written on Franchisee's behalf related to the Franchised Business. Franchise shall provide a waiver of subrogation in Franchisor's favor and provide that Franchisee's insurance policies are primary and non-contributory to any policies Franchisor may carry. All amounts spent by Franchisor to secure any insurance coverage Franchisee fails to obtain shall be due to Franchisor by Franchisee upon Franchisor's written demand. Nothing herein shall create an obligation on the part of Franchisor to secure any insurance coverage for Franchisee. Franchisee also acknowledges that Franchisor may periodically change the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance.

6. TRADE SECRETS

Franchisee acknowledges that there is information disclosed by Franchisor pursuant to this Agreement, during the Initial Training Program and subsequent training program and otherwise (including, without limitation, the Proprietary Information, methods of service, sources and suppliers of equipment and décor, the design of the Franchised Business including interior and exterior layout, construction plans and specifications, marketing strategies, operations, techniques, financial information, supplier and customer lists, specifications and materials concerning the business services and activities, and, in general, methods, techniques, formulas, formats, specifications, standards, procedures, know-how, information systems and knowledge of the System (and the entire contents of the Allied Disaster Defense® Standards Manual), that is proprietary, confidential or a trade secret of Franchisor ("**Trade Secrets**"). Franchisee acknowledges that all of the Trade Secrets are economically valuable and that such value is derived from not being generally known to others. Franchisee agrees to maintain the absolute confidentiality of all such information during and after the term of this Agreement and agrees not to use any such information in any other business or in any manner not specifically authorized in writing by Franchisor. Franchisee shall not make copies of such information or divulge such information to any other person. Franchisee shall require any other person involved in the Franchised Business who will have access to any confidential information or Trade Secrets to sign a confidentiality and noncompetition agreement in a form acceptable to Franchisor.

7. FEES

A. INITIAL FRANCHISE FEE

Franchisee shall pay to Franchisor, upon execution of this Agreement, a non-refundable initial franchise fee of Thirty-Five Thousand Dollars ($35,000.00). If Franchisee is an existing franchisee purchasing an additional franchise Franchised Business, Franchisee must pay to Franchisor, upon execution of this Agreement, a non-refundable initial franchise fee of Twenty-Six Thousand Two Hundred Fifty Dollars ($26,250) which is equal to seventy-five percent (75%) of the initial franchise fee. If Franchisee is a United States military veteran who received an honorable discharge from military service, Franchisee must pay to Franchisor, upon execution of this Agreement, an initial franchise fee of Thirty Thousand Dollars ($30,000) for Franchisee's first Franchised Business. The initial franchise fees are fully earned immediately upon payment and is non-refundable.

B. ROYALTY FEE

Franchisee shall pay to Franchisor a royalty ("**Royalty Fee**") equal to eight percent (8%) of Gross Revenues. The Royalty Fee shall be paid on a monthly basis. "**Gross Revenues**" means all revenues Franchisee receives from the operation of the Franchised Business (including, without limitation, any payments under Franchisee's business interruption insurance coverage and all revenues Franchisee may receive from remediation services) and deducting only amounts paid to any governmental tax authority and any customer refunds made in accordance with Franchisor's policy. If Franchisee fails to provide Franchisor with revenue data for any month, Franchisor will base Franchisor's EFT (as defined below) withdrawal for this and other fees based on gross revenues on Franchisee's previous month's Gross Revenues. Franchisee's payments will be adjusted by Franchisor once Franchisor receives Franchisee's accurate report of Gross Revenues.

C. SYSTEM MARKETING FEE

Franchisor will establish a marketing fund ("**System Marketing Fund**") to which Franchisee will be required to contribute up to two percent (2%) of Gross Revenues ("**System Marketing Fee**"), as designated by Franchisor from time to time. Franchisor may adjust the percentage of Gross Revenues that Franchisee must contribute to the Marketing Fund at any time upon prior notice to Franchisee. The System Marketing Fee shall be paid on a monthly basis during the term of this Agreement. Until Franchisor has a certain number of franchisees, Franchisor will work with Franchisee to spend Franchisee's contribution to the System Marketing Fund in Franchisee's Protected Area.

D. RESEARCH AND DEVELOPMENT FEE

Franchisee shall pay to Franchisor a research and development fee for new services, methods and technology for the Franchised Business ("**Research and Development Fee"**). The Research and Development Fee is One Hundred Fifty Dollars ($150.00) per month as of the date of this Agreement and is subject to change as determined by Franchisor, in its sole discretion. This fee may increase in the future, but not to exceed a maximum of Five Hundred Dollars ($500.00) per month. Franchisee shall pay the Research and Development Fee in the same manner as the Royalty Fee.

E. DUE DATE AND PAYMENT METHOD

Franchisee shall pay the Royalty Fee, System Marketing Fee, and Research and Development Fee on a monthly basis by electronic funds transfer ("**EFT**"), and Franchisee shall execute and deliver such instruments as are necessary and appropriate to carry out such transfers. Franchisor shall have the right to vary the frequency of the due date of any payments (e.g., from monthly to weekly) and the method of payment from time to time. The Royalty Fee, System Marketing Fee, and Research and Development Fee are non-refundable.

F. NONPAYMENT

If Franchisor does not receive Franchisee's Royalty Fee, System Marketing Fee, Research and Development Fee or any other payment hereunder by the dates they are due, Franchisee acknowledges that, in addition to exercising all other rights and remedies that Franchisor has, Franchisor may terminate this Agreement.

G. CHARGE ON LATE PAYMENTS; DISHONORED PAYMENTS

In addition to all other rights and remedies that accrue to Franchisor, if Franchisee does not pay an amount when due, then Franchisee must pay Franchisor a late fee equal to the lesser of two percent (2%) of the amount due per month or the highest applicable rate allowed by law. In the event any payment by Franchisee is made by check and is returned to Franchisor for insufficient funds, or is made by credit or debit card, by ACH payments, EFD or other form of payment, and such payment is dishonored, Franchisee will be assessed an administrative handling fee of Two Hundred Dollars ($200.00) in addition to all other applicable late fees and administrative charges. In such event Franchisor may also require Franchisee to make all future payments by money order, cashier's check or a similar method of payment of immediately available funds. Franchisee acknowledges that this Section does not constitute agreement by Franchisor to accept such payments after they are due or a commitment to extend credit to, or otherwise finance such amounts.

H. NO WITHHOLDING OF PAYMENT

Franchisee agrees that Franchisee will not, on the grounds of the alleged nonperformance by Franchisor of any of its obligations hereunder or for any other reason whatsoever, withhold payment of any amounts due, nor shall Franchisee have any right of offset.

I. APPLICATION OF PAYMENTS; RIGHT OF OFFSET

Notwithstanding any designation by Franchisee, Franchisor shall have discretion to apply any payments by Franchisee to any indebtedness of Franchisee. In addition, Franchisor shall have the right to offset any amounts due to it or its affiliates against any amounts to be paid to Franchisee.

J. TAXES

In the event Franchisee is required by local law to withhold or deduct any tax on behalf of Franchisor from any amount payable to Franchisor under this Agreement, Franchisee shall increase the payment made to Franchisor by that amount and shall provide Franchisor with: (1) documentation showing that Franchisor is being taxed at the lowest rate allowed under local law; and (2) written receipts from the appropriate taxing authority certifying that payments have been made on Franchisor's behalf at the rates previously communicated to Franchisor.

8. REPORTING AND RECORD KEEPING

A. COMPUTER SYSTEM

Franchisee shall purchase smart phones and a personal computer system as designated by Franchisor. Franchisee shall install a computer system that includes Franchisor's designated computer software for client and employee scheduling, credit card processing, gift cards, bid generating, estimating, CRM (customer relations management), payroll, time tracking, job management and accounting and maintain Internet access which meets or exceeds Franchisor's specifications as set forth in the Allied Disaster Defense® Standards Manual. Franchisee shall maintain only such information specified in the Allied Disaster Defense® Standards Manual on the computer system. Franchisee shall use the computer system in accordance with Franchisor's policies, transmit data as required by Franchisor, give Franchisor unrestricted access, and ensure that Franchisee's employees are adequately trained to operate the computer system and in Franchisor's policies and procedures. Franchisee shall maintain, repair, upgrade or update any computer equipment used in the Franchised Business to maintain compatibility with any designated software and as Franchisor may from time to time require. Franchisee acknowledges and agrees that Franchisor shall have the right to have independent access to the information on Franchisee's computer system, including the right to download any information on such system. Franchisee acknowledges that neither Franchisor nor any affiliate of Franchisor has any obligation to provide ongoing maintenance, repairs, upgrades or updates to any of the computer hardware or software used in the Franchised Business. Franchisor reserves the right to change the software required at any time, and if Franchisor does so, Franchisee shall use such software, sign a license agreement with Franchisor or Franchisor's affiliate and pay any required license fees.

B. RECORD KEEPING

Franchisee must have bookkeeping and accounting services that fairly reflect the receipts and reports, costs of labor, semi-variables, fixed costs and advertising, and the financial results of the Franchised Business, and also such procedures as may be more particularly described in the Allied Disaster Defense® Standards Manual. Franchisee shall maintain an accounting system approved by Franchisor which fully and accurately reflects all aspects of the Franchised Business and which is compatible and consistent with the System. In particular and not in limitation of the foregoing, as of the date of this Agreement, Franchisee must use QuickBooks Online, subject to Franchisor's right to designate a different program. If Franchisee does not meet Franchisor's accounting and reporting standards, Franchisor may require that Franchisee hire a third party accounting firm designated by Franchisor.

C. REPORTS

With each payment of the Royalty Fee and System Marketing Fee, Franchisee shall also deliver to Franchisor a Gross Revenues report on a form designated or approved by Franchisor. On a monthly basis, Franchisee shall also prepare income statements using Franchisor's then-current chart of accounts and income statement formats. Within ten (10) days after the close of each calendar quarter and within thirty (30) days after the close of each fiscal year of Franchisee, Franchisee shall provide to Franchisor a Gross Revenues report, profit and loss statement and, for the annual statement, a balance sheet, on such forms as Franchisor may require, prepared in accordance with U.S. generally accepted accounting principles. Franchisee shall deliver saudited financial statements upon request by Franchisor. Franchisee shall also submit to Franchisor such other financial and non-financial reports and information as Franchisor may request. These statements and reports shall be certified as true and correct by Franchisee. Each such report shall be in the form and present the information required by Franchisor or described in the Allied Disaster Defense® Standards Manual. Franchisee must provide electronic access to Franchisor to Franchisee's revenues, costs, other financial information and financial statements.

D. REQUIRED DISCLOSURE

Franchisee acknowledges that Franchisor may be required by law, regulation or other legal requirement, or may deem it advisable, to disclose information regarding Franchisee or the operation of the Franchised Business, including without limitation, earnings and other financial performance information. Franchisee agrees that Franchisor shall be entitled to disclose such information and that Franchisor shall have the right to determine the extent and manner in which such disclosure will be made. If Franchisor does not have the information necessary for the disclosure Franchisor determines it will make, Franchisee shall provide such information to Franchisor promptly upon Franchisor's request.

9. MARKETING AND ADVERTISING

A. EXPENDITURES FROM SYSTEM MARKETING FUND

Franchisee agrees and acknowledges that the System Marketing Fee may be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds and may be deemed an asset of Franchisor. Franchisor will administratively segregate the System Marketing Fund on its books and records. Franchisor will use the System Marketing Fund for the purpose of marketing and promotional purposes and Franchisor may elect to disseminate promotional materials through social media, the Internet, television, radio and print media such as magazine, billboard, flyers or mailers, and newspapers. Franchisor may use the System Marketing Fund to develop promotional and advertising materials, including, but not limited to, electronic messaging, brochures, handouts, ad slicks, social media content or other similar materials, for use by Franchisee. Franchisor may use the System Marketing Fee to employ an outside consultant or advertising agency to assist in the development, production and dissemination of promotional materials. Franchisor will conduct such advertising and marketing of the System and its services as Franchisor deems desirable to promote and enhance the reputation of the System, including, without limitation, producing materials for use in connection with such advertising and marketing. Franchisee understands, acknowledges and agrees that all decisions regarding advertising and marketing, including without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies shall be made by Franchisor. Franchisee agrees and acknowledges that all costs of the formulation, development and production of any advertising and promotion (including without limitation the proportionate compensation of Franchisor's employees who devote time and render services in connection with such advertising and promotional programs or the administration, accounting and collection of the System Marketing Fees) will be paid from the System Marketing Fund. Franchisor does not have any obligation to make expenditures that are proportionate or equivalent to Franchisee's System Marketing Fees in the market area of the Protected Area, nor does Franchisor represent that Franchisee will benefit directly or pro rata from the placement of advertising.

B. <u>FRANCHISEE PROMOTION AND EXPENDITURES</u>

Franchisee agrees at all times to use its best efforts to promote the Franchised Business and to increase the sales and service of the Franchised Business by providing promotion and service to potential clients of the Franchised Business. Franchisee agrees to engage in local advertising and promotional activities authorized by Franchisor and to make expenditures of the greater of five percent (5%) of Franchisee's Gross Revenues or One Thousand Five Hundred Dollars ($1,500.00) per month, beginning on the day after the opens for business. Once Franchisee begins operations, Franchisee shall employ at least one full-time person dedicated to the sales and marketing of the Franchised Business. Franchisor may adjust the amount of expenditures required for local advertising and promotions at any time. Franchisor may require that on or prior to the tenth (10th) day of each calendar month Franchisee submit to Franchisor receipts evidencing expenditures for authorized local advertising during the preceding calendar month. Franchisee shall not advertise outside of the Protected Area unless Franchisee obtains Franchisor's prior written consent to do so. Franchisee agrees and acknowledges that Franchisor may create a franchisee advisory council in the future. If Franchisor does form a franchisee advisory council, the amount Franchisee shall contribute will offset up to fifty percent (50%) of Franchisee's required local advertising expenditures. Franchisee agrees and acknowledges that Franchisor has the right to establish a local or regional marketing cooperative, and agrees to participate in such a cooperative if required to do so by

Franchisor. Franchisor may require Franchisee to contribute all or a portion of its local advertising expenditures to such a cooperative.

C. CONSENT TO USE OF ADVERTISING

All advertising copy and other marketing and promotional materials Franchisee proposes to use shall be in strict accordance and conformity with the standards, formats and specimens set forth in the Allied Disaster Defense® Standards Manual. Franchisor shall advise Franchisee from time to time on marketing and advertising issues. Franchisor may periodically provide Franchisee with advertising materials. If Franchisee wishes to develop advertising materials, Franchisee shall submit the proposed advertising material to Franchisor at least twenty-one (21) calendar days in advance of publication or use and shall use only such advertising copy and materials as have been authorized in writing by Franchisor. Franchisee shall not use or disseminate such advertising materials without obtaining Franchisor's consent. Franchisee agrees and acknowledges that the copyright for any advertising or other materials that Franchisee develops shall be on behalf of and shall belong to Franchisor without any further action required by the parties.

D. OPENING ADVERTISING

Franchisee acknowledges and agrees that adequate opening advertising is essential to the success of the Franchised Business and agrees to conduct a grand opening advertising program in connection with the opening of the Franchised Business accordance with Franchisor's directions. Franchisor shall provide assistance to Franchisee in conducting such advertising. Franchisee agrees and acknowledges that such program required by Franchisor will cost Five Thousand Dollars ($5,000.00), such program to begin as designated by Franchisor. Thereafter, Franchisee shall engage in local advertising as required by Section 9B above. Franchisee must obtain Franchisor's prior written consent to Franchisee's grand opening marketing activities.

E. ADVERTISING AND MARKETING PLAN

Franchisor shall assist Franchisee in preparing an advertising and marketing plan for the promotion, advertising and marketing of the services of the Allied Disaster Defense. Franchisee shall implement and comply with the all requirements set forth in the plan, including without limitation, use of advertising and marketing materials which Franchisor provides or to which Franchisor consents, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations contained in the plan.

F. GIFT CARDS, DISCOUNTS AND COUPONS

From time to time as part of the advertising and promotional activities conducted by Franchisor or a vendor designated by Franchisor, Franchisor may institute discount programs and issue or permit franchisees to issue coupons and gift cards or certificates. Franchisee agrees to accept such coupons and gift cards or certificates from customers and to redeem them in accordance with Franchisor's policies then in effect and to participate in such discount programs. Franchisee shall not offer any discounts or coupon or gift cards or certificate programs without Franchisor's prior written consent.

G. NO FIDUCIARY DUTY

Nothing in this Section or anywhere in this Agreement creates a fiduciary relationship between the parties, nor shall anything herein be deemed to create any trust duties between the parties. No covenant shall be implied to vary or interpret the terms of this provision.

10. INSPECTION RIGHTS

A. TIMING AND SCOPE

Franchisor and its representatives shall have the right, at any time, with or without notice, to monitor and observe the conduct of the Franchised Business for the purpose of determining compliance with the requirements of this Agreement, for conducting quality assurance audits which may include customer surveys, and for any other purpose connected with the System. Franchisor will advise Franchisee of operating problems it discovers as a result of such activities or other reports.

B. MYSTERY SHOP PROGRAM; QUALITY ASSURANCE AUDITS

Franchisor may, at its option, establish a mystery shop program, or retain a third party to conduct a mystery shop program. If Franchisor does so, Franchisee shall pay Franchisor a fee equal to the cost of the mystery shops conducted at the Franchised Business. Franchisor may also contract with a third party to conduct quality assurance audits.

C. INSPECTION AND AUDITS

Upon request, Franchisee shall submit to Franchisor an affidavit of quality control in a form required by Franchisor. Franchisor's representatives (including without limitation Allied Disaster Defense, Inc.) shall have the right at all times to confer with employees and customers of the Franchised Business, to observe the manner in which Franchisee is conducting its management services and activities, to take photographs and tapes of the Franchised Business, and to inspect and audit Franchisee's books, records and tax returns, or such portions thereof as pertain to the operation of the Franchised Business. All such books, records and tax returns shall be kept and maintained for at least three (3) years after their creation at the Franchised Business or such other place as may be agreed to from time to time in writing by the parties. In the event that Franchisor determines either through an audit or otherwise that any report or statement understates revenues by more than two percent (2%) of the actual amounts, Franchisee shall, in addition to the additional amounts owed plus interest, pay and reimburse Franchisor for any and all expenses incurred in connection with its inspection and audit, including, but not limited to, accounting and legal fees and travel expenses, room and board and compensation for Franchisor's representatives. Such payments shall be without prejudice to any other rights or remedies Franchisor may have under this Agreement or otherwise.

11. MARKS AND TRADE DRESS

A. OWNERSHIP OF MARKS AND GOODWILL

Franchisee's right to use the Marks is derived solely from, and is subject to, the terms and conditions of this Agreement. Such right is limited to the operation of the Franchised Business in accordance with this Agreement and all mandatory standards, specifications and operating procedures prescribed from time to time by Franchisor. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, directly or indirectly, Franchisor's affiliate's ownership of the Marks, its applications for registration, or registration of, or the validity or enforceability of, any of the Marks or Franchisor's right to use and license the Marks. Franchisee also agrees not to acquire or use any trademarks that are similar or identical to the Marks. Franchisee agrees that its usage of the Marks and any goodwill established thereby shall inure to the exclusive benefit of Franchisor and its affiliate.

B. LIMITATIONS ON FRANCHISEE'S USE OF MARKS AND TRADE DRESS

(1) If local laws require that Franchisee file a registration stating that Franchisee is conducting business under an assumed name or trade name, Franchisee shall state in such document that it is conducting such business as a franchisee of Franchisor. Franchisee shall use the Marks consistently and shall reproduce the Marks in the exact manner directed by Franchisor. With respect to the colors used for the Marks, Franchisee shall use the colors and shades designated by Franchisor. Franchisee further agrees to use the Marks as adjectives rather than nouns and to place a disclaimer in a prominent location in the Franchised Business to the effect that "ALLIED DISASTER DEFENSE®" is a trademark (or registered trademark, if applicable) of Allied Disaster Defense, Inc. and that the Franchised Business is owned and operated by Franchisee, an independently owned and operated franchisee of Franchisor. Franchisee shall correct any misuse of the Marks immediately upon receipt of notice from Franchisor.

(2) Franchisee shall not use or register any of the Marks or similar words or colorable imitations thereof as part of any name of any corporation, partnership, limited liability company or other business entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form or as part of any domain name, web address or similar electronic use; nor may Franchisee use any of the Marks in connection with the sale of any unauthorized products or service or in any other manner not explicitly authorized in writing by Franchisor. Franchisee acknowledges that any such registration would be in bad faith as defined under the Uniform Domain Name Dispute Resolution Policy (UDRP) and the Anticybersquatting Consumer Protect Act. Franchisee will not use or display, or permit the use or display, of the trademarks, trade names, service marks, insignias, logotypes or any other commercial symbols or trade dress of any other person or entity in connection with the Allied Disaster Defense trademark

without the prior written consent of Franchisor, or as expressly permitted in the Allied Disaster Defense® Standards Manual.

(3) Franchisor has the right to control the quality of services offered by Franchisee under the Marks. Franchisee shall comply with the quality control standards prescribed by Franchisor. Upon request by Franchisor, Franchisee shall deliver to Franchisor a written affidavit in a form acceptable to Franchisor affirming that Franchisee is in compliance with the quality control standards prescribed by Franchisor and there has been no decline in the quality standards in the operation of the Franchised Business.

C. <u>COPYRIGHTS</u>

Franchisee acknowledges that Franchisor and/or its affiliate has developed, and may further develop during the term of this Agreement, certain artistic designs, and certain other word combinations and other materials designated for use by Franchisee including, but not limited to, the Allied Disaster Defense® Standards Manual and various other materials used in the Franchised Business including DVDs, videos, advertising, promotional and training materials. Franchisee acknowledges that Franchisor and its affiliate retain all right, title and interest thereto as provided by copyright law to the originator of works and, further, that Franchisee is licensed to use such copyrighted materials solely in accordance with the terms and during the term of this Agreement. Franchisee agrees and acknowledges that, if Franchisee develops any materials for use in the Franchised Business that Franchisor authorizes, Franchisor may incorporate such materials in the System and the copyright for any such materials shall belong to Franchisor without any further action required by the parties.

D. <u>DEFENSE OF TRADEMARKS AND COPYRIGHTS</u>

(1) In the event that Franchisee receives notice or learns of a claim, suit, demand or proceeding against Franchisee on account of any alleged infringement, unfair competition, or similar matter relating to Franchisee's use of the Marks or of any of Franchisor's or its affiliate's copyrights in accordance with the terms of this Agreement, Franchisee shall promptly notify Franchisor of such claim, suit, demand or proceeding. Franchisee shall have no power, right, or authority to settle or compromise any such claim without the prior written consent of Franchisor. Provided that Franchisee is in full compliance with this Agreement, Franchisor shall defend Franchisee against any claim by a third party against Franchisee for Franchisee's use of the Marks and copyrighted material in accordance with this Agreement, using attorneys of Franchisor's choosing. Franchisor may elect to compromise or settle any such claim, at its reasonable business judgment. Franchisee agrees to cooperate fully with Franchisor in connection with any such defense. Franchisee irrevocably grants Franchisor authority and power of attorney to defend or settle such claims, demands, suits or proceedings.

(2) In the event that Franchisee receives notice or is informed or learns that any third party, that Franchisee believes to be unauthorized to use the Marks, is using the Marks or any variants thereof, or is using any of Franchisor's or its affiliate's copyrights, Franchisee shall promptly notify Franchisor. Thereupon, Franchisor shall, in its

reasonable business judgment, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement of the Marks or copyrights. In the event Franchisor undertakes such action, it shall have the authority and power of attorney to prosecute or settle such action. Franchisee agrees to render such assistance as Franchisor requires and agrees to cooperate fully with Franchisor to carry out the prosecution of any such action. Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement.

E. DISCONTINUANCE OF USE OF TRADEMARKS

If it becomes advisable at any time in Franchisor's reasonable business judgment for Franchisee to modify or discontinue use of any Mark or any items of Trade Dress or use one or more additional or substitute marks or items, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark or item of Trade Dress and to accept, use and display such additional marks or items of Trade Dress within a reasonable time after notice thereof by Franchisor but in no event more than thirty (30) days after receiving notice from Franchisor. Franchisor shall not be obligated to compensate Franchisee for any costs incurred by Franchisee in connection with any such addition, modification or discontinuance.

F. SOCIAL MEDIA POLICY

Franchisee shall not register a domain name, create or maintain a website or electronic mail address utilizing the Marks or any name similar to the Marks or relating in any way to the Marks without Franchisor's prior written consent. Franchisee also agrees to observe Franchisor's policy on on-line communications including, without limitation, communications on social and professional networking sites such as Facebook, Twitter, LinkedIn, SnapChat, Instagram and other sites or blogs. Franchisee acknowledges that it may not mention or discuss the Marks, Franchisor or the System without Franchisor's prior written consent. Franchisee agrees and acknowledges that Franchisor has the right to review all on-line content involving the Marks or the System, and to require Franchisee to remove any content or usage, in Franchisor's reasonable business judgment.

12. COMPETITION

A. FRANCHISEE'S COVENANT NOT TO COMPETE

(1) Franchisee acknowledges that Franchisor could not protect the Trade Secrets against unauthorized use or disclosure and could not achieve a free exchange of ideas and information among owners of Franchised Businesses if Franchisee held interests in any competitive business. Franchisee acknowledges that Franchisor grants the rights to Franchisee in part in consideration of, and in reliance upon, Franchisee's agreement to deal exclusively with Franchisor. Therefore, Franchisee shall not at any time during the term of this Agreement, individually or in conjunction with any person or entity, have any interest as an owner, investor, shareholder, partner, member, lender, director, officer, manager, employee, consultant, guarantor, representative, or agent or in

any other manner whatsoever, directly or indirectly, carry on or be engaged in, financially or otherwise, or advise in the establishment or operation of any business involving or related to disaster relief or wildfire protection, or any similar business.

(2) In addition, for two (2) years after the termination or expiration of this Agreement, Franchisee shall not carry on, be engaged in or advise in the establishment or operation of any business involving or related to disaster protection or similar businesses described in Section 12A(1) above except: (a) pursuant to Franchise Agreements with Franchisor; or (b) if Franchisee is not then a party to any other Franchise Agreement with Franchisor, only at a site that is within __ (__) miles from any Franchised Business (including Franchisee's former Franchised Business) that is operating or being developed. Franchisee agrees and acknowledges that this restriction represents only a limited one on Franchisee's ability to conduct a business and that the purpose of this covenant is not to deprive Franchisee of a means of livelihood, and will not do so, but is rather to protect the goodwill and interest of Franchisor and the System.

B. ACTIVITIES OF OTHER PERSONS

The activities of Franchisee's immediate family, Franchisee's owners, officers, directors, shareholders, members, trusts, trustees, subsidiaries, parent companies, partners, agents and employees or any enterprise in which any of them owns, directly or indirectly, any equity interest (except for investments totaling less than one percent (1%) of the stock of publicly held corporations), for purposes of this Section 12, shall be deemed to be activities of Franchisee. Upon Franchisor's request, Franchisee shall obtain the signature of any such persons on a non-disclosure and non-competition agreement in a form acceptable to Franchisor. Franchisee shall use its best efforts to cause such other persons to observe the terms of those agreements.

13. TERMINATION

The following provisions are in addition to and not in limitation of any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies.

A. WITH NOTICE AND NO OPPORTUNITY TO CURE

This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following events, each of which is deemed to be an incurable breach of this Agreement and each of which is deemed to be "good cause." If Franchisee:

(1) becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and such petition or application is not dismissed within thirty (30) days;

(2) abandons the Franchised Business by failing to operate it for five (5) consecutive business days or for any shorter period in such circumstances that render reasonable the conclusion that Franchisee does not intend to continue operating the Franchised Business, unless such failure is due to disaster or similar reasons beyond Franchisee's control;

(3) has made any material misrepresentation or omission in the application for the Franchised Business or in any report that Franchisee submits to Franchisor pursuant to this Agreement;

(4) fails to open the Franchised Business in accordance with the requirements of Section 2B above;

(5) or Franchisee's principal or operating manager fails to complete the Initial Training Program to Franchisor's satisfaction;

(6) is convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages in conduct that reflects materially and unfavorably upon the operation and reputation of Franchisor or the System, or if any principal of Franchisee is convicted of or pleads no contest to a felony or other crime or offense or engages in such conduct;

(7) attempts to make or makes an unauthorized assignment, encumbrance or other transfer of Franchisee's rights or obligations under this Agreement; including without limitation, an unauthorized transfer of the ownership of Franchisee;

(8) is a party to any other agreement with Franchisor or its affiliates that is terminated for Franchisee's breach thereof;

(9) makes any unauthorized use of the Marks or Trade Secrets or makes any duplication or disclosure of any Trade Secrets including, but not limited to, any portion of the Allied Disaster Defense® Standards Manual;

(10) fails to treat and protect the Allied Disaster Defense® Standards Manual and its contents as confidential, including failure to store the Allied Disaster Defense® Standards Manual in a secure location, or does not adequately restrict or protect access to the Allied Disaster Defense® Standards Manual or other information in sections of the Franchisor's website to which access is restricted to franchisees including, without limitation, failure to protect Franchisee's online password;

(11) fails on three (3) or more separate occasions during the term of this Agreement to pay on a timely basis any fees payable hereunder or otherwise fails to comply with this Agreement or the Allied Disaster Standards Manual and the quality standards therein, whether or not such failures to comply are corrected after notice is delivered to Franchisee and whether or not such failures to comply relate to the same or different requirements of this Agreement;

(12) shall at any time have the Franchised Business or its assets or premises seized, taken over or foreclosed by a government official in the exercise of such official's duties, or by a creditor, lien holder or lessor of Franchisee, or a writ or levy of execution is issued against the franchise granted hereunder or the goods and chattels of Franchisee;

(13) fails, for a period of three (3) days after notification of noncompliance, to comply with any federal, state or local law or regulations applicable to the operation of the Franchised Business; including, without limitation, the Americans with Disabilities Act;

(14) intentionally under-reports its Gross Revenues to Franchisor;

(15) has an undischarged execution of levy on the Franchised Business;

(16) has a judgment against it issued in the amount of more than Five Thousand Dollars ($5,000) that remains unsatisfied (unless an appeal is filed or a supersedeas bond is secured) for a period of more than thirty (30) days;

(17) is subject to a determination by Franchisor, in its reasonable business judgment, that continued operation of the Franchised business by Franchisee will result in imminent danger to public health or safety;

(18) is designated, or any person described in Section 12C above is designated, by the United States government as a Specially Designated National or Blocked Person (as defined below);

(19) has its right to operate under any license or permit suspended, terminated or interrupted;

(20) engages in fraudulent behavior including, without limitation, insurance or billing fraud; or

(21) fails to submit to Franchisor any reports required by local licensing authorities within ten (10) days or receipt.

B. <u>WITH NOTICE AND OPPORTUNITY TO CURE</u>

This Agreement shall terminate upon Franchisee's failure to cure any of the following, each of which is deemed to be "good cause":

(1) noncompliance with any requirement in this Agreement not listed in Section 13A above within thirty (30) days after notice thereof is delivered to Franchisee; or

(2) failure to make payments to Franchisor for any amounts due within five (5) days after notice thereof is delivered to Franchisee.

C. NO WAIVER

The description of any default in any notice served upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination hereof.

D. ENFORCEMENT

Franchisee acknowledges that the decision to enforce or not to enforce compliance with Franchisor's rules and regulations by other franchisees shall not affect Franchisor's right to enforce such rules and regulations against Franchisee, even under similar circumstances.

14. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Franchisee agrees to pay Franchisor immediately after the effective date of termination or expiration of this Agreement, all amounts due to Franchisor and all other amounts owed to Franchisor or its affiliates which are then unpaid.

B. MARKS

After the termination or expiration of this Agreement, Franchisee will:

(1) not directly or indirectly at any time or in any manner identify Franchisee or any business with which Franchisee is affiliated as a current or former franchisee or licensee of Franchisor, or as otherwise associated with Franchisor, or use any Mark, any imitation thereof or other indicia of the Franchised Business in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association, or former connection or association, with Franchisor;

(2) at Franchisor's option, return or destroy (and if destroyed, Franchisee must set forth with particularity in a writing signed by Franchisee or a principal thereof the items destroyed) all products bearing any Marks;

(3) refrain from engaging in a competing business as provided in Section 12 above;

(4) stop using the Marks and the System and return to Franchisor all copies of the Allied Disaster Defense® Standards Manual and all other proprietary and confidential information, including, without limitation, client lists;

(5) stop all use of all telephone numbers, facsimile numbers, e-mail addresses, home pages, domain and subdomain names, web sites, social media pages and the like that are associated with the Franchised Business and cooperate with Franchisor in causing all applicable telephone companies and other service providers to reassign such

numbers and addresses to Franchisor or its nominee including, without limitation, signing telephone and website transfer forms upon the execution of this Agreement or upon demand by Franchisor for use by Franchisor upon expiration or termination of this Agreement;

(6) refrain from soliciting clients of the Franchised Business, and turn over all client information and data to Franchisor;

(7) take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Marks;

(8) assist in the smooth transition of the business to any successor franchisee;

(9) refrain from making any disparaging comments regarding Franchisor, the System the Marks or other franchisees;

(10) take such steps as are necessary to change the décor, signage, flooring, fixtures, furniture and equipment and other elements of décor and Trade Dress so that the premises no longer resemble the Franchised Business;

(11) obtain "tail" insurance coverage that meets Franchisor's specifications, which tail coverage shall extend the insurance policies required pursuant to Section 5 above for a minimum of four (4) years; and

(12) comply with all further requirements set forth in the Allied Disaster Defense® Standards Manual.

C. <u>CONTINUING OBLIGATIONS</u>

All obligations of the parties that expressly or by nature survive the expiration or termination of this Agreement, including without limitation, Sections 6, 11, 12, 16, 17F, 17J, and 17P shall continue in full force and effect subsequent to and notwithstanding its expiration or termination until they are satisfied in full or by nature expire.

D. <u>OPTION TO PURCHASE</u>

Upon termination or expiration of this Agreement, Franchisor or its nominee shall have the option, exercisable for sixty (60) days following the effective date of termination or expiration, to purchase some or all of the assets of the Franchised business. The purchase price for the assets will be the fair market value as determined by the parties. If the parties are unable to agree upon the fair market value of the assets, they shall jointly select an independent appraiser to do so. Franchisee and Franchisor shall each pay one-half (½) of the cost of appraisal. The fair market value of the assets shall be determined without giving effect to goodwill. Franchisor may deduct any amounts Franchisee owes to Franchisor, any liabilities relating to the assets, and, if Franchisor has not complied with the requirements of this Agreement to upgrade and renovate the Franchised Business, the amount necessary to upgrade and renovate the Franchised Business to reflect Franchisor's then-current image. The purchase price will be payable fifty percent

(50%) at the time of closing and the balance in three (3) equal annual installments of principal plus interest at a rate per annum equal to the prime lending rate charged by Franchisor's bank determined as of the closing date.

15. ASSIGNMENT, TRANSFER AND ENCUMBRANCE

A. BY FRANCHISOR

This Agreement is fully transferable and assignable by Franchisor, in whole or in part, and shall inure to the benefit of any assignee, transferee or other legal successor to its interest herein.

B. BY FRANCHISEE

(1) The rights granted to Franchisee in this Agreement are personal and Franchisee acknowledges that Franchisor is entering into this Agreement in reliance upon and in consideration of the individual character, skill, attitude, business ability and financial capacity of Franchisee or, if Franchisee is a corporation, partnership, limited liability company or other entity, of its principal owners, officers, partners, or members, as applicable. Accordingly, Franchisee shall not transfer (as defined below) this Agreement or any interest therein without Franchisor's written consent and without offering Franchisor a right of first refusal. Any attempt at a transfer that violates the provisions of this Section shall constitute a material breach of this Agreement and shall convey no right or interest in this Agreement. A transfer by an individual franchisee to an entity that is wholly owned by Franchisee and the sole business of which is the operation of the Franchised Business shall not be subject to Franchisor's right of first refusal nor shall Franchisee be required to pay the transfer fee set forth in Section 15B(3)(f) below; provided that Franchisee notifies Franchisor in advance of the transfer and provides Franchisor with all documents Franchisor deems necessary or advisable including without limitation, an assumption agreement and personal guaranty by Franchisee as an individual. The entity must agree to the Franchise Agreement. Franchisee shall reimburse Franchisor for its expenses in documenting such a transfer.

(2) For purposes hereof, "**transfer**" means any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee, in whole or in part, of any interest in this Agreement, any interest in the Franchised Business or more than twenty-five percent (25%) of the ownership of Franchisee (either by one or by a series of transfers), if Franchisee is a corporation, partnership, limited liability company or other entity. By way of example, "**transfer**" also includes, in the event of Franchisee's death, a transfer to the surviving spouse, heirs, estate or other representative of Franchisee ("**Survivor**").

(3) Franchisor may require fulfillment of any or all of the following conditions before granting consent to any transfer:

(a) there shall be no existing default in the performance of Franchisee's obligations under this Agreement or under any other agreement it or its affiliates have with Franchisor or any of its affiliates;

(b) the physical premises of the Franchised Business shall be in complete compliance with Franchisor's then-current standards;

(c) if required, the lessor of the premises of the Franchised Business shall have consented to Franchisee's sublease or transfer of the lease or sublease for the premises to the proposed transferee;

(d) the proposed transferee shall be qualified according to Franchisor's then-current standards for new franchisees, and shall have completed the Initial Training Program to Franchisor's satisfaction;

(e) the proposed transferee shall have executed Franchisor's then-current standard franchise agreement for a term of years equal to the remaining term of this Agreement, the proposed transferee shall have executed all ancillary agreements then required by Franchisor and all holders of an equity interest in the proposed transferee (if an entity) shall have executed Franchisor's then-current form of guaranty;

(f) Franchisee shall have paid to Franchisor a transfer fee. The transfer fee is fifty percent (50%) of the then-current initial franchise fee if the transferee is an existing franchisee of Franchisor. The transfer fee is seventy-five percent (75%) of the then-current initial franchise fee if the transferee is not an existing franchisee of Franchisor. In either case, Franchisee must pay Five Thousand Dollars ($5,000) of the transfer fee upon submission of the application to transfer. If Franchisor does not consent to the transfer, Franchisor will return the transfer fee to Franchisee after deducting any expenses Franchisor may have incurred in evaluating the proposed transfer. If the transfer is between existing owners of Franchisee that does not affect control, or is to a non-majority owner of Franchisee, the non-refundable transfer fee is One Thousand Five Hundred Dollars ($1,500), payable upon submission of an application to transfer.

(g) Franchisee (and its principals if Franchisee is a corporation or other entity) shall have executed and delivered a general release in a form acceptable to Franchisor of any and all claims against Franchisor and its affiliates, associates, officers, directors, managers, shareholders, members, employees, agents and representatives;

(h) any obligations of the transferee to Franchisee shall be subrogated to the transferee's obligations to Franchisor under the franchise agreement it enters into with Franchisor;

(i) at Franchisor's option, Franchisee must transfer this Agreement together with all other agreements it has entered into with Franchisor and all rights thereunder to the transferee;

(j) the transferee and its personnel must have all necessary licenses and certifications; and

(k) the transferee is not: (i) a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national or blocked person" or similar status; (ii) a person described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001; or (iii) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business ("**Specially Designated National or Blocked Person**") or a person in which a Specially Designated National or Blocked Person has an interest.

(4) Franchisor's consent to any transfer shall not constitute a waiver of any claim that Franchisor may have against Franchisee or its owner(s), or of Franchisor's right to demand strict compliance with this Agreement.

(5) No interest in this Agreement or the franchise shall be the subject of a lien, security interest or pledge either in favor of Franchisee as part of a transfer, or otherwise.

C. RIGHT OF FIRST REFUSAL

Franchisee shall provide Franchisor with complete information on the proposed transferee and terms of the transfer. Within sixty (60) days of receipt of the complete information and documents by Franchisor, Franchisor will inform Franchisee: (1) whether it or its nominee will exercise its right of first refusal; and (2) if not, whether it will consent to the transfer. In the event that Franchisor notifies Franchisee that it or its nominee will exercise its right of first refusal, except as provided below, Franchisor or its nominee will accept the transfer upon the same terms and conditions as set forth in the instruments and documents which embodied the proposed transfer. Franchisor shall not be required, by exercise of its right of first refusal, to perform obligations of the proposed transferee which are merely incidental to the transfer (e.g., employment agreements in favor of individuals, and brokers or finders fees to be paid by the proposed transferee to Franchisee or to any principal of Franchisee). Moreover, Franchisor or its nominee shall have not less than sixty (60) days from the delivery of Franchisor's notice of exercise to consummate the transfer. If Franchisor elects not to exercise its right of first refusal and consents to the proposed transferee, Franchisee may consummate the proposed transfer, but only upon the terms and conditions set forth in the notice submitted to Franchisor.

D. DEATH OR PERMANENT DISABILITY

If Franchisee, or the principal of a Franchisee that is not an individual, dies or is permanently disabled in a manner that prohibits operation of the Franchised Business, the Survivor or, in the case of permanent disability, the representative of Franchisee shall, within sixty (60) days of such death or determination of permanent disability, either meet all of the qualifications required of franchisees or shall transfer this Agreement in accordance with the requirements of this Section 15.

E. FRANCHISEE'S HYPOTHECATION/MORTGAGE

If the transfer involves the hypothecation or mortgage of the Franchised Business, the form of any loan agreement or mortgage and any related documents shall be subject to Franchisor's prior written consent, which may be conditioned upon delivery of such documents as Franchisor may require including, without limitation, a subordination agreement. Franchisor may require that additional provisions be included in the loan agreement and related documents, including the obligation of the lender or mortgagee to notify Franchisor in writing of any default by Franchisee of any of the terms and conditions of the loan agreement or related documents and to provide to Franchisor, at Franchisor's option, the right to cure any such default within fifteen (15) days after expiration of the period in which Franchisee is required to cure the default, if Franchisee fails to do so. Franchisee shall pay all of Franchisor's expenses in reviewing the form of loan agreement and related documents and the cost of preparing any documents, including attorneys' fees, regardless of whether the documents are signed by Franchisee and regardless of whether Franchisor provides its consent to them.

16. INDEMNIFICATION OF FRANCHISOR

Franchisee shall, during the term of this Agreement and after the termination or expiration of this Agreement, protect, defend, indemnify and hold Franchisor, and its affiliates and associates, officers, directors, managers, shareholders, members, employees, agents, representatives and assignees harmless against any and all liability for all claims of every kind or nature arising in any way out of or relating to Franchisee's actions or failure to act, whether personal or in connection with the operation of the Franchised Business, any other actions or failure to act by Franchisee, its agents or representatives or any breach of this Agreement. For purposes of this indemnification, "**claims**" means and includes all obligations, actual and consequential damages, losses, claims, demands, liens, reckonings, accounts and costs incurred in the defense of any claim (such as, by way of illustration, but not limitation, accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses). Franchisor shall have the right to defend any such claim against it with counsel of its own choosing. Franchisee shall have no right to settle or refuse to settle any claim; Franchisor shall retain all right to do so. In addition, Franchisee agrees to cooperate fully with Franchisor in any other claims brought by or against Franchisor.

17. MISCELLANEOUS

A. FORCE MAJEURE

In the event of a natural disaster such as an earthquake, flood, hurricane or fire or a strike, lockout or labor controversy or the happening of any extraordinary event beyond the control of one of the parties which results in the inability of that party to operate or to provide the services contemplated by this Agreement, there shall be no obligation on the part of that party to operate or to provide such services during the period when such party is unable to do so; provided, however, that this provision shall not affect a party's obligation to make payments required by this Agreement; and provided, further, that in no event shall such postponement last longer than six (6) months.

B. <u>GRAMMAR</u>

The masculine of any pronoun will include the feminine and the neuter thereof, and the singular of any noun or pronoun shall include the plural, or vice versa, wherever the context requires.

C. <u>INTERPRETATION</u>

When calculating the date upon which or the time within which any act is to be done, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is not a business day, the period in question shall end on the next business day. The terms of this Agreement shall not be interpreted or construed in favor of or against any party on the ground that one party was the purported draftsman hereof.

D. <u>SECTION HEADINGS</u>

Section headings are for convenience of reference only and should not be construed as part of this Agreement nor should they limit or define the meaning of any provision herein.

E. <u>NONWAIVER</u>

No failure by either party to take action on account of any default of the other party, whether in a single instance or repeatedly, and no course of dealing of the parties in variance with the terms hereof, constitutes a waiver of any such default or of the performance required of either party by this Agreement. No express waiver by either party of any provision or performance hereunder or of any default by the other party constitutes a waiver of any other or future provision, performance or default. No waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party. The parties may in their sole respective discretion elect from time to time to waive obligations of one another under this Agreement upon such terms and conditions as they may, in their sole respective discretion, set forth in such written waiver.

F. <u>NO EXEMPLARY DAMAGES</u>

Neither party to this Agreement shall assert against the other party any claim for special, exemplary or punitive damages arising out of the Franchisor-Franchisee relationship, the formation or performance of this Agreement, any breach of this Agreement, or the operation of the Franchised Business.

G. <u>INVALIDITY AND SEVERABILITY</u>

If any provision or portion of a provision of this Agreement is determined to be invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision or portion thereof shall be deemed modified to the extent necessary to render the same valid, or as not applicable to the given circumstances, or shall be excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provision or portion thereof had been included herein as so modified in scope or application, or had not been included herein, as the case may be. The stated intention of the parties is that had they known of such invalidity or unenforceability at the time of entering into this Agreement, they would have nevertheless contracted upon the terms contained herein, either excluding such provisions, or portions thereof, or including such provisions or portions thereof only to the maximum scope and application permitted by law, as the case may be. In the event such total or partial invalidity or unenforceability of any provision or portion thereof of this Agreement exists only with respect to the laws of a particular jurisdiction, this Section will operate upon such provision or portion thereof only to the extent that the laws of such jurisdiction are applicable.

H. NOTICES

Any notice or demand given or made pursuant to the terms of this Agreement will be made in writing and delivered by personal service, e-mail, overnight delivery, or certified mail (postage prepaid) to such address as may be designated from time to time by the relevant party, and which will initially be as set forth as follows:

If given to Franchisor:

ADD Franchising, Inc.
3120 East Garvey Avenue S.
West Covina, California 91791
Telephone: (888) 508-5598
Email: ________________________

If given to Franchisee:

____
____
____
Telephone:_____________________
E-mail:________________________

Any notice sent by certified mail will be deemed to have been given three (3) business days after the date on which it is mailed. Notices will be deemed given when sent if sent by e-mail or personal delivery, and one (1) business day after being sent by overnight mail. No objection may be made to the manner of delivery of any notice actually received in writing by an authorized agent of a party.

I. <u>ENTIRE AGREEMENT; MODIFICATION</u>

This Agreement, any documents executed contemporaneously herewith which expressly reference this Agreement and any documents referred to herein constitute and contain the entire Agreement and understanding of the parties with respect to the subject matter hereof. There are no representations, undertakings, agreements, terms, or conditions not contained or referred to herein; provided, however, that nothing in this Agreement is intended to disclaim the representations made in the Franchise Disclosure Document furnished to Franchisee. This Agreement supersedes and extinguishes any prior written agreement between the parties or any of them relating to the subject matter hereof, provided that it shall not abrogate, impair, release or extinguish any debt, obligation or liability otherwise existing between the parties. This Agreement may not be modified or amended except by a written amendment executed by both parties, except that Franchisor may amend and supplement the Allied Disaster Defense® Standards Manual.

J. <u>CONTROLLING LAW; DISPUTE RESOLUTION; ATTORNEYS' FEES AND EQUITABLE RELIEF</u>

(1) Except as provided below, this Agreement, including all matters relating to the validity, construction, performance, and enforcement thereof, shall be governed by the laws of California without giving effect to its provision regarding choice of laws; provided, however, that the Lanham Act (15 U.S.C. 1051 *et seq*.), shall also apply to the provisions concerning the Marks, and that the Agreement shall be subject to the Federal Arbitration Act, and provided, further, that Section 12 of this Agreement is governed by the laws of the state in which the Franchised Business is located. Nothing in this Section is intended, or shall be deemed, to make the California Franchise Investment Law, the California Franchise Relations Act or any similar law apply to this Agreement or the transactions or relationships contemplated hereby, if such law would not otherwise be applicable.

(2) Except as provided in Section 17J(5) below, upon the occurrence of any dispute or disagreement between the parties hereto arising out of or in connection with any term or provision of this Agreement, the subject matter hereof, or the interpretation or enforcement hereof, excluding disputes relating to non-curable defaults and quality control defaults (in each case, a "**Dispute**"), the Dispute shall first be submitted to mediation on an expedited basis in the city in which Franchisor's headquarters is then located, or is nearest to the city in which Franchisor's headquarters is then located, administered by the Judicial Arbitration and Mediation Service ("**JAMS**"), or its successor, in accordance with the JAMS rules and procedures then in effect. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the Dispute and the relief requested, with the expectation that the first mediation session shall occur within thirty (30) days of such written request. The party seeking the mediation must submit the following in addition to any demand or filing required by JAMS: a full and specific description of the claim(s) under this Agreement including, without limitation, an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged

by the complaining party and a declaration under penalty of perjury that all facts stated in the claim and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the resolution of the Dispute. The parties will cooperate with JAMS and with one another in selecting a neutral mediator from the JAMS panel of neutrals and in scheduling the mediation proceedings. The mediator must be a retired judge or an attorney experienced in commercial transactions. If the parties are unable to select the mediator within ten (10) business days after receipt of the mediation notice by JAMS, then JAMS shall designate the mediator. The parties covenant that they will: (i) participate in the mediation in good faith; (ii) share equally in the costs of the mediator and JAMS administrative costs; and (iii) pay in advance the estimated fees and costs of the mediation, as may be specified in advance by the mediator. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their respective agents, employees, experts and attorneys, and by the mediator and any JAMS employees, are confidential, privileged and inadmissible for any purpose, including without limitation, impeachment, in any reference, arbitration, litigation or other proceeding involving the parties; provided, however, that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. In the event it is necessary, any party may file a motion in a court of competent jurisdiction to compel the other party to participate in the mediation and the prevailing party shall be awarded its costs and expenses, including reasonable attorney's fees in connection with such motion. If the Dispute is not resolved within ten (10) business days after the first mediation session, either party may (a) give written notice to JAMS and the other party that the mediation is terminated and (b) submit any remaining Disputes to binding arbitration pursuant to Section 17J(3) below.

(3) If the parties are unable to resolve the Dispute pursuant to Section 17J(2) above, then either party may submit the Dispute to final and binding arbitration in the city in which Franchisor's headquarters is then located, or is nearest to the city in which Franchisor's headquarters is then located, administered by JAMS, or its successor, in accordance with the rules and procedures of JAMS then in effect. Any party may commence the arbitration process by filing a written demand for arbitration with JAMS, with a copy to the other party. The party seeking arbitration must submit the following in addition to any demand or filing required by JAMS: a full and specific description of the claim(s) under this Agreement including without limitation an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in the claim and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the resolution of the Dispute. The parties agree that any and all Disputes that are submitted to arbitration in accordance with this Agreement shall be decided by one (1) neutral arbitrator who is a retired judge or attorney who is experienced in commercial transactions. If the parties are unable to agree on an arbitrator, JAMS shall designate the arbitrator. The parties will cooperate with JAMS and with one another in selecting the arbitrator and in scheduling the arbitration proceedings in accordance with applicable JAMS procedures. Any award issued as a result of such arbitration shall be final and binding and shall be enforceable by any court having jurisdiction over the party against whom enforcement is sought. The parties expressly

acknowledge and understand that by entering into this Agreement, they each are waiving their respective rights to have any Dispute between the parties hereto adjudicated by a jury.

(4) The parties recognize that their relationship is unique and that each franchisee is situated differently from all other franchisees, and that no one franchisee can adequately represent the interest of others. Therefore, the parties agree that any arbitration, suit, action or other legal proceeding shall be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff, consolidated or similar basis.

(5) The prevailing party in any legal proceeding will be entitled to recover as an element of such party's cost of arbitration, suit or proceeding, and not as damages, reasonable attorneys' fees to be fixed by the arbitrator or by the court. Nothing in this Agreement shall be construed as limiting or precluding either party from bringing any action in any court of competent jurisdiction for injunctive or other extraordinary relief, without the necessity of posting a bond (and if bond shall nevertheless be required, the parties agree that the sum of One Hundred Dollars ($100) shall be sufficient bond), in connection with the Marks, Trade Dress, Proprietary Information or Trade Secrets. The parties shall have the immediate right to seek such injunctive or other extraordinary relief at any time, including without limitation, during the pendency of an arbitration or other proceeding. This covenant shall be independent, severable and enforceable notwithstanding any other rights or remedies which such party may have.

K. <u>RELATIONSHIP OF PARTIES</u>

(1) Nothing herein contained shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or employment, or a fiduciary or trust relationship, and neither party shall hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of the other party or its affiliate. With respect to all matters pertaining to the operation of the business conducted hereunder, Franchisee is, and shall be, an independent contractor. Neither Franchisor nor Franchisee has the right to bind or obligate the other to any obligations or debts.

(2) It is acknowledged that Franchisee is the sole and independent owner of its business, shall be in full control thereof, and shall conduct such business solely in accordance with its own judgment and discretion, subject only to the provisions of this Agreement. Franchisee shall conspicuously identify itself as the independent owner of its business. No party hereto shall be obligated by, or have any liability for, any agreements, representations or warranties made by the other nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's business, whether caused by Franchisee's negligent or willful action or failure to act. Neither party shall have liability for any sale, use, excise, income, property or other tax levied upon the business conducted by the other party or in connection with the services performed or business conducted by it or any expenses incurred by it.

(3) Franchisee's employees are under Franchisee's sole control. Franchisor is not the employer or joint employer of Franchisee's employees. Franchisor will not exercise direct or indirect control of Franchisee's employees' working conditions. Franchisor does not share or codetermine the terms and conditions of employment of Franchisee's employees or participate in matters relating to the employment relationship between Franchisee and its employees, such as hiring, promotion, demotion, termination, hours or schedule worked, rate of pay, benefits, work assigned, discipline, response to grievances and complaints or working conditions. Franchisee has sole responsibility and authority for these terms and conditions of employment. Franchisee must notify and communicate clearly with its employees in all dealings, including, without limitation, its written and electronic correspondence, paychecks, and other materials, that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

L. <u>COMPLIANCE WITH LOCAL LAW</u>

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew this Agreement or any other matter or procedure than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions. Franchisor reserves the right to challenge the applicability of any such law or rule.

M. <u>SPOUSAL CONSENT</u>

Franchisee's spouse or the spouses of all owners of Franchisee if Franchisee is an entity, shall execute a spousal consent in the form attached hereto as **Exhibit** "**B**."

N. <u>ENTITY FRANCHISEES</u>

(1) If Franchisee is a partnership, Franchisee shall deliver to Franchisor a copy of its current partnership agreement prior to the execution of this Agreement. Thereafter, Franchisee shall deliver to Franchisor copies of all restated partnership agreements and any amendments to the partnership agreement marked to indicate changes since the date of the partnership agreement previously delivered to Franchisor. If Franchisee is a corporation, Franchisee shall deliver to Franchisor a copy of its certificate or articles of incorporation, or other charter documents and all amendments thereto, and a copy of its current bylaws and a copy of any shareholders' agreement and all amendments thereto, prior to the execution of this Agreement. Thereafter, Franchisee shall deliver to Franchisor copies of all subsequent amendments to its certificate or articles of incorporation or other charter documents and its current bylaws, and any shareholders' agreement, marked to indicate changes since the date of the certificate or articles, bylaws, shareholders' agreement, or other charter documents previously delivered to Franchisor. If Franchisee is a limited liability company, Franchisee shall deliver to Franchisor copies of its certificate of formation or articles of organization, its operating agreement and other charter documents, and all amendments thereto. Thereafter, Franchisee shall deliver to Franchisor copies of all subsequent amendments to its certificate of formation or articles

of organization, operating agreement and other charter documents, marked to indicate changes since the date of the articles, agreement or other documents previously delivered to Franchisor.

(2) If Franchisee is a corporation, partnership, limited liability company or other entity, **Exhibit** "**C**" shall be completed and delivered together with this Agreement. Franchisee shall notify Franchisor in writing within ten (10) days of any change in the information contained in **Exhibit** "**C**".

(3) If Franchisee is a corporation or otherwise issues ownership certificates, all securities shall be affixed with the following legend conspicuously on the face of the certificate evidencing the issuance thereof:

> "The transfer of the shares/ownership interest represented by this certificate is subject to the terms and conditions of the Franchise Agreement entered into with ADD Franchising, Inc. dated _____________, 20__, a copy of which is on file with the Secretary of this corporation/entity."

O. <u>APPROVALS, CONSENTS AND GUARANTIES</u>

If Franchisee is a corporation, a partnership, a limited liability company or other entity, Franchisor shall not be bound unless all shareholders, general partners or members of Franchisee, as applicable, have read and approved this Agreement and further agree that any restriction applicable to the corporation, partnership, limited liability company or other entity shall also apply to them individually and collectively (including the prohibition on their ability to transfer their interests in Franchisee) and further agree and shall cause their spouses to agree, if Franchisor so requires, to personally, jointly and severally, guarantee the performance of Franchisee under the terms of this Agreement by executing the form of Guaranty and Assumption of Franchisee's Obligations set forth in **Exhibit** "**D**" attached hereto.

P. <u>STATUTE OF LIMITATIONS</u>

The parties hereby acknowledge and agree that any suit, action or other proceeding relating to this Agreement must be brought within one (1) year after the occurrence of the act or omission that is the subject of the suit, action or other legal proceeding.

Q. <u>SUCCESSION; THIRD PARTY BENEFICIARY</u>

Franchisor's right to sublicense Franchisee to use the Marks is pursuant to a Trademark License Agreement with Franchisor's affiliate, Allied Disaster Defense, Inc. In the event Franchisor ceases for any reason to receive the right from its affiliate, Allied Disaster Defense, Inc., to license Franchisee to use the Marks, Franchisee agrees that Allied Disaster Defense, Inc., shall, at its option, succeed to all of the rights and assume all of the obligations of Franchisor under this Agreement. Allied Disaster Defense, Inc. is a third party beneficiary of this Agreement. If required by applicable law, Franchisee agrees to enter into a novation agreement with Allied Disaster Defense, Inc. and Franchisor.

R. REASONABLE BUSINESS JUDGMENT

Reasonable business judgment means that Franchisor's action or inaction has a business basis that is intended to benefit the System or the profitability of franchised businesses and Franchisor, regardless of whether some individual franchisees (including Franchisee) may be unfavorably affected; or to increase the value of the Marks; or to increase or enhance overall customer or franchisee satisfaction; or to minimize possible brand inconsistencies or customer confusion. In the event that such obligation or exercise of discretion is unrelated to franchised businesses or the Marks, reasonable business judgment means that Franchisor has a business basis and has not acted in bad faith. Franchisee shall have the burden of establishing that Franchisor failed to exercise reasonable business judgment, and neither the fact that Franchisor benefited economically from an action nor the existence of other "reasonable" alternatives will, by themselves, establish such failure. When a provision in this Agreement requires Franchisor to make a decision or determination, and the provision does not state otherwise, Franchisor shall make such decision or determination utilizing reasonable business judgment.

S. REPRESENTATIONS AND WARRANTIES

(1) Franchisee represents and warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its directors, officers and managers), nor any of its affiliates or the funding sources for either is a Specially Designated National or Blocked Person. Neither Franchisee nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo by the United States government. Neither Franchisee nor any of its affiliates is acting on behalf of a government of any country that is subject to such an embargo. Franchisee further represents and warrants that it is in compliance with any applicable anti-money laundering law, including, without limitation, the USA Patriot Act.

(2) Franchisee (on behalf of itself and all of the holders of: (a) an equity interest in Franchisee; and (b) an equity interest in holders of equity interests in Franchisee) represents and warrants to Franchisor that execution and delivery of this Agreement and the performance of Franchisee's obligations hereunder, does not: (i) conflict with, violate, result in a breach of or constitute a default (or an event which, with notice or passage of time or both, would constitute a default) under, or result in the termination or in a right of termination or cancellation of, any other agreement to which Franchisee or any such holder is party or by which Franchisee or any such holder, or any of their respective assets may be bound; (ii) violate any order, writ, injunction, decree, judgment or ruling of any court or governmental authority; or (iii) violate any applicable law.

(3) Franchisee represents and warrants to Franchisor that neither Franchisor nor any of its representatives has made any of the following representations:

(a) that Franchisor guarantees, conditionally or unconditionally, or makes a written or oral representation: (i) that would cause a reasonable person in Franchisee's position to believe that income is assured; (ii) that Franchisee will derive income from the Franchised Business; (iii) that Franchisee's investment is protected from loss or (iv) that Franchisee can earn a profit in excess of its initial payment;

(b) that Franchisor will refund all or part of the fees paid by Franchisee (including, without limitation, a representation that Franchisor will refund Franchisee's initial payment or return any promissory note upon termination or non-renewal of the Franchised Business) or repurchase any of the products, equipment, supplies, goods or chattels supplied by Franchisor or its affiliate to Franchisee;

(c) that Franchisee will be provided with retail outlets or accounts, or assistance in establishing retail outlets or accounts, for the sale or distribution of goods or services including, without limitation, a list or recommendation of lead generators; or

(d) that there is a market for the goods or services to be offered, sold or distributed by Franchisee.

(4) Franchisee agrees that it will notify Franchisor in writing immediately upon the occurrence of any event that would render the foregoing representations and warranties of this Section 17S incorrect. Franchisee acknowledges that Franchisor is relying on the representations and warranties set forth above in deciding to grant a franchise to Franchisee.

18. ACKNOWLEDGMENTS

Franchisee acknowledges and represents the following to Franchisor to induce it to enter into this Agreement:

A. FRANCHISEE HAS READ THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT AND ALL OTHER RELATED AGREEMENTS AND DOCUMENTS AND UNDERSTANDS AND ACCEPTS THE TERMS, CONDITIONS, AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLY NECESSARY TO MAINTAIN THE SYSTEM'S HIGH STANDARDS OF QUALITY AND SERVICE AND THE UNIFORMITY OF THOSE HIGH STANDARDS BY ALL FRANCHISEES IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR OR ITS REPRESENTATIVES HAVE FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF SUCH DOCUMENTS TO THE SATISFACTION OF FRANCHISEE;

B. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION

OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT. FRANCHISEE RECOGNIZES THAT THE NATURE OF THE BUSINESS MAY EVOLVE AND CHANGE OVER TIME, THAT AN INVESTMENT IN THE BUSINESS INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE DEPENDS PRIMARILY UPON FRANCHISEE'S INDIVIDUAL AND INDEPENDENT BUSINESS ABILITY AND EFFORTS. FRANCHISEE UNDERSTANDS THAT THE FRANCHISED BUSINESS IS A RELATIVELY NEW CONCEPT THAT ENTAILS BUSINESS RISKS. FRANCHISEE HAS CONSULTED WITH SUCH PROFESSIONAL ADVISORS OF FRANCHISEE'S CHOOSING AS FRANCHISEE DEEMS NECESSARY, INCLUDING LEGAL COUNSEL, REGARDING ALL ASPECTS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, ALL RELATED AGREEMENTS AND THE BUSINESS RELATIONSHIP CREATED THEREBY, AND TO DETERMINE THAT FRANCHISEE IS FINANCIALLY PREPARED TO ASSUME THE RISKS THAT MAY BE INVOLVED IN SUCH A BUSINESS VENTURE;

C. FRANCHISEE HAS NOT RECEIVED OR RELIED UPON ANY PROMISE, REPRESENTATION, GUARANTY OR WARRANTY, EXPRESSED OR IMPLIED, ABOUT THE POTENTIAL VOLUME, REVENUES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT;

D. FRANCHISEE IS AWARE OF THE FACT THAT SOME PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS, AND CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY;

E. NO REPRESENTATIONS HAVE BEEN MADE OR AUTHORIZED BY FRANCHISOR, OR BY ITS OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, PERSONNEL, AGENTS OR OTHER REPRESENTATIVES, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISE DISCLOSURE DOCUMENT HERETOFORE RECEIVED BY FRANCHISEE OR TO THE TERMS CONTAINED IN THIS AGREEMENT, AND FRANCHISEE HAS NOT RELIED UPON ANY OTHER SUCH REPRESENTATIONS;

F. IN ALL OF THEIR DEALINGS WITH FRANCHISEE, THE OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, PERSONNEL, AGENTS AND REPRESENTATIVES OF FRANCHISOR ACT ONLY IN A REPRESENTATIVE CAPACITY, NOT IN AN INDIVIDUAL CAPACITY, AND THIS AGREEMENT, AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT, ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR;

G. FRANCHISEE ACKNOWLEDGES THAT IN EACH CASE IN WHICH FRANCHISOR MAY EXERCISE ANY OPTION OR OTHER RIGHT UNDER THIS AGREEMENT OR UNDER ANY AGREEMENT CONTEMPLATED HEREBY, FRANCHISOR MAY DO SO IN ITS REASONABLE BUSINESS JUDGMENT, WITHOUT LIABILITY OR OTHER OBLIGATION. SO AS TO PRESERVE THE FLEXIBILITY TO

DEAL WITH PRACTICAL SITUATIONS, FRANCHISOR MAY, IN ITS REASONABLE BUSINESS JUDGMENT, ELECT TO NOT ENFORCE (OR TO SELECTIVELY ENFORCE) ANY PROVISION OF THIS AGREEMENT, OR ANY OTHER AGREEMENT, ANY POLICY OR OTHERWISE, WHETHER WITH RESPECT TO FRANCHISEE OR ANY OTHER FRANCHISEE OR OTHERWISE, AND FRANCHISOR MAY APPLY DIFFERENT POLICIES TO ANY FRANCHISEE, ALL WITHOUT LIABILITY OR OTHER OBLIGATION, AND ANY SUCH ACTS OR OMISSIONS WILL NOT LIMIT OR OTHERWISE AFFECT FRANCHISOR'S RIGHTS, WHETHER TO ENFORCE THIS AGREEMENT STRICTLY OR OTHERWISE; AND

H. THE APPLICATION MADE BY FRANCHISEE IS TRUE AND CORRECT. FRANCHISEE HAS MADE NO INCORRECT STATEMENT IN THE APPLICATION OR FAILED TO MAKE ANY STATEMENT THAT WOULD BE NECESSARY TO MAKE THE STATEMENTS IN THE APPLICATION NOT MISLEADING.

19. EFFECTIVE DATE.

This Agreement shall become effective and binding upon execution and delivery by Franchisor.

Franchisor:

ADD FRANCHISING, INC.
a Delaware Corporation

By:______________________________

Title:______________________________

Date:______________________________

Franchisee:

____

____
(Signature)

____
(Print Name and Title, if applicable)

Date:______________________________

EXHIBIT A

PROTECTED AREA

Description (attach map):____

Location of Franchised Business within the Protected Area:

Franchisor: _________ Date:__________________

Franchisee: _________ Date: __________________

EXHIBIT B

SPOUSAL CONSENT

The undersigned each being the spouse of Franchisee (or the spouse of an owner of Franchisee) hereby states

1) That he or she has read and understands the Allied Disaster Defense Franchise Agreement and the Franchise Disclosure Document; and

2) That he or she consents to the terms and conditions of the Franchise Agreement, including but not limited to those concerning transfer; and

3) That he or she consents to execution of the Franchise Agreement by Franchisee; and

4) That he or she consents to execution of the Guaranty and Assumption of Franchisee's Obligations.

Dated:_____________________ Signature:_________________________

Print Name:________________________

EXHIBIT C

INFORMATION REGARDING NON-INDIVIDUAL FRANCHISEES

(1) If Franchisee is a corporation or partnership or other entity, there is set forth below the name, address, title and percentage ownership of each shareholder, partner or member of Franchisee:

NAME	ADDRESS	TITLE	PERCENTAGE OWNERSHIP

(2) If Franchisee is a corporation or limited liability company, there is set forth below the name, address and title of each officer and director or manager of Franchisee:

NAME	ADDRESS	TITLE

(3) The address where Franchisee's records are maintained is:

____

____

____

(4) There is set forth below the name, address and title of each of Franchisee's principal officers or partners who will be devoting their full time efforts to the operation of the Franchised Business.

NAME	ADDRESS	TITLE

DATE: ______________________

____
Name and Title of Person Completing Exhibit

____
Signature

EXHIBIT D

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement ("**Agreement**") with ADD Franchising, Inc., a Delaware corporation ("**Franchisor**"), of even date herewith, each of the undersigned hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ________________, a(n) _____________________ ("**Franchisee**") shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement; and (2) agrees to be personally bound by and personally liable for the breach of each and every provision in the Agreement, including but not limited to monetary obligations and dispute resolution procedures.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and demands and legal and equitable defenses to which he/she may be entitled.

Each of the undersigned consents and agrees that: (1) his/her liability under this guaranty shall be joint and several; (2) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) he/she will individually comply with all the provisions and subsections of the Agreement and any renewals and amendments thereto; (4) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (5) such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may, from time to time, grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall, in any way, modify or amend this Guaranty and Assumption of Franchisee's Obligations which shall be continuing and irrevocable during the term of the Agreement and thereafter.

If any provision of this Guaranty and Assumption of Franchisee's Obligations is deemed to be invalid or inoperative, for any reason, that part shall be deemed modified to the extent necessary to make it valid and operative or if it cannot be so modified, then severed, and the remainder of the Guaranty and Assumption of Franchisee's Obligations shall continue in full force and effect as if it had been executed and entered into with the invalid portion so modified or eliminated.

This Guaranty and Assumption of Franchisee's Obligations will continue in effect as to each of the undersigned until the date that Franchisee fully performs all its obligations under the Agreement, or until one or more of the undersigned fully perform them in Franchisee's stead, or until Franchisor agrees in writing to release such person from his or her obligations hereunder.

Each of the undersigned waives claim for exemplary or punitive damages arising out of this Guaranty and Assumption of Franchisee's Obligations, the Franchisor-Franchisee relationship, the performance of the Agreement, any breach of the Agreement, or the development or operation of the Franchised Business.

IN WITNESS WHEREOF, each of the undersigned hereto affixed his/her signature effective on the same day and year as the executed Agreement.

GUARANTOR(S)

By:____ Date:________________________
Print Name:______________________________

By:____ Date:________________________
Print Name:______________________________

By:____ Date:________________________
Print Name:______________________________

By:____ Date:________________________
Print Name:______________________________

By:____ Date:________________________
Print Name:_________________________________

EXHIBIT E

ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT OF
ADD FRANCHISING, INC.
REQUIRED BY THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

1. Neither ADD Franchising, Inc. nor any other person listed in Item 2 of the Franchise 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.

2. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

4. California Corporations Code Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or (d) violations of any provision of this division.

Notwithstanding anything disclosed in this Addendum, the parties have a meeting of the minds and agree upon the terms of the Franchise Agreement.

The provisions of this Addendum only apply if the jurisdictional requirements of the California Franchise Investment Law and the California Franchise Relations Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

EXHIBIT F

Allied Disaster Defense Franchise Operations Manual

Table of Contents
290 Pages

SECTION A: INTRODUCTION (17 PAGES)

SECTION B: PRE-OPENING PROCEDURES (26 PAGES)

SECTION C: PEOPLE DEVELOPMENT (81 PAGES)

Allied Disaster Defense Franchise Operations Manual

Table of Contents

SECTION D: SALES PROCEDURES (52 PAGES)

Allied Disaster Defense Franchise Operations Manual

Table of Contents

SECTION E: OFFICE PROCEDURES (30 PAGES)

SECTION F: SERVICE/TREATMENT PROCEDURES (52 PAGES)

Allied Disaster Defense Franchise Operations Manual

Table of Contents

EXHIBIT G

ADDENDUM TO FRANCHISE [1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on ________________, 20____, by and between ____ ("Franchisor"), located at ____, and ____ ("Franchisee"), located at ____.

Franchisor and Franchisee entered into a Franchise Agreement on ________________, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the (enter type of) term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR:

By: ______________________________

Print Name: ______________________

Title: ______________________________

Authorized Representative of FRANCHISEE:

By: ______________________________

Print Name: ______________________

Title: ______________________________

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the (type of agreement) system must meet all SBA eligibility requirements.

EXHIBIT H

LEASE ADDENDUM

This Addendum is entered into as of _________________ by and among ___________, a(n) ____________ ("**Landlord**") _____________, a(n) ____________ ("**Tenant**") and ADD Franchising, Inc., a Delaware corporation ("**Franchisor**"), with respect to the following:

RECITALS

A. Landlord and Tenant are entering into a lease of today's date for the operation of an Allied Disaster Defense™ business at ____________________________ ("**Lease**").

B. Franchisor and Tenant have entered into a Franchise Agreement dated __________ ("**Franchise Agreement**") that requires that certain provisions be included in the Lease.

NOW, THEREFORE, in consideration of these premises and of the mutual covenants contained herein, the receipt and sufficiency of which is acknowledged by the parties, the parties agree as follows:

(1) Tenant has the absolute and unconditional right to assign its interest in the Lease to Franchisor or Franchisor's nominee at any time without the consent of Landlord and without rent increase or penalty;

(2) Landlord acknowledges that Tenant shall not assign or transfer the Lease or any of its rights thereunder or grant any sublease thereunder without the prior written consent of Franchisor;

(3) Landlord consents to Tenant's use of such signage and other displays of Franchisor's trademarks and storage of such equipment and materials as Franchisor may require;

(4) Landlord will notify Franchisor in writing of any default by Tenant of any of the terms and conditions of the Lease and will provide to Franchisor, at Franchisor's option, the right to cure any default under the Lease within fifteen (15) days after expiration of the period in which Tenant is required to cure the default, if Tenant fails to do so;

(5) that no amendment or addition, or other modification or change may be made to the Lease without obtaining the prior written consent of Franchisor;

(6) that upon expiration or termination for any reason of the Franchise Agreement, Tenant's rights under the Lease will, at the option of Franchisor, be transferred and assigned to Franchisor or its nominee without rent increase or penalty immediately upon notice by Franchisor;

(7) Tenant acknowledges that Landlord may rely upon such notice and will not be required to inquire into the due execution of such notice or the accuracy of the statements set forth in such notice;

(8) that such notice will, without further act or formality, operate as an effective assignment of Tenant's rights under the Lease to Franchisor or its nominee without rent increase or penalty, and the assumption by Franchisor or its nominee of the covenants required

to be observed or performed by Tenant under the Lease; provided, however, that Landlord agrees and acknowledges that Franchisor and its nominee, if any, shall not assume, and shall have no obligation to Landlord, with respect to any liabilities arising from or relating to Tenant's actions, failure to act or defaults prior to the assignment of the Lease;

(9) Tenant acknowledges that Landlord will, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in Landlord's possession respecting the premises and the operation of the franchised business, including, without limitation, revenue information;

(10) Landlord acknowledges that the Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the Franchise Agreement for any reason whatsoever, to enter the premises and to make any alterations to the exterior or interior decor and signage as Franchisor deems necessary to remove its identification with Franchisor's system and, in the event of the exercise by Franchisor of such right, Landlord further acknowledges that such entry by Franchisor shall not constitute an assignment of the Lease nor a subletting of the premises; and

(11) that Franchisor is a third party beneficiary under the Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the date stated on the first page hereof.

Landlord: ____________________________	**Tenant: ______________________________**
By:___________________________________	By:___________________________________
Title:_________________________________	Title:_________________________________
Date:_________________________________	Date:_________________________________

Franchisor: ADD Franchising, Inc.

By:___________________________________

Title:_________________________________

Date:_________________________________

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	Registration
California	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If ADD Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If ADD Franchising, Inc. 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 A.

The franchisor is ADD Franchising, Inc. located at 3120 East Garvey Avenue, West Covina, California 91791. Its telephone number is (888) 508-5598.

Issuance date September 5, 2024.

Following is information about the franchise seller(s) involved in this transaction:

□ O.P. Almaraz, 3120 East Garvey Avenue S., West Covina, California 91791; (888) 508-5598.
□ Vincent Lu, 3120 East Garvey Avenue S., West Covina, California 91791; (888) 508-5598.

□ ____.

ADD Franchising, Inc. authorizes the respective state agencies listed on Exhibit B to receive service of process in the particular state.

I received a Disclosure Document dated September 5, 2024 that included the following Exhibits:
A. List of State Franchise Administrators
B. List of Agents for Service of Process
C. Financial Statements
D. Franchise Agreement
E. State-Specific Addenda to Disclosure Document
F. Allied Disaster Defense® Standards Manual Table of Contents
G. Lease Addendum

Date:_____________________________

Franchisee:_________________________________
Print Name:_________________________________
Individually and as an officer, partner or member of
____,
a ____,
which has been or will be formed to act as franchisee
Address:____________________________________
____
Telephone:__________________________________

Complete and keep this copy of the Receipt for your records.

RECEIPT

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If ADD Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If ADD Franchising, Inc. 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 A.

The franchisor is ADD Franchising, Inc. located at 3120 East Garvey, Avenue, West Covina, California 91791. Its telephone number is (888) 508-5598.

Issuance date: September 5, 2024.

Following is information about the franchise seller(s) involved in this transaction:

□ O.P. Almaraz, 3120 East Garvey Avenue S., West Covina, California 91791; (888) 508-5598.
□ Vincent Lu, 3120 East Garvey Avenue S., West Covina, California 91791; (888) 508-5598.
□ ____.

ADD Franchising, Inc. authorizes the respective state agencies listed on Exhibit B to receive service of process in the particular state.

I received a Disclosure Document dated September 5, 2024 that included the following Exhibits:

A. List of State Franchise Administrators
B. List of Agents for Service of Process
C. Financial Statements.
D. Franchise Agreement
E. State-Specific Addenda to Disclosure Document
F. Allied Disaster Defense® Standards Manual Table of Contents
G. Lease Addendum

Date:____________________________

Franchisee:_________________________________
Print Name:_________________________________
Individually and as an officer, partner or member of
____,
a ____,
which has been or will be formed to act as franchisee
Address:___________________________________
____
Telephone:_________________________________

Complete this copy of the Receipt and return it to O.P. Almaraz, 3120 East Garvey Avenue, West Covina, California 91791.