RECEIVED
DEPT OF BUSINESS OVERSIGHT
SAN FRANCISCO
2019 APR -2 AM 10: 30

C

FRANCHISE DISCLOSURE DOCUMENT

AMERICAN LEAK DETECTION
THE ORIGINAL LEAK SPECIALISTS™

AMERICAN LEAK DETECTION, INC.,
A Connecticut Corporation
199 Whitney Avenue Floor 2
New Haven, CT 06511
(203) 553-7292
www.americanleakdetection.com

The franchisee will operate an American Leak Detection business, a business which offers leak detection services, together with related repair and other services under the name "American Leak Detection."

The initial investment of an American Leak Detection franchise is from $29,500 to $120,000. The total investment necessary to begin operation of an American Leak Detection franchise is from $76,755 to $259,550. This includes $58,000 to $178,000 that must be paid to the franchisor and affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Tracy Forbes at 199 Whitney Ave. FL 2, New Haven, CT. 06511 or 475-655-7292.

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

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

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

Issuance Date: March 27, 2019

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit B for information about the franchisor, or about franchising in your state.

MANY FRANCHISE LICENSE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE LICENSE AGREEMENT PROVIDES FOR BINDING ARBITRATION. THE ARBITRATION WILL BE CONDUCTED AT THE OFFICE OF THE ARBITRATING ORGANIZATION THAT IS CLOSEST TO CLAIMANT. IN CERTAIN LIMITED CIRCUMSTANCES, THE PARTIES MAY LITIGATE DISPUTES. THE FRANCHISE LICENSE AGREEMENT PERMITS THE PLAINTIFF TO BRING SUIT IN ITS HOME JURISDICTION. IF WE ARE THE CLAIMANT OR PLAINTIFF, YOU MAY BE REQUIRED TO ARBITRATE OR LITIGATE OUTSIDE OF YOUR HOME STATE. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US, IF WE ARE THE CLAIMANT OR PLAINTIFF, THAN IN YOUR HOME STATE.

2. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

The effective dates of this Disclosure Document in the states with franchise registration laws are listed below:

California	Effective:	March 30, 2018
Hawaii	Effective:	
Illinois	Effective:	
Indiana	Effective:	
Maryland	Effective:	
Michigan	Effective:	
Minnesota	Effective:	
New York	Effective:	April 20,2018
North Dakota	Effective:	April 9, 2018
Rhode Island	Effective:	March 29, 2018
South Dakota	Effective:	April 3, 2018
Utah	Effective:	
Virginia	Effective:	
Washington	Effective:	
Wisconsin	Effective:	April 6, 2018

FOR TRANSACTIONS REGULATED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY

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

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

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

(b) A requirement that a franchisee assent to a release, assignment, notation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise license agreement, from settling any and all claims.

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

Notwithstanding paragraph (f) of these Michigan cover pages, we intend to enforce the provisions of the arbitration section of our Franchise License Agreement, including without limitation, the selection of the office of the arbitrating organization (or its representatives) which is closest to claimant as the site for any arbitration proceeding. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing the arbitration section of our Franchise License Agreement.

TABLE OF CONTENTS

Item		Page
1	THE FRANCHISOR AND ANY PARENT, PREDECESSORS AND AFFILIATES	1
2	BUSINESS EXPERIENCE	2
3	LITIGATION	4
4	BANKRUPTCY	4
5	INITIAL FEE	4
6	OTHER FEES	5
7	ESTIMATED INITIAL INVESTMENT	8
8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	10
9	FRANCHISEE'S OBLIGATIONS	11
10	FINANCING	13
11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	13
12	TERRITORY	17
13	TRADEMARKS	18
14	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	20
15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	21
16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	21
17	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	21
18	PUBLIC FIGURES	24
19	FINANCIAL PERFORMANCE REPRESENTATIONS	25
20	OUTLETS AND FRANCHISEE INFORMATION	25
21	FINANCIAL STATEMENTS	31

22 CONTRACTS 31

23 RECEIPT 32

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT I.

EXHIBITS

A	Franchise License Agreement
A-1	Addendum Relating to Existing Franchisees
A-2	Guarantee
B	List of State Agencies/Agents for Service of Process/State Effective Dates
C	Non-Disclosure Agreement
D	Tables of Contents - Manuals
E	Financial Statements
F	Statement of Prospective Franchisee
G	List of Franchisees
H	List of Franchisees Who Left the System
I	Additional Disclosures and Riders Required by State Franchise Laws
J	Receipts

Item 1

THE FRANCHISOR AND ANY PARENT, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, American Leak Detection, Inc. (the Franchisor) is referred to as "we," "us," "our" or "ALD." "You" or "your" means the person who is granted a franchise license. If a corporation or partnership buys the franchise, "you" includes your owners.

ALD is a California corporation that was incorporated on April 24, 1984. ALD's principal place of business is 199 Whitney Avenue, New Haven, Connecticut 06511. In addition to our legal name, we do business as "American Leak Detection" and "ALD." Our agents for service of process in the states that require franchise registration are listed in Exhibit B.

ALD is a wholly-owned subsidiary of American Leak Detection Holding Corp., 199 Whitney Avenue, New Haven, Connecticut 06511, which is wholly owned by Water Intelligence plc, a UK public limited company listed on AIM (the London Stock Exchange Alternative Investment Market), 199 Whitney Avenue, New Haven, Connecticut 06511 or 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT, United Kingdom. Water Intelligence plc was formerly known as Qonnectis plc.

We franchise (and, in thirteen (13) locations, own and operate) businesses which provide leak detection services, together with related repair and other services, using the "AMERICAN LEAK DETECTION" name and the American Leak Detection® logo which are federally registered trademarks. We also sell or lease equipment and related items to our Franchisees. Previously, we sublicensed environmentally friendly bioremediation services, pursuant to a Master Franchise Agreement with Environmental Biotech, Int'l., a Florida corporation located at 1701 Biotech Way, Sarasota, Florida 34243. We no longer offer these services to franchisees. We are not involved at the present time in any other business activities.

The basic business to be conducted by you is leak detection services, together with related repair and other services. Services to be offered by you include water, gas, pool, spa, sewer leak and other detection and repair, and pipeline location. You will detect plumbing leaks hidden by concrete slabs, asphalt, earth, walls and other concealed areas and utility lines. The general market for your services will be swimming pool and spa owners and residential and commercial property owners with hidden leak problems. We regard the market for your services to be developed in portions of the United States and Canada and developing in other areas. In areas with cold winters, the demand for your services with regard to outdoor swimming pool and spa owners may be seasonal.

As your business develops and assuming appropriate market conditions, we may authorize you to offer leak correlation services for main distribution lines to municipalities, water districts (both rural and urban), industrial estates and other such customers.

Certain of the leak detection and/or related repair and other services to be performed by you may, in some localities, require you and/or your employees to hold certain vocational and/or other licenses (e.g. contractor's licenses, etc.). These requirements vary from location to location

and you should make a thorough and independent investigation of this aspect with state and local authorities before purchasing an American Leak Detection Franchise. Of course, you are required to comply with all applicable laws.

Your potential and actual competitors may include independent plumbers, repair services, other leak detection companies and services.

HISTORY: In 1974, Richard Rennick, our predecessor and founder, 67633 N. Natoma Drive, Cathedral City, California 92234, opened American Leak Detection as a sole proprietorship operated in Hemet, California. In 1982, American Leak Detection relocated to Palm Springs, California and was operated as a partnership. In 1984, it was incorporated and operated under the name, American Leak Detection of Palm Springs ("ALD of Palm Springs"). We have been offering franchises for leak detection services, together with related repair and other services, since January 1985. We have or our predecessor has conducted a business of the type to be operated by you since 1974.

We do not and have not offered franchises in any other line of business except as described above.

This Disclosure Document sets forth the terms and conditions under which we currently offer franchises in this state and describes our current form of "Franchise License Agreement" attached as Exhibit A. This Disclosure Document also describes the terms applicable to renewing franchisees. The "Addendum Relating to Existing Franchisees" is attached as Exhibit A-1 and modifies the terms of the Franchise License Agreement.

American Leak Detection, Inc. has no affiliates that offer franchises in any line of business. Plain Sight Systems, Inc., located at 199 Whitney Avenue, FL2, New Haven, Connecticut 06511, and a shareholder of Water Intelligence plc, has created a product called "LeakVue"™ which helps franchisees verify the amount of water loss or gain in a body of water, such as a swimming pool, usually within a 15-20 minute period, the results of which are displayed on a PDA device. A version of the LeakVue product is included in the equipment package. Water Intelligence plc. or its affiliates, may in the future become a supplier of products to our franchisees.

Item 2

BUSINESS EXPERIENCE

Chairman and CEO: Patrick DeSouza

Mr. DeSouza has been our Chairman since February 28, 2006 and became the CEO in March 2011. Since 1999, Mr. DeSouza has also been President and Chief Executive Officer of Plain Sight Systems, Inc., located at 199 Whitney Avenue, New Haven, Connecticut 06511, an intellectual property company affiliated with Yale University. As of January 2010, Mr. DeSouza has also been a director of Qonnectis plc, now known as Water Intelligence plc, and, as of July 31, 2010, has been Chairman of Water Intelligence plc.

VP of Human Resources and Administration: Ann Marie Tenero

Mrs. Tenero joined American Leak Detection on May 1, 2018. Mrs. Tenero served as a Human Resources Specialist and Officer for the U.S. Government from May 2013 to April 2018 and was responsible for the administration of a comprehensive Personnel Management Program.

Sr. Director of Corporate Field Services: Jimmy T. Carter

Mr. Carter has been our Sr. Director of Corporate Field Services since June 2000 and has been employed by us in a variety of capacities since 1991, including Assistant Trainer and Director of Training.

VP of Operations: Tracy Forbes

Mrs. Forbes joined American Leak Detection in 2015, after working at New Jersey Natural Gas for fifteen years. She fulfilled different roles throughout her fifteen-year career, such as Customer Service Representative, Call Center Supervisor, District Office Supervisor, Training Supervisor and her last position before retirement in 2015 was Call Center Manager.

Franchise Relations Liaison: Bill Markey

Mr. Markey served as the Director of Safety and Security for The Hotchkiss School in Lakeville, CT for thirty years, from 1984 to 2014. He joined American Leak Detection in July of 2014. Mr. Markey has fulfilled different positions while at American Leak such as, Business Development Manager and Development Committee Coordinator.

Franchise Relations Liaison: Julissa Perez

Mrs. Perez joined American Leak Detection June 2017, after working as a paralegal receptionist for Dan Lyons Law Firm for a year. Before joining Dan Lyons, Law Firm Julissa worked as an early childhood teacher at Bright Horizons Early Child Care Center. While working for Bright Horizons Julissa fulfilled different roles such as Head Teacher and Diversity Inclusion Supervisor.

Managing Director: Robert Knell

Mr. Knell joined the corporate office after selling his Dallas, Texas American Leak Detection franchise in April of 2014. He owned and operated his franchise for 27 years. Prior to becoming an American Leak Detection franchisee Bobby was a general contractor, developer and real estate agent.

Regional Manager: Sofia Mimendi

Miss. Mimendi joined American Leak Detection on January 2, 2014, as a Regional Sales Representative. Before joining American Leak Detection Miss. Mimendi completed a Master in Business Administration at Lincoln Memorial University.

Director of Business Development: Lisa Keeton

Ms. Keeton joined American Leak Detection on March 1, 2013. From October 2011 until September, 2012 she worked as National Sales/Marketing Manager for Eagle Contractor Overlook/Eagle Adjusting Services, Inc. in Noblesville, Indiana. From March 2008 until October 2011 Ms. Keeton was Business Development Manager for Paul Davis Restoration, Inc., whose corporate office is in Jacksonville, Florida.

Chief Financial Officer: Patrick LaMarco

Mr. LaMarco became our Chief Financial Officer at the beginning of 2016. Previously, Mr. LaMarco served as partner at Mesina, Ceci and Archer, CPA's. Mr. LaMarco also served as director, manager and partner of RSM US LLP (McGladrey LLP), an international CPA firm. The certifications that Mr. LaMarco currently holds: Certified Public Accountant, Certified Management Accountant and Chartered Global Management Accountant.

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 FEE

The Initial Fee currently charged by us generally ranges from $29,500 to $120,000, but may, in some situations vary as outlined below.

The Initial Fee includes territorial rights as described in Item 12. In addition to the Initial Fee, you are required to purchase from us one (1) standard American Leak Detection Equipment Package (see the Exhibit to the Franchise License Agreement) for $25,500 to $52,000, and one (1) Training Package for $3,000 to $6,000. You will, in addition, pay any sales or similar tax due as a result of the sale of the equipment and products to you. The Initial Fee is due on execution of the Franchise License Agreement. No part of the franchise fee or any other amounts paid to us are refundable except as expressly discussed below.

We may (but have no obligation to) return the Initial Fee (less 10% to be retained by us) to you if you do not make satisfactory progress in initial training.

We use the following factors/formulas in setting the Initial Fee. If the franchised territory covers an entire state, the Initial Fee for leak detection and related products and services will not be less than $29,500, and may be significantly more depending on the other factors discussed in this Item. An important factor, but not the only one, in arriving at the Initial Fee for a franchised territory is the population in the territory, which will not be less than 300,000.

Factors which affect the Initial Fee include total population within the territory, demographics, level and type of economic activity, types of construction present (e.g. slab versus pier and beam), the number of in-ground pools, spas and fountains, the proportion of commercial, industrial and residential structures and the prevalence of concealed plumbing and other systems as well as the presence of commercial establishments such as hotels and restaurants.

We strongly suggest that you research and discuss these factors in detail with us and determine the Initial Fee applicable to the area you are considering before expending any funds or making any commitments.

The Initial Franchise Fee is due upon signing the Franchise License Agreement and is entirely non-refundable under any circumstances.

If you are a new franchisee, we will advise you to purchase a membership to a business management accounting software, currently QuickBooks Online. If an existing franchise has been sold or transferred to you, you are responsible for purchasing a business management accounting software package of your choice. We do not sell this software, nor is it sold through us.

Item 6

OTHER FEES

Name of Fee[1]	Amount	Due Date	Remarks
Royalty Fees	The applicable percentage of Adjusted Gross Volume[2] for each Reporting Month[3]	Due and payable on the first day of each month and overdue on the 10th	10% of portion of Adjusted Gross Volume up to and including $5,000; 9% of portion from $5,000.01 to and including $10,000; 8% of portion over $10,000; when cumulative Adjusted Gross Volume reaches $750,000 in any calendar year, the royalty is 6% on all Adjusted Gross Volume in excess of $750,000 for the balance of that calendar year
Late Fees; Dishonored Checks	$25 for late payments/reports and $5/day late penalty $25/ dishonored check fee	Payable on demand	

Name of Fee[1]	Amount	Due Date	Remarks
Transfer of Business or Rights[4]	1½% of total sale price, with a minimum of $2,500 and not to exceed $5,000 transfer fee; training of buyer at $150 per day for a minimum of four (4) weeks at Company; or other reasonable fee we determine	Prior to close of transfer	Payable when the Franchise License Agreement or any interest in it or in you is transferred
Audit Expenses	Costs of audit	On demand	Payable upon determination of material non-compliance or other failure to comply with the Franchise License Agreement
Training	Fee for optional training and expenses incurred	Payable at the time of training	Payable only for additional/ refresher or optional training programs. You are responsible for all expenses incurred by you, your managers or employees in connection with all training programs.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for certain claims
Renewal Fees and Expenses[5]	Currently none	As incurred	We reserve our right to collect a renewal fee
Business Management Accounting Software	$75 - $300	Proof of purchase due at time of training on resold or transferred franchises only	See Items 7 and 8
Required Purchases[6]	Will vary under circumstances	Due on receipt of invoice	See Items 7 and 8

(1) All fees are uniformly imposed, collected by and payable to us. All fees are non-refundable unless otherwise noted.

(2) Adjusted Gross Volume includes all revenues (except sales tax) (1) which are or could be received or earned by or with respect to your American Leak Detection franchised business, (2) which are or could be received or earned by you or on your behalf or for your benefit and which relate to the type of products, services, materials, inventory, items, supplies, promotional items, equipment or any other items which are or could be provided, sold, rented or otherwise distributed at, through or in association with an American Leak Detection franchised

business (including, but not limited to, any leak detection services and/or related repair and other services) and/or (3) which are or could be received or earned by you or on your behalf or for your benefit and which are or could be provided, sold, rented or otherwise distributed in association with any use of the American Leak Detection System Marks, techniques, systems, procedures, know-how or any other aspect of the American Leak Detection System, provided that you may deduct bona-fide payments to subcontractors from Adjusted Gross Volume in such cases where the amount paid to a subcontractor is $1,000 or more in any Reporting Month for any single customer, for any single job, continuous or otherwise. You shall provide reports and documentation of such payments as the Company may request from time to time.

For the purpose of this section, "subcontractor" shall exclude any person or entity performing leak detection or leak repair services.

Billings are included in Adjusted Gross Volume for the month in which you send your billing to the customer. If an account proves to be uncollectible by you after (a) a minimum of 120 days and (b) your best efforts to collect the account, any royalty payment which you have made to us with respect to such billing may be deducted from future royalties due us. To qualify as "best efforts," you must engage in personal action by you (including written demand letters) to collect the account followed by either (i) referring the account to a collection agency or (ii) pursuing the matter in court. You must supply documentation of such efforts for our approval of a deduction of prior royalties paid, from future royalties. If the account is thereafter collected by you, you must immediately repay the royalty to us.

(3) The Reporting Month is the calendar month. The first Reporting Month will be the earlier of (a) the first month in which you perform any of the services contemplated by the Franchise License Agreement or (b) the first month in which the 90th day after the date of the Franchise License Agreement falls. On a monthly basis, you must include a duplicate invoice (kept in numbered sequence) of all transactions relating to the transactions on which Royalties are payable, a copy of all voided invoices, and an accurate American Leak Detection royalty report form, and other information pertaining to the Adjusted Gross Volume as we may reasonably require.

(4) These charges are subject to change at any time and may be collected as a non-refundable deposit at the time a proposed transfer is submitted for our consent.

(5) We do not currently collect a fee (whether cost reimbursement or otherwise) for a renewal franchise, but reserve our right to do so.

(6) As described in Item 8 you may purchase certain incidental equipment, parts and supplies from us in addition to the items described in Item 5.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Name of Expenditure	**Actual or Estimated Amounts**	**When Due**	**Method of Payment**	**To Whom Payment is to be Made**
Initial Fee	$29,500 - $120,000[1]	At signing	Lump Sum	American Leak Detection
Equipment and Products Package	$25,500 - $52,000[2]	At signing	Lump Sum	American Leak Detection
Training Package	$3,000 - $6,000	At time of training	Lump Sum	American Leak Detection
Business Licenses	$0 - $250 depending on area	Before engaging in business	As required by local agency	Local agency
Telephone Security Deposit	$30 - $250	Before business phone connection	As required by phone company	Telephone Company
Personal Working Hand Tools[3]	$200 - $2,000	As Incurred	As Arranged	Local Suppliers
Work Vehicle[4]	$0 - $35,000	As incurred	As Arranged	Local Suppliers
Desk, , Computer Hardware, Incidental Office Supplies[5]	$100 - $5,000 depending on nature of items	As Incurred	As Arranged	Local Suppliers
Shipping	$100 - $750	As Incurred	Lump Sum	Local Shipper
Insurance[6]	$750 - $3,000	As Incurred	As Arranged	Insurance Company
Sales Taxes, City, County, State	$0 - $2,500	As Incurred	As Agreed	Taxing Agencies through ALD
Business Management Accounting Software	Resold or Transferred Franchises only; $75-$300[7]	As Incurred	As Agreed	Third Party
Additional Funds to Commence Operations[8]	$17,500 - $32,500	As Incurred	As Agreed	Third Parties
Totals[9][10]	$76,755 – $259,550			

(1) Initial Fee may vary as outlined in Item 5 above, range given is typical. See Item 5 for the conditions when this fee is partly refundable at our option.

(2) Delivery costs for any equipment purchased from us from Palm Springs, California, to your work area are paid by you and are not included in the above figures.

(3) The cost of personal hand tools will vary in price from $200 to $2,000 per work vehicle. This range depends on how many tools you already own and how many are usable in your leak detection business. These tools include, but are not limited to, electric jack hammers, gas concrete cutting saws, electric drill and saw, pipe threading dies, pliers, screwdrivers, pipe wrenches, and welding torches. We supply a list of the basic suggested tools.

(4) Work vehicle cost may be zero if an acceptable vehicle (white truck, van, or SUV capable of carrying the required equipment) is already owned by the prospective Franchisee. A work vehicle must be purchased (or leased) and painted according to American Leak Detection color specifications. Vehicle wraps for the work vehicle are included in the Equipment and Products Package. The initial costs incurred in the lease or down payment of a work vehicle could be expected to range from $0 to $35,000. We will counsel you in order to assist you in making this decision.

(5) If you do not own an computer, ink-jet or laser printer, you will need to purchase these items to use the software. The cost of such computer hardware equipment varies widely, from as low as $900 for used equipment to as high as $3,000 for new, high-performance equipment.

(6) May be higher if more than one vehicle/employee.

(7) Represents the cost of the software alone.

(8) Additional funds to commence operations and other financial requirements may be more or less than the figures specified above, as a function of the size of business (number of vehicles, staff, anticipated volume of business, etc.) which you intend to operate and other factors, some of which are mentioned above. Many of these factors are primarily under your control in your independent operation of the business. Additional Funds is an estimate of the funds needed to cover business (not personal) expenses during the first 3 months of operation of the franchised business. You will need capital to support ongoing costs of your business, such as payroll, utilities, taxes, loan payments and other expenses, to the extent that business costs are not covered by revenues. New businesses (franchised or not) often have larger expenses than revenues. As with most businesses, your costs will depend on factors such as how much you follow our recommended systems and procedures, your technical, marketing and general business skills, local economic conditions, the local market for your business, competition, local cost factors and the sales levels achieved by you. This is only an estimate, however, and there is no guarantee that the amounts specified will be adequate or that additional investment by you will not be necessary during the three months of initial operation or afterwards. The three-month period from beginning business covers the time by which most Franchisees are fully in operation but does not necessarily mean that you will have reached "break-even" or any other financial position by that time. In addition, the estimates presented relate only to costs associated with the franchised business and do not cover any personal, "living" or other expenses you may have or any owner's draw or salary.

(9) No provision has been made for capital or other reserve funds necessary for you to reach "break-even" or any other financial position nor do any of these estimates include any owner's draw or salary, finance charges, interest or debt service obligations. You should review these figures carefully with a business advisor (such as an accountant) before making any decision to purchase the franchise. We relied on our experiences of over 30 years in the industry in preparing the figures in this chart.

Since costs can vary with each Franchisee (particularly if you are purchasing an existing American Leak Detection Franchise), it is strongly recommended that you (1) obtain, before purchasing a franchise or making any other expenditures or commitments, independent estimates from third-party vendors and your accountant of the costs which would apply to your proposed establishment and continued operation of a American Leak Detection Franchise, (2) discuss with current American Leak Detection Franchisees their economic experiences (including initial costs) in opening and operating a American Leak Detection Franchise and (3) carefully evaluate the adequacy of your total financial reserves.

(10) Lease costs for office space or other property are not included as we recommend that you initially operate your business from your home.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Franchise License Agreement provides, in general, that you will install and use only those supplies, equipment, methods, etc. as outlined in the relevant American Leak Detection Manuals, including amendments that may be made occasionally, job invoice forms, and office control forms approved in writing by us before use.

As part of the purchase of a franchise, you must purchase from us one Equipment and Products Package, as described in the Exhibit to the Franchise License Agreement. The items in the package may be changed occasionally to reflect changes in the leak detection and pipeline locating industry. If you are a new franchisee, we will recommend you to purchase an accounting software package. See Item 5 for more information.

We are the only approved source for the equipment that makes up the Equipment and Products Package, as described in the Exhibit to the Franchise License Agreement. The Equipment and Products Package contains a product called LeakVue that we purchase and re-sell from Plain Sight Systems, a shareholder of Water Intelligence plc. There may be products we purchase and re-sell from Water Intelligence plc and/or its affiliates. We are also an approved supplier of a video pipeline inspection system and certain other incidental equipment, parts and supplies.

Other than the Equipment and Products Package (as discussed above), a business management accounting software program, and insurance, you currently have no obligations, whether arising by terms of the Franchise License Agreement or other device or practice, to purchase or lease from us, our designee, or from suppliers approved by us or under our specifications, although we reserve the right to impose these requirements in the future. We do recommend various suppliers of goods and services (such as career apparel, public relations,

insurance, etc.) but you are under no obligation to purchase goods or services from this optional list.

We currently maintain a list of approved suppliers who are obligated to abide by specific criteria, specifications, and standards for approval as stated by us. We are glad to discuss the appropriate criteria for any existing or proposed item or supplier with any franchisee on a case-by-case basis.

If you propose to purchase or lease an item of equipment (or other item or service), or purchase or lease from a supplier, who has not been approved by us, you may be required to submit all relevant information regarding the item, service and supplier for evaluation by us. We will advise you within sixty (60) days after submission of all required items and information as to whether or not the proposed supplier or item has been approved. We would revoke approval after making a determination (typically after complaints by franchisees or customers or our own operational experience) that a supplier (or specific item) was no longer appropriate for use in the ALD System and we would promptly notify you in writing of that decision. No charge is made for this service.

We derive revenue from the sale of Equipment and Products, and Training Packages. In the twelve-month period ending December 31st, 2018, our total revenues were $21,710,268 including revenues from the sale of Equipment and Products Packages which was $1,075,848 for the period ending December 31st 2018.

The proportion of cost of the Equipment and Products, and Training Packages to the estimated minimum initial costs to begin operations and other financial obligations would range from 27% to 38%, assuming that an Initial Fee of $29,500 was applicable. We estimate that in most cases the proportion of required purchases (or leases), which includes job invoice forms, incidental equipment, parts and supplies, insurance, to all purchases and leases by an American Leak Detection Franchisee in operation (and not counting the Equipment and Products, and Training Packages used in establishing the business) would be less than 10%.

On various occasions, we may negotiate purchase arrangements with suppliers (including price terms) for the benefit of our franchisees but you are not required to use them. Instances in which this is currently the case include insurance, yellow pages advertising, utility truck bodies, power tools, diving equipment, career apparel, travel arrangements and printed materials. We do not provide material benefits to you based on your use of designated or approved sources. There are no formal or mandatory purchasing or distribution cooperatives in the American Leak Detection System.

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 other items of this Disclosure Document.

Obligation	Section in Agreement	Item in Disclosure Document
(a) Site selection and acquisition/lease	Not applicable	Not applicable
(b) Pre-opening purchases/leases	8.12	7 and 8
(c) Site development and other pre-opening requirements	8.12	Not Applicable
(d) Initial and ongoing training	8.7 and 9.1	6 and 11
(e) Opening	Not Applicable	Not Applicable
(f) Fees	4, 8.5	5 and 6
(g) Compliance with standards and policies/Operations Manual	8	8 and 11
(h) Trademarks and proprietary information	7 and 8.10	13 and 14
(i) Restrictions on products/services offered	2.1-2.3, 3.1 and 8	8 and 12
(j) Warranty and customer service requirements/National Accounts	3.1, 8.13	16
(k) Territorial development and sales quotas	2.1-2.3 and 8.13	12
(l) On-going product/service purchases	8.1, 8.8	8
(m) Maintenance, appearance and remodeling requirements	8.3	7 and 17
(n) Insurance	10.3, 10.4	7 and 8
(o) Advertising	8.4	11
(p) Indemnification	10.2	6
(q) Owner's participation/ management/ staffing	1.2, 3.1, 8.2	15
(r) Records/Reports	8.5	6
(s) Inspections/Audits	5 and 8.9	6
(t) Transfer	6	6 and 17
(u) Renewal	3.3	6 and 17
(v) Post-Termination obligations	11.4 -11.6	17
(w) Non-Competition covenants	7.5	17
(x) Dispute resolution	14	17
(y) Entire Agreement	16	7
(z) Owner's attendance at annual convention	8.7	11

Obligation	Section in Agreement	Item in Disclosure Document
(aa) Use of business management accounting software program	8.1	5, 6, 7, 8 and 11

Item 10

FINANCING

American Leak Detection does not offer financing nor do we place financing and therefore we do not receive payments for the placement of financing. Nor does American Leak Detection guarantee any of your notes.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we need not provide any assistance to you.

(1) We provide training as described more extensively below. (Franchise License Agreement, Sections 8.7 and 9.1.)

(2) We supply you with the Standard American Leak Detection Equipment and Products, and Training Packages. (Franchise License Agreement, Section 4.1.) (See equipment list provided at time of training or transfer.)

(3) We specify the Operating Territory where you will be operating your business. (Franchise License Agreement, Section 2.1.)

(4) We loan you one copy each of the American Leak Detection Business Operations & Procedures Manual (669 total pages) and Equipment Training & Production Manual (362 total pages) (sometimes referred to as the "Manuals"). The Table of Contents for each of these Manuals is Exhibit D. Under the Franchise License Agreement, you must conduct your business in accordance with the Manuals. You will receive one copy of the Manuals on loan from us for the term of the Franchise License Agreement. You must, at all times, treat the Manuals, any other manuals created for or approved for use in the operation of the franchised business, and the information contained in the manuals, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not at any time copy, duplicate, record, or otherwise reproduce any portion of the Manuals, nor otherwise make the same available to any unauthorized person. You must keep certain confidential information, trade secrets and other confidential materials disclosed to you confidential both during, and after termination of, the Franchise License Agreement.

(5) We provide you with specifications for motor vehicles to be used in the business. (Franchise License Agreement, Section 9.7.)

(6) If you are a new franchisee, you will need to purchase a business management accounting software package. If an existing franchise has been sold or transferred to you, you are responsible for purchasing a business management accounting software package of your choice. (Franchise License Agreement, Section 8.1.)

Our Obligations During the Operation of Your Business

(1) Renewal. We will renew your franchise if you meet our requirements. (Franchise License Agreement, Section 3.3.)

(2) Additional Training. We make available additional special training at our headquarters if requested by you in writing. This training will be provided at no charge to you. (Franchise License Agreement, Section 9.3.)

(3) Changes to the System. We will, from time-to-time and as we reasonably determine, upgrade, improve and make available equipment, literature and manuals as necessary and advisable for the benefit of American Leak Detection Franchises generally. (Franchise License Agreement, Section 9.4.)

(4) Suggestions. We welcome suggestions from you. Each idea will be given consideration and then information regarding them will be made available to all franchises if found to be beneficial to the American Leak Detection System. (Franchise License Agreement, Sections 3.1 and 9.5.)

(5) Complaints. If a complaint is received by us from any consumer or the State Contractor's License Board, or any similar agency, we will take the lead in dealing with that complaint but any resolution of that complaint will be your ultimate responsibility. (Franchise License Agreement, Section 9.6.)

Advertising

We currently do not have a mandatory advertising program; however we reserve the right to establish one in the future. We conduct a voluntary advertising program for our franchisees, which includes templates for brochures, flyers, postcards, business cards, forms, promotional items, and vehicle wraps. The costs are dependent on volume, but range from $50.00 for 1,000 business cards, to $6000.00 for a vehicle wrap. The full details of the program are contained in the American Leak Detection Business Operations & Procedures Manual. We do not have an advertising fund or advertising cooperative, nor do we collect any advertising fees from you. We do have various marketing programs and services available for you to utilize, which will have a cost. We reserve the right to modify, add to, or delete any of the voluntary marketing and advertising services/programs.

The ALDAC is comprised of duly elected ALD franchisees. (Franchise License Agreement, Section 3.1.) We have the power to form, change, or dissolve ALDAC and any subcommittees of ALDAC. The marketing committee has been designed by ALDAC to work with the corporate marketing department to review materials developed for technical accuracy, review materials for corporate culture, review materials for geographic sensitivity, and review of the

advertising program for the American Leak Detection system. These members are elected by the ALDAC for a two-year term.

With respect to your use of the internet, you will submit to us for approval, prior to their use, all advertising, including advertising on the internet or establishing or publication of a website. Before establishing or publishing a website, you shall submit to us a sample of the website format and information in the form and manner we may reasonably require. You shall not establish or use a website without our prior written approval. You must comply with our standards and specifications for websites as prescribed by us in the Confidential Business Operations & Procedures Manual or otherwise in writing. You shall establish any website as part of the ALD website. If you propose any material revision to the website or any of the information contained in the website, you shall submit each such revision to us for our prior written approval.

Computer Systems

If you are a new franchisee, you will purchase a business management accounting software, currently QuickBooks Online. If an existing franchise has been sold or transferred to you, you are responsible for purchasing a business management accounting software package of your choice usually at a cost of approximately $30.00. per month We recommend that you purchase the most current version of QuickBooks Online for the gathering of statistical information on your business to be forwarded to us in an acceptable electronic format to be used in system analysis, royalty reporting and calculation, and comparisons. (Franchise License Agreement, Section 8.1.)

If you do not have a computer, you will need to buy one. The cost of a computer usually ranges from $900.00 to $3,500.00. Upgrades to hardware and software are done at your expense. We will not have independent access to the information and data stored and maintained on your computer (see Item 7, note (9)). We do not specify the type of computer hardware you use; however it should support the business management accounting software you use, and include a personal computer, and ink-jet or laser printer.

Site Selection

We do not regulate the location of your office, which may be in your home or other location (Franchise License Agreement, Section 8.12).

Training

The typical length of time between the signing of the Franchise License Agreement and the payment of the Initial Fee or down payment and the opening of a franchise ranges from one and one-half (1½) to three (3) months. Factors affecting this length of time usually include the time required to receive the Equipment and Products, and Training Packages, how soon the designated trainer can begin to provide the training, and how soon you can begin to receive training.

We agree to train you and make training materials available to you. New Franchisees must attend initial training. Your spouse or other technician may attend initial training at no additional fee. Our initial training is conducted as needed. In addition, attendance at our annual convention is mandatory for one (1) out of every three (3) years of operation of your business; Additional

attendance is optional. . Currently there is no registration fee for attendance; however, we reserve the right to charge a registration fee in the future.

Our training program includes home study, classroom and on-the-job training, and setup training, which are generally provided before or concurrent with the opening of your franchised business. The training fee ranges from $3,000 for four weeks for a transfer, $4,500 for six weeks for a new franchisee, and $6,000 for eight weeks for an international franchisee. No additional charge is made for initial training or the related training materials (being included in your initial fee), but you are responsible for all of your travel, meals, lodging and living expenses associated with attending training.

Home study is an evening self-study program conducted during the training phase. Study manuals are the Business Operations & Procedures Manual and Equipment Training & Production Manual. These manuals are presently in existence and are loaned to you on payment of the Initial Fee and signing the Franchise License Agreement.

Much of our training is on-the-job application of the fundamentals learned in the training phase. Importance is placed on developing the "hands-on" skills necessary to operate an American Leak Detection business and becoming familiar with the methods and equipment used in our business. Training is conducted at (1) our offices in Palm Springs under the direction of Jimmy Carter, Senior Director of Corporate Field Services, and/or (2) a franchise location, conducted by approved franchisee personnel. Mr. Carter has been employed by American Leak Detection as a technician, trainer, supervisor, and director of corporate operations since 1991.

You must complete initial training to our satisfaction. If, whether as a result of observations, test results or otherwise during or following training (including during operation of your American Leak Detection franchised business), we determine, in our sole discretion, that it is appropriate for compliance with our standards, we may require that you, at your sole cost, re-attend and successfully complete training. You must attend additional and/or refresher training programs conducted at location(s) specified by us as we, on a reasonable basis, designate. We may charge a fee for any optional training programs. You will be responsible for all expenses incurred by you, your managers and employees associated with all training programs, including wages, travel, meals, lodging, local transportation and other incidental expenses. (Franchise License Agreement; Section 8.7.)

Business Management training is instruction in the details of setting up an office and going into business, sales, management, financial overview and motivation. Set-up training is performed during your training in Palm Springs.

Information regarding mandatory initial training is set out in the table below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction to ALD	1	0	Palm Springs, CA
Introduction to Technology	39	0	Palm Springs, CA
Marketing and Business Management	32	8	Palm Springs, CA
Application of Technology	0	212	Palm Springs, CA

Training must be successfully completed before you can open your American Leak Detection franchise. If you are not making satisfactory progress in training, we can cancel your rights and our obligations and return a portion of the initial fee to you. (See Franchise License Agreement, Section 4.1, and Item 5.)

Instructional materials consist of the manuals listed above plus training videos and other sample materials.

Item 12

TERRITORY

The specific territory ("Operating Territory") in which you are exclusively (subject to the provisions of the Franchise License Agreement) awarded the right to operate an American Leak Detection Franchise is specified in your Franchise License Agreement. The Operating Territory is normally specified at the time the Franchise License Agreement is signed and will be based, in part, on a population of not less than 300,000, and will not overlap another Operating Territory. The Franchise License Agreement does not contain any provisions for relocation of the franchised business or the establishment of additional franchised outlets, but the grant of the franchise is limited to an office in the Operating Territory.

The Franchise License Agreement states (among other things) that, except as provided elsewhere in the Franchise License Agreement and provided that you are not in default of any of your obligations to us, we will not operate or award a franchise for the operation of another American Leak Detection office in the Operating Territory. You (and other American Leak Detection operators) are allowed to make marketing presentations to persons and companies headquartered anywhere but, to the extent permitted by law, you may only provide leak detection and/or repair services within the Operating Territory, except in the case of special provisions, on a case-by-case basis, with regard to unsold territories as stated below. Thus, while you may generally market your services outside of the Operating Territory, you may not solicit or accept

orders from consumers outside of the Operating Territory nor may you use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing to make sales outside of the Operating Territory. Other than compliance with the Franchise License Agreement and other agreements with us and as discussed below, there are no other conditions to the exclusivity of your territory. The Franchise License Agreement does not provide for options, rights-of-first-refusal or similar rights for you to acquire additional franchises within the Operating Territory or contiguous territories. If you wish to use any part of the American Leak Detection System (including the providing of any leak detection and/or related repair services) and/or the Marks outside the Operating Territory in an area not yet franchised by us, we may (but are not obligated to) allow you to do so on a temporary basis under the terms and conditions as we deem fit in our sole and absolute discretion, including our granting these rights on a non-exclusive basis.

The Franchise License Agreement states that you will utilize your best efforts to fully and diligently develop and service all available leak detection and repair business within the Operating Territory; that you agree, on an active and continuous basis, to engage in direct sales solicitation and marketing activity in the Operating Territory; that the rights covered by the Franchise License Agreement would not have been granted without such an explicit commitment by you; and that success in the franchised business is largely a function of the time, skill and energy you (both personally and through your employees) devote to such active and continuous direct sales solicitation and marketing activities. The Franchise License Agreement also states that in order to protect the integrity of the American Leak Detection System, provide uniformity of service to all customers (including but not limited to national and/or regional accounts) and maximize revenues for each franchisee, you will provide all products and services and use all equipment authorized by us and if, for any reason, you are unable or unwilling to offer a product or service which has been authorized by us, you will identify another franchisee (acceptable to us in our sole discretion) willing to provide the goods and services in the Operating Territory. If you cannot identify another franchisee, we may provide the goods and services ourselves or through a franchisee or subcontractor identified by us.

With respect to leak detection, repair and related services, neither we, nor any affiliate, has established, or has present plans to establish, other franchises or outlets or another channel of distribution, including the Internet, selling or leasing similar products or services under our principal trademarks or different trademarks, but we reserve the right to do so. Additionally, while we have not engaged in such activity, if we do so, we are not required to pay any compensation to you for soliciting or accepting orders inside your Operating Territory.

Item 13

TRADEMARKS

We have registered (or have a license to use and authorize others to use) each of the following marks on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration No.	Registration Date
American Leak Detection & Logo (International "No Leaks" sign)	1,408,918*	September 9, 1986

Mark	Registration No.	Registration Date
American Leak Detection	2,256,474*	June 29, 1999
LEAK DETECTION WITHOUT DESTRUCTION	2,751,272	August 12, 2003
American Leak Detection & Logo (International "No Leaks" sign) with The Original Leak Specialists (stylized)	2,856,820	June 22, 2004
"LEAK BUSTERS"	1,407,957*	September 2, 1986
LEAK BUSTERS (stylized) Logo	2,314,143*	February 1, 2000

We (or our representatives) have filed all required affidavits. The registrations followed by the "*" symbol have been renewed.

You will be licensed by the Franchise License Agreement to use the Marks. Under the terms of the Franchise License Agreement, you are prohibited from using the Marks as part of any corporate or other legal name.

There are presently no effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of the state in which your territory will be situated or any court, or any pending infringement, opposition or cancellation proceedings or pending material litigation involving trademarks, service marks, trade names, or other commercial symbols the use of which is licensed under the Franchise License Agreement and which is relevant to their use in any state.

There are no agreements currently in effect that significantly limit your right to above-mentioned trademarks, in a manner material to American Leak Detection Franchisees.

If any infringement of, or challenge to, your use of any name or mark occurs, we will have sole discretion to take any action as we deem appropriate. The Franchise License Agreement does not bind or obligate us to protect your right to use the trademark, service mark, trade name, logotype or other commercial symbols or to protect you against claims of infringement or unfair competition. The Franchise License Agreement provides (among other things) that, we may, on reasonable notice (but are not obligated to), change and/or update the American Leak Detection System, including, new and/or changed trade names, trademarks, logos or copyrighted material and that you will, at your own expense, adopt, comply with, use and display on a timely basis (but in no case later than ninety (90) days after notice) all of these changes, updates and supplements as if they were a part of the American Leak Detection System at the time of the signing of the Franchise License Agreement. If we determine, in our sole and absolute discretion, that we and/or you should modify or discontinue any use of any aspect of the American Leak Detection System and/or Marks, you will do so at your sole expense and we will have no liability or obligation as a result of our determination. The Franchise License Agreement requires that if litigation involving our marks is instituted or threatened against you, you will promptly notify us and will cooperate fully in defending or settling this litigation. We will take any action we believe is appropriate in our sole discretion but we are not required to take affirmative action when notified of other uses

or claims and are not required to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved unfavorably to you.

There are no superior prior rights or infringing uses actually known to us that could materially affect your use of the Marks in any state.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We have developed certain confidential and proprietary information to be used in the establishment and operation of ALD businesses. We have the right to use and impart certain confidential information (the "Confidential Information") which includes but is not limited to the following: (a) the system and the know-how related to its use; (b) advertising, marketing and promotional programs for American Leak Detection franchises; (c) any computer software programs we recommend for use in ALD businesses and the hardware specifications for running such software; (d) the terms and conditions of our agreements with preferred suppliers; (e) methods, techniques, formats, specifications, standards, systems, procedures, information, sales and marketing techniques, and knowledge of and experience in the development, operation, and franchising of American Leak Detection franchises, including but not limited to the authorized and required services; (f) training materials, programs and conference materials designed for franchisees and personnel of American Leak Detection franchises; (g) all information contained in and contents of all Manuals; and (h) knowledge of operating results and financial performance of franchises other than your franchise.

We do not claim rights in registered copyrights that are material to our business, but we claim proprietary rights and common law copyrights in the material contained in our marketing, production, and management manuals, and leak detection and repair techniques.

We have developed, through our affiliated entity Plain Sight, a proprietary device named LEAKVUE™. The device enhances our technician's ability to diagnose whether a leak exists in a pool. We provide you classroom training in the machine's use and maintenance and an instruction manual that serves as a field reference. The procedures and techniques an operator must master to operate the machine proficiently constitute confidential information that you must agree not to disclose or use except in the operation of your American Leak Detection franchise. You must return your instruction manual to us when your franchise expires or is terminated. We do not sell LEAKVUE to third parties

Finally, we recommend that your manager sign confidentiality, non-competition, non-solicitation or related agreements depending on your state's laws, and that your employees enter into similar agreements to maintain our trade secrets.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Since the services provided by an American Leak Detection business are provided on an individual basis, we highly recommend and encourage owner participation in the franchise business. However, the Franchise License Agreement does not require personal "hands on" participation in the direct operation of the franchised business although it does require you to use your best efforts to fully develop the Operating Territory. If you are not personally involved in the direct operation of your American Leak Detection business, we require that your manager must have successfully completed the training we provide to new Franchisees.

All owners must personally guarantee your obligations under the Franchise License Agreement pursuant to the form of guaranty attached to the Franchise License Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to use the American Leak Detection System and Marks only as permitted by the Franchise License Agreement and the American Leak Detection Manuals and only for the operation of a franchised American Leak Detection office engaged in leak detection and related repair and other related services. This means that you cannot sell products or services not authorized by us and that you must offer all of the products and services authorized by us, unless we allow differently due to special local circumstances or other reasons. We can change the list of authorized products and services to add or delete items without any contractual limit on our right to do so.

We may condition your participation in any national, regional or other program, whether with suppliers, referral sources, customers or otherwise (including but not limited to any program involving payments from third party suppliers or otherwise), on, among other conditions, your being a franchisee in good standing and not in default under the Franchise License Agreement and/or any other agreement with us and/or any affiliate of ours. During the term of the Franchise License Agreement and any renewal franchise, and for any other period provided by the Franchise License Agreement and/or relevant law, you will not perform any leak detection and/or related repair services except as an American Leak Detection Franchisee and subject to the terms of a Franchise License Agreement with us.

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.

Provision	Section in Franchise License Agreement	Summary
(a) Term of the franchise	3.2	Ten (10) years.
(b) Renewal or extension of the term	3.3	If you are not, then in default and have substantially complied with the Franchise License Agreement and all other agreements you may renew for another 10-year term.
(c) Requirements for you to renew or extend	3.3	Sign new agreement, release, comply with current operational standards, complete training and refresher programs, and reimbursement of our costs associated with the renewal. (You may be asked to sign a Franchise License Agreement with materially different terms and conditions than your original Franchise License Agreement.)
(d) Termination by you	11.2	If we have materially breached Franchise License Agreement and do not cure within 30 days after receipt of written notice by you or a reasonable period if the breach cannot be cured within 30 days.
(e) Termination by us without cause	None	N/A
(f) Termination by us with cause	11.3	We can terminate you if you commit any one of several listed violations
(g) "Cause" defined-defaults which <u>can</u> be cured	11.3 (a)	We may terminate you effective 30 days after notice of termination is sent to you for failure to: submit reports; make required payments; comply with any agreement between you and us or with the ALD System; pay taxes; comply with licensing or legal requirements; complete any required training program or conference; assign the Franchise License Agreement after death or disability; otherwise fail to comply with the Franchise License Agreement; or engage in conduct that may adversely affect the reputation of your ALD business or the Marks.
(h) "Cause" defined-defaults which <u>cannot</u> be cured	11.3 (b)	Submission of 3 or more reports or tax returns or records understating adjusted gross volume by 3% or more; misstatements or omissions by you; failure to make payments of amounts due to us on 3 or more separate occasions; default under any promissory note; unauthorized transfer; abandonment, surrender or transfer control of business; fraud or misrepresentations; conviction of a felony; unauthorized use of Confidential Information, the Marks or the Manuals; threats or danger to public health or safety; attempted transfer without consent;

Provision	Section in Franchise License Agreement	Summary
		disclosure of confidential information; competitive and other business activities; committing the same default within 90 days; or your assets, properties, interests are blocked under any law, ordinance, or regulation relating to terrorist activity or you are in violation of such law, ordinance or regulation.
(i) Your obligations on termination/ non-renewal	11.4	Pay amounts owed; cease use of Marks; return materials; cancel all fictitious name registrations, change corporate name; evidence of compliance with termination obligations within 30 days; de-identify business; cease use of Confidential Information; return Manuals; comply with non-compete; comply with indemnification and confidentiality provisions; transfer telephone number; obligation to pay royalties and other payments for the remainder of the Term.
(j) Assignment of contract by us	6.5	No restriction on our right to assign; on transfer we have no further obligations.
(k) "Transfer" by you-definition	6.1	Includes transfer of any interest in the Agreement, the franchise, and the business (or any ownership interest in them or any significant assets or in you).
(l) Our approval of transfer by you	6.1	Transfer is subject to our approval that we will not unreasonably withhold.
(m) Conditions for our approval of transfer	6.1	Reasonable conditions we establish including: Buyer must assume your obligations and sign new agreement; you are not released from obligations; specified non-compete provision in purchase agreement in favor of Buyer and ALD; Buyer must successfully complete and pay for training courses; transfer fee equal to 1½% of price but no less than $2,500 or more than $5,000; Buyer will be furnished with sufficient equipment, products and materials; Buyer qualifies under our normal standards; proof of insurance; all amounts due are paid in full; execution by you of release of known and unknown claims; compliance with all provisions of Agreement; amount financed subordinate to obligations of assignee to ALD; terms in best interest of ALD; compliance with laws and regulations. Additional requirements for transfer to a controlled corporation.

Provision	Section in Franchise License Agreement	Summary
(n) Our right of first refusal to acquire your business	6.2	We have right to match all offers.
(o) Our option to purchase your business	11.5	Purchase of assets we or our affiliates have sold you at fair market value at termination or expiration less amounts you owe us. Value determined by appraisal if parties are unable to agree; sixty (60) days to settle.
(p) Your death or disability	6.3	Transfer to qualified heirs permitted within nine (9) months, subject to all other transfer restrictions/ conditions.
(q) Non-competition covenants during the term	7.5	No involvement in any competitive business anywhere.
(r) Non-competition covenants after the franchise is terminated or expires	11.4 (e)	You and your owners may have no interest in competing business for three (3) years within fifty (50) miles of operating territory and/or twenty-five (25) miles of any then-current ALD franchisee.
(s) Modification of the agreement	3.1, 15	Modifications must be in writing and signed by all parties. Operating Manual is subject to change by us and you must promptly comply.
(t) Integration/ merger clause	16	Only the terms of the written Franchise License Agreement and this Franchise Disclosure Document, or its attachments or addenda, are binding (assuming they comply with state law.) Any other promises are not enforceable.
(u) Dispute resolution by arbitration	14.1	Except for certain claims, all disputes arbitrated at the office of the arbitrating organization closest to claimant.
(v) Choice of forum	14.3	Litigation in court of competent jurisdiction in plaintiff's home jurisdiction. See Addendum to Franchise Disclosure Document.
(w) Choice of law	13.6	Law of state of franchised Operating Territory applies, unless preempted by federal law.

Item 18

PUBLIC FIGURES

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

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

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 our CEO, Patrick DeSouza, c/o American Leak Detection, Inc., 199 Whitney Ave. New Haven CT. 06511 760-320-9991, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

A list of names of all franchisees and the addresses and telephone numbers of all their American Leak Detection Franchises are listed as Exhibit G to this Disclosure Document. The name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise License Agreement during the most recently completed fiscal year or who has not communicated with us within ten (10) weeks of the date of this Disclosure Document are listed in Exhibit H. During the last three (3) fiscal years, no current or former franchisee has signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the system.

The American Leak Detection Advisory Council or ALDAC is comprised of eight (8) ALD franchisees. The ALDAC was created by us and ALD franchisees and is sponsored and endorsed by us. The ALDAC Liaison is Bill Markey, Franchisee Liaison, 199 Whitney Ave. FL2 New Haven, CT. 06511, telephone 203-553-7292, email address bmarkey@americanleakdetection.com. There is no website for the ALDAC.

Table No. 1
System wide Outlet Summary
for Years 2016 to 2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2016	152	149	-3
	2017	149	148	-1
	2018	148	146	-2
Company-Owned	2016	7	11	+4
	2017	11	13	+2
	2018	13	17	+4
Total Outlets	2016	159	160	+1
	2017	160	161	+1
	2018	161	163	-2

Table No. 2
Transfers from Franchisees to New Owners
(Other than the Franchisor)
for Years 2016 to 2018

State / Country	Year	Number of Transfers
Australia	2016	0
	2017	0
	2018	0
Alabama	2016	0
	2017	0
	2018	0
California	2016	0
	2017	0
	2018	0
Colorado	2016	0
	2017	0
	2018	0
Florida	2016	0
	2017	0
	2018	1
Georgia	2016	0
	2017	0
	2018	0
Indiana	2016	0
	2017	0
	2018	0

State / Country	Year	Number of Transfers
Michigan	2016	0
	2017	0
	2018	0
Ohio	2016	0
	2017	0
	2018	0
Texas	2016	0
	2017	0
	2018	0
Virginia	2016	0
	2017	0
	2018	0
Washington	2016	0
	2017	0
	2018	0
All Other States	2016	5
	2017	0
	2018	0
TOTAL U.S. TRANSFERS	2016	5
	2017	0
	2018	1
INTERNATIONAL TRANSFERS	2016	0
	2017	1
	2018	0
TOTAL	2016	5
	2017	1
	2018	1

Table 3
Status of Franchised Outlets
for Years 2016 to 2018[1]

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Alabama	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Arizona	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Arkansas	2016	3	0	0	0	1	0	2
	2017	2	0	0	0	0	0	2

[1] If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2018	2	0	0	0	0	0	2
California	2016	24	0	0	0	0	0	24
	2017	24	0	0	0	0	0	24
	2018	24	0	0	0	1	0	23
Colorado	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
Connecticut	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Florida	2016	13	0	0	0	0	0	13
	2017	13	0	0	0	0	0	13
	2018	13	0	0	0	1	0	12
Georgia	2016	7	0	0	0	0	0	7
	2017	7	0	0	0	0	0	7
	2018	7	0	0	0	0	0	7
Hawaii	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Idaho	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Illinois	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Indiana	2016	5	0	0	0	0	0	5
	2017	5	0	0	0	1	0	4
	2018	4	0	0	0	0	0	4
Iowa	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Kansas	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Kentucky	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	1	0	2
Louisiana	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Maryland	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Massachusetts	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Michigan	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Minnesota	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Mississippi	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Missouri	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Montana	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Nebraska	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
Nevada	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
New Jersey	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	1	0	3
	2018	3	0	0	0	0	0	3
New Mexico	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
New York	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
North Carolina	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
Ohio	2016	4	0	0	0	1	0	3
	2017	3	0	0	0	0	0	3
	2018	3	1	0	0	0	0	4
Oklahoma	2016	2	0	0	0	0	0	2
	2017	2	1	0	0	0	0	3
	2018	3	0	0	0	0	0	3
Oregon	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	1	0	3
Pennsylvania	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	1	0	0	0	0	5
South Carolina	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
South Dakota	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Tennessee	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
Texas	2016	12	0	0	0	0	0	12
	2017	12	0	0	0	0	0	12
	2018	12	0	0	0	0	0	12
Utah	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Virginia	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	1	0	2
	2018	2	0	0	0	0	0	2
Washington	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	1	0	3
West Virginia	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Wisconsin	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
All Other States	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
TOTAL U.S.	2016	143	0	0	0	3	0	143
	2017	140	0	0	0	2	0	139
	2018	139	2	00	00	4	00	137
INTERNATIONAL								
TOTAL INT'L.	2016	9	0	0	0	0	0	9
	2017	9	0	0	0	0	0	9
	2018	9	0	0	0	0	0	9
GRAND TOTAL	2016	152	0	0	0	3	0	149
	2017	149	0	0	0	1	0	148
	2018	148	2	00	00	4	00	146

Table 4

Status of Company-Owned Outlets for Years 2016 to 2018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Arkansas	2016	0	0	1	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
California	2016	2	0	0	0	0	2
	2017	2	0	0	0	0	2
	2018	2	0	1	0	0	3
Connecticut	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Florida	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	1	0	0	2
Indiana	2016	0	0	0	0	0	0
	2017	0	0	1	0	0	1
	2018	0	0	0	0	0	1
Massachusetts	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Michigan	2016	0	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
New York	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
New Jersey	2016	0	0	1	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Ohio	2016	0	0	1	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Australia	2016	0	1	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Virginia	2016	0	0	0	0	0	0
	2017	0	0	1	0	0	1
	2018	1	0	0	0	0	1
Oregon	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	1	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Kentucky	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	1	0	0	1
TOTAL	2016	7	1	3	0	0	11
	2017	11	0	2	0	0	13
	2018	13	0	4	0	0	17

Table 5
Projected Openings as of December 31, 2019

State	Franchise License Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Canada	0	0	2
Georgia	0	0	1
Florida	0	0	1

Item 21

FINANCIAL STATEMENTS

Our audited financial statements of Franchisor for the years ended December 31, 2018, December 31, 2017, and December 31, 2016, are attached as Exhibit E.

Item 22

CONTRACTS

The following Agreements are exhibits to this Disclosure Document:

Exhibit A	Franchise License Agreement
Exhibit A-1	Addendum Relating to Existing Franchisees
Exhibit A-2	Guarantee
Exhibit C	Non-Disclosure Agreement
Exhibit F	Statement of Prospective Franchisee

Item 23

RECEIPT

You will find copies of a detachable receipt in Exhibit J at the very end of this Disclosure Document.

EXHIBIT A

FRANCHISE LICENSE AGREEMENT

AMERICAN LEAK DETECTION, INC.

FRANCHISE LICENSE AGREEMENT

ALD _____

_____
Franchisee

_____
Location

_____
Date of Agreement

TABLE OF CONTENTS

Section		Page
1.	INTRODUCTORY AGREEMENTS	1
1.1	The American Leak Detection® System.	1
1.2	Acknowledgments.	1
1.3	No Guarantees.	2
1.4	Your Representations.	3
2.	GRANT OF FRANCHISE, TERRITORY, BUSINESS NAME, ETC.	3
2.1	Operating Territory	3
2.2	Exclusive Rights to Territory.	3
2.3	Territorial Limitations.	4
2.4	Name.	4
2.5	Telephone Numbers.	4
3.	SERVICES TO BE OFFERED; CHANGES, TERM, RENEWAL FRANCHISE, ETC.	4
3.1	Development of Business, Changes to System, Etc.	4
3.2	Term of Agreement.	5
3.3	Renewal Franchise.	5
3.4	Rights to System and Marks Retained by Us.	7
3.5	Roster and Manuals.	7
4.	INITIAL FRANCHISE FEE; ROYALTIES; REPORTING	7
4.1	Initial Franchise Fee.	7
4.2	Royalties on Adjusted Gross Volume.	8
4.3	Royalty Amounts and Payment.	9
4.4	Timing of Monthly Fees and Reports.	10
4.5	Late Fees, Dishonored Checks.	10
5.	ACCOUNTING, INSPECTION, RECORD KEEPING	10
5.1	Accounting System and Maintenance of Records.	10
5.2	Audit and Inspection.	11
5.3	Costs of Audit, Etc.	11
6.	TRANSFER OF BUSINESS OR RIGHTS UNDER THIS AGREEMENT	11
6.1	Right to Transfer.	11
6.2	Right-of-First-Refusal.	13
6.3	Death or Disability.	14
6.4	No Transfer Without Compliance.	14
6.5	Transfer by Us.	14
6.6	Transfer to a Controlled Corporation.	14
6.7	Effect of Consent to Transfer.	15

7. CONFIDENTIAL INFORMATION, EXCLUSIVE RELATIONSHIP, ETC. 16

7.1 Types of Confidential Information. 16
7.2 Disclosure and Limitations on Use 16
7.3 Confidentiality Obligations. 17
7.4 Exceptions to Confidentiality. 17
7.5 Exclusive Relationship. 18
7.6 Preservation of Rights. 19

8. AGREEMENTS OF FRANCHISEE 19

8.1 Use of Approved Supplies, Equipment, Etc. 19
8.2 Responsibility. 19
8.3 Appearance, Etc 19
8.4 Advertising. 20
8.5 Payment and Reports. 20
8.6 Use of Name, Etc 20
8.7 Training and Convention Attendance 20
8.8 Quality Standards. 21
8.9 Certain of Our Rights, Supervision, Etc. 21
8.10 Use of Marks. 22
8.11 Manuals. 23
8.12 Office. 23
8.13 Pro-Active Marketing Activity. 24

9. AGREEMENTS BY US 24

9.1 Initial Training. 24
9.2 Manuals. 24
9.3 Additional Training. 25
9.4 Changes to the System. 25
9.5 Suggestions. 25
9.6 Complaints. 25
9.7 Motor Vehicles. 25

10. INDEPENDENT CONTRACTOR RELATIONSHIP 25

10.1 Independent Relationship; No Fiduciary Relationship. 25
10.2 Responsibility, Indemnity, Etc. 26
10.3 Insurance. 26
10.4 Workers' Compensation Insurance. 27
10.5 Pricing Freedom. 27
10.6 Public Disclosure of Independence. 27

11. TERMINATION; EXPIRATION; OPTION TO PURCHASE 27

11.1 Mutual Termination. 27
11.2 Termination by You. 27
11.3 Termination by Us. 28
11.4 Obligations After Termination or Expiration. 30

11.5 Purchase of Any or All of the Assets of the Franchise at Fair Market Value at Termination or Expiration. 32
11.6 Cross-Default 33

12. NOTICES 33

13. CONSTRUCTION 34

13.1 Survival of Provisions. 34
13.2 Validity. 34
13.3 Severability; Substitution of Valid Provisions. 34
13.4 Waivers 34
13.5 Attorney's Advice. 35
13.6 Choice of Laws 35

14. DISPUTE AVOIDANCE AND RESOLUTION 35

14.1 Arbitration. 35
14.2 System-Wide Mediation of Certain Disputes. 37
14.3 Litigation, Venue 37
14.4 Limitation of Damages. 38
14.5 Prior Notice of Claims by You. 38
14.6 Periods in Which to Make Claims. 38
14.7 Withholding Consent 38
14.8 Survival. 39
14.9 Binding Effect. 39

15. AMENDMENT AND APPROVAL 39

16. ENTIRE AGREEMENT 39

AMERICAN LEAK DETECTION
FRANCHISE LICENSE AGREEMENT

Franchise Number: **ALD** _____

THIS FRANCHISE LICENSE AGREEMENT (the "Agreement") is effective as of _____ (the "Agreement Date"). The parties to this Agreement are AMERICAN LEAK DETECTION, INC., sometimes referred to as "ALD," "we," "us," "our" or the "Franchisor;" and _____, sometimes referred to as "you" or the "Franchisee."

1. INTRODUCTORY AGREEMENTS

1.1 The American Leak Detection® System.

Through the expenditure of considerable time, effort and investment, we have developed a distinctive system for the operation, marketing, promoting, advertising and managing of a business providing leak detection services, together with related repair and other authorized and/or approved services, all of which form part of the "American Leak Detection System." American Leak Detection offices ("ALD Office[s]") use certain proprietary knowledge, procedures, equipment, systems, forms, printed materials, applications, specifications, standards and techniques authorized or developed by us and feature distinctive signs, marketing materials, contracts and related forms, formats, procedures and advertising, all of which are also part of the "American Leak Detection System" (collectively, the "System"). We identify ALD Offices and various components of the System by certain trademarks, service marks, trade dress, indicia and other commercial symbols (collectively, the "Marks"), the Marks also making up part of the System.

1.2 Acknowledgments.

We are awarding an American Leak Detection Franchise (the "Franchise") to you because you have expressed a desire to operate an ALD Office and provide for the advertising, performance and sale of authorized and approved leak detection, leak repair and related services, materials, supplies and inventory (collectively, the "Services"), and because you have made certain representations to us and you are willing to enter into certain agreements with us. You agree that the terms and provisions of this Agreement are reasonable and necessary to maintain our high standards of quality and service and the uniformity of those standards at each ALD Office and thereby to protect and preserve the goodwill of the Marks and the System, as well as the interests of us and each American Leak Detection Franchisee ("ALD Franchisee[s]").

You acknowledge that the success of the business venture contemplated to be undertaken by you is speculative, is and will be dependent upon the personal efforts of you, that entry into any business enterprise is always associated with risk and that no assurance of success has been or can

be given to you. You acknowledge and represent that you have entered into this agreement and made an investment only after (1) making an independent investigation of the opportunity, including having received a list, in connection with the presentation of the Franchise Disclosure Document (the "FDD"), of (and having spoken with) other ALD Franchisees currently operating ALD franchise businesses and (2) having had an opportunity to have this transaction and all related documents reviewed by an attorney and a financial advisor of your choosing, such review having been recommended to you.

In signing this Agreement, you acknowledge: (a) the importance of operating your ALD Office in strict conformity with our standards and each aspect of the System as modified from time to time; and (b) that you have conducted an independent investigation of ALD Offices and recognize that, like any other businesses, their nature will evolve and change over time as the System changes.

You represent and warrant that you have made no misrepresentations or omissions in obtaining your Franchise.

You understand that entry into any business venture necessarily involves some unavoidable risk of loss or failure, that while the purchase of a franchise may improve your chances for success, your purchase of an ALD (or any other) Franchise is a speculative investment, that significant investment beyond that outlined in the FDD may be required to succeed, that there exists no guarantee against possible loss or failure in this or any other business and that the most important factors in the success of any American Leak Detection Franchise (hereafter "ALD Franchise[s]"), including the one to be operated by you, are your personal efforts and your technical, business, marketing, sales, management, judgment and other skills. You agree that you will use your best efforts on a full-time basis to achieve success and that you will faithfully follow the Equipment Training & Production and Business Operations & Procedures Manuals (collectively the "Manuals") plus other elements of the System, as disclosed in all operations, instructional, marketing and other American Leak Detection Manuals, as modified and supplemented from time to time.

If you obtain SBA financing it must be in the name of a business entity, not an individual.

1.3 No Guarantees.

We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any representations, claims or guaranties, express or implied, as to the revenues, sales, profits or success of any American Leak Detection business ("ALD Business") or the extent to which we will continue to develop and expand the network of ALD Offices. You acknowledge that any statement regarding potential or actual revenues or profits of any ALD Business are made solely in the FDD delivered to you prior to the signing of this Agreement and the payment of any funds by you. Any statements regarding potential or actual revenues or profits of any ALD Business or statistical information regarding any existing ALD Office that is not contained in our FDD is unauthorized, unwarranted, and unreliable and should be reported to us immediately. You acknowledge that any information you obtained from Franchisees (or any other source other than our FDD) relating to sales, profits or otherwise does not constitute information obtained from us and we make no representation as to the accuracy of, and expressly disclaim, any such information.

You acknowledge that you have not received or relied on any representations about any ALD Franchise made by us, or our officers, directors, employees or agents that are contrary to the statements made in our FDD or the provisions of this Agreement. If there are any exceptions to any of your acknowledgments or statements in this Agreement, you will: (a) immediately notify our chief executive officer in writing; and (b) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it. Any such statement of exceptions must be signed by us to be binding on us.

1.4 Your Representations.

As an inducement to our entering into this Agreement with you, you represent and warrant that: (a) in all of your dealings with us, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity; (b) you have made no misrepresentations or omissions in obtaining your ALD Franchise; and (c) you have fully read and understood this Agreement and the FDD, all questions raised by you having been satisfactorily answered.

2. GRANT OF FRANCHISE, TERRITORY, BUSINESS NAME, ETC.

2.1 Operating Territory.

The territory ("Operating Territory") in which you are exclusively (subject to the provisions of this Agreement, including Section 8.13) awarded the right to operate an ALD Franchise is:

_____

The Operating Territory is the only area in which you may use any part of the System and/or the Marks, and you will not use any part of the System and/or the Marks outside the Operating Territory. During the term of this Agreement and any renewal franchise, you will not perform any Services except as an ALD Franchisee and subject to the terms of a Franchise License Agreement with us; provided that you may provide Services on an individual job basis in the territory of another ALD Franchisee if you have that Franchisee's permission to do so and we have not disallowed such activity (subject to the provisions of this Agreement, including Section 8.13).

2.2 Exclusive Rights to Territory.

During the term of this Agreement, we agree that neither we nor any affiliate of ours will grant an additional license or franchise for the operation of an ALD Office in the Operating Territory, nor will we or any affiliate of ours perform Services identified by the Marks or any other marks nor will we provide other services identified by the Marks in the Operating Territory except as provided for in Section 8.13. In partial consideration for such rights, you will use your best efforts to fully develop all available business in the Operating Territory. We may grant franchises for adjacent or other territories. You may make marketing presentations to persons and companies headquartered anywhere but may only provide Services within the Operating Territory.

2.3 Territorial Limitations.

If you wish to use any part of the System (including, but not limited to, the providing of any Services) and/or the Marks outside the Operating Territory in an area not yet franchised by us, we may (but are not obligated to) allow you to do so on a temporary basis under such terms and conditions as we deem fit, including (but not limited to) our granting such rights on a non-exclusive basis.

2.4 Name.

You will only do business under the name "**AMERICAN LEAK DETECTION OF** _____" and under such terms and conditions as we may establish from time to time.

2.5 Telephone Numbers.

You will use, for your business telephone(s), only telephone numbers of telephone exchange(s) in the Operating Territory.

3. SERVICES TO BE OFFERED; CHANGES, TERM, RENEWAL FRANCHISE, ETC.

3.1 Development of Business, Changes to System, Etc.

(a) Subject to the provisions of this Agreement, you are licensed only to use the System and Marks, as modified from time to time, to offer and to perform Services in the Operating Territory.

(b) You will use the System and Marks only as permitted by this Agreement and the Manuals and only for the operation of an ALD Office providing Services in the Operating Territory and not for any other purpose.

(c) You will use your best efforts to effectively and profitably conduct an ALD Business covering all classes of leak detection and repair in the Operating Territory, during regular business hours at least five (5) days each week (unless modified in the Manuals), excepting only holidays generally observed, reasonable vacations and/or injury/illness which prevent you from normal operation of the business, provided that, in each case, you have made arrangements with another ALD Franchisee to adequately cover your business, such arrangements to be reasonably acceptable to us and we may require doctor's or other verification of such injury/illness, with the objective of maximizing the volume of your business throughout the Operating Territory and for all Services.

(d) From time to time, we may (but are not obligated to), on reasonable notice, and following appropriate research and testing, change and/or update the System, including, but not limited to American Leak Detection customer service programs, uniform truck and career apparel standards, national account requirements, professional image, team player standards, new

and/or changed trade names, trademarks, logos or copyrighted material. We may change the standards, specifications and other requirements set forth in the Manuals and may change the methods of operation, marketing, products and services to be offered by you and otherwise change the American Leak Detection methods of doing business. In addition, we may, in the interests of the ALD group of businesses, enter into arrangements for the providing of Services by our Franchisees to or through national and/or regional organizations (e.g. insurance agencies and companies) which may, among other things, require compliance by ALD Franchisees with uniform standards and methods of doing business and you agree to comply with our requirements in any and all such programs, provided that we will not unreasonably withhold our approval to your written request for relief from participation in such arrangements if your request is based on compelling grounds due to conditions and circumstances peculiar to your Operating Territory.

(e) In order to maintain the value of the Marks, to adapt to changing business conditions and opportunities and to maintain uniformity throughout the System, you will, at your own expense, adopt, comply with, use and display on a timely basis [but in no case later than ninety (90) days after notice] any and all such changes, updates and supplements as if they were a part of the System at the time of the signing of this Agreement. In the event that we determine that we and/or you should modify or discontinue any use of any aspect of the System and/or Marks, you will do so at your sole expense and we will have no liability or obligation as a result thereof.

(f) Bearing in mind your and our strong mutual interests in maintaining and improving the value of the System and franchises, we shall meet or confer quarterly or as needed with committees designated by the American Leak Detection Advisory Council (the "ALDAC") to consult with and advise us regarding the operation and development of the System, including such matters as strategic marketing plans, advertising programs, public relations, research and development, operating policies and practices, revisions to future forms of the Franchise License Agreement, relationships with national and regional accounts, etc. We will give due consideration to input from such council(s), as well as from you individually, but we will retain the ultimate authority and responsibility for all such decisions.

(g) You cannot sell products or services not authorized by us and you must offer all of the products and services authorized by us, unless we allow differently, in writing, due to special local circumstances or other reasons, or as provided in Section 8.13. If you wish to not offer any products and/or services authorized by us, you must make arrangements to have such products and/or services offered by another ALD Franchisee. The list of authorized products and/or services may be updated from time to time.

3.2 Term of Agreement.

Your rights under this Agreement are for a term of five (5) years starting on the Agreement Date. This Agreement shall expire on _____, unless terminated earlier under the provisions of this Agreement or under any applicable law.

3.3 Renewal Franchise.

(a) Your Rights. On the expiration of the Agreement and provided that you are not in default under the terms of the Agreement and further provided that you have substantially

complied with this Agreement and all other agreements between you and us, we will offer you the opportunity to enter into a new franchise license agreement with us upon the terms and conditions as the then-current form of franchise license agreement. We reserve the right to make changes that we reasonably believe in our good faith judgment are in the best interests of ALD Businesses. Any award of a renewal franchise to you must meet each of the conditions set forth below, along with all other terms and conditions as are reasonable at the time.

(b) Notices; New Agreement; Releases. We will send you a new then-current standard American Leak Detection Franchise License Agreement (the "New Agreement") and ancillary documents and general releases at least sixty (60) days prior to the expiration of this Agreement, and you will have until the expiration date of this Agreement to accept the New Agreement and return the fully executed copies to us. You (and if a corporation or partnership is the Franchisee, its shareholders or partners) (the "Franchise Entities") must sign and deliver to us: (i) the New Agreement and any ancillary agreements we are then customarily using in the award of new American Leak Detection franchises (which will include appropriate modifications to reflect the fact that the agreement relates to the award of the renewal franchise); and (ii) general releases, in a form satisfactory to us, of any and all claims, known or unknown, except for claims for indemnification pursuant to Section 10.2 against us, our affiliates, and all of our and their officers, directors, employees, agents, attorneys, subsidiaries, successors, assigns (the "ALD Entities") and our licensees. If we do not receive fully executed copies of the New Agreement and ancillary documents by the expiration date of this Agreement, your franchise relationship with us will expire as you will be deemed to have elected not to accept the renewal franchise offer. Your right to obtain the renewal franchise will be further contingent on your continued full compliance with this Agreement and any other agreement(s) between you and us.

(c) New Agreement Terms. The New Agreement may contain different terms, provisions and conditions from those set forth in this Agreement, but, in any event, the royalties, monthly adjusted gross volume levels to which such royalties apply and other charges specified in this Agreement will not be changed from the levels set forth in this Agreement during the term of this Agreement or any renewal franchise. If future versions of the American Leak Detection Franchise License Agreement have a different royalty structure than the one set out in this Agreement, then, on the grant of a renewal franchise, you may elect to either (a) continue with the royalty structure set out in this Agreement or (b) agree to the royalty structure set out in the New Agreement along with all other economic terms and conditions (e.g. required advertising contributions, etc.) of the New Agreement.

(d) Compliance with Operational Standards. In order to obtain the renewal franchise you must bring your operation into conformity with all standards then applicable to new ALD Franchisees, including (but not limited to) such items as methods of operation, possession and use of our up-to-date equipment and products package meeting our then-current service and other standards, office facility, vehicle condition, image, appearance and other System standards; provided we will not unreasonably withhold our approval to your written request for a variance from our then-current requirements for services you must provide if such request is based on compelling evidence of the likelihood that such compliance is not feasible in your Operating Territory.

(d) Training and Refresher Programs. You (or a manager of yours) must satisfactorily complete any new training and refresher programs as we may reasonably require.

(e) Fees and Expenses. It is not currently our policy to charge a fee in connection with the renewal of the Agreement. However, we reserve the right to charge you for any out-of-pocket costs incurred for the processing of the proposed renewal franchise.

3.4 Rights to System and Marks Retained by Us.

We retain the exclusive right to and ownership of the System and Marks, subject to your rights as provided in this Agreement. On termination of this Agreement for any reason, you will immediately and completely discontinue all use of the System and Marks. Nothing in this Agreement will be construed as an assignment or grant to you of any right, title, interest, or license in and to the System and/or Marks, except for the limited license provided in this Agreement, all rights with respect to the same being reserved by us.

3.5 Roster and Manuals.

The American Leak Detection Franchise roster and other lists of franchisees and all Manuals are and will remain our sole and confidential property, are only loaned to you, and you agree not to disclose or use such for any purpose without our prior written consent.

4. INITIAL FRANCHISE FEE; ROYALTIES; REPORTING

4.1 Initial Franchise Fee.

(a) At the same time as you sign this Agreement, you will pay to us an Initial Franchise Fee of _____ and No/100 Dollars ($_____).

(b) Additionally, you shall at the same time purchase from us the standard American Leak Detection Equipment Package as set forth in the Exhibit "Equipment Package" attached hereto, and the Training Package. The Initial Franchise Fee is fully earned on execution of this Agreement. We may (but have no obligation to) return the Initial Franchise Fee to you (less 10% to be retained by us) if you do not make satisfactory progress in initial training.

(c) You will, in addition, pay any sales, Value Added Tax, Gross Sales Tax or other tax due with respect to the sale of such equipment and products to you. If this Agreement is executed in connection with the renewal of a prior Franchise License Agreement, no additional Initial Franchise Fee is required.

(d) If you currently own (or have previously owned) an ALD Franchise, you will, as a condition to the granting of this and every other ALD Franchise, execute a general release, in form satisfactory to us, of any and all claims, known or unknown, against us and/or any ALD Entities, excepting only those claims solely related to the offer and sale of the franchise being acquired by you at the time you execute such release.

(e) If we, in our sole discretion, determine that you have not successfully completed (or are not making satisfactory progress in) your initial training, we may terminate this Agreement and/or any other agreements with you and return the Initial Franchise Fee (less 10% to be retained by us) to you, provided you return all equipment and manuals and execute documentation providing for a release of all claims, known or unknown, against us and/or any ALD Entities and preserving the indemnity, non-competition, confidentiality and dispute avoidance and resolution provisions of this Agreement.

4.2 Royalties on Adjusted Gross Volume.

(a) You will pay us, or our authorized representative, royalty fees (hereinafter called "royalties") on the Adjusted Gross Volume of the franchise, based on a reporting month established by us in accordance with Section 4.4. Adjusted Gross Volume includes all revenues (except sales tax) (1) which are or could be received or earned by or with respect to your American Leak Detection franchised business, (2) which are or could be received or earned by you or on your behalf or for your benefit and which relate to the type of products, services, materials, inventory, items, supplies, promotional items, equipment or any other items which are or could be provided, sold, rented or otherwise distributed at, through or in association with an American Leak Detection franchised business (including, but not limited to, any leak detection services and/or repair and/or other services, whether related to leak detection or not) and/or (3) which are or could be received or earned by you or on your behalf or for your benefit and which are or could be provided, sold, rented or otherwise distributed in association with any use of the System, Marks, techniques, systems, procedures, know-how or any other aspect of the System.

(b) In the event that you develop any improvements in the methodology, equipment or otherwise of leak detection and/or repair or develop any new services in the area of leak detection and/or repair which can be marketed to the general public, such improvements and developments will become our property and, upon approval by us, will be shared with and may be used by all then-current American Leak Detection Franchisees in good standing without charge or restriction by you. Revenues received by any Franchisee with respect thereto will be subject to royalties. However, if you develop any products/services of a general nature, not related to leak detection and/or repair, and which are to be sold to other American Leak Detection Franchisees [e.g. marketing aids (such as videos) or other items not related to the providing of leak detection and repair services] and which are not sold to the general public or otherwise as an American Leak Detection product/service, such products/services will remain your property and revenues received by you with respect thereto will not be subject to royalties.

(c) You agree to not divert any business or take any other actions (or fail to take any actions) which would have the effect of reducing the gross revenues with respect to which royalties are payable. You agree to pay us royalties on all services rendered, directly or indirectly performed or sold by you or through any other person, firm or corporation you may refer or contract to or otherwise have a relationship with. All billings, whether collected directly by you or not, will be included in Adjusted Gross Volume.

4.3 Royalty Amounts and Payment.

(a) Royalties will be paid on the Adjusted Gross Volume for the appropriate reporting months, as follows. Adjusted Gross monthly volume includes all receipts, plus billings, amounts owed, value of services rendered and/or earnings in which partial payment or no payment has been received and includes all revenues, income, discounts, rebates, commissions and other consideration received or receivable by, or accrued to, you or any person/entity affiliated in any way with you, including persons/entities to whom you have referred or subcontracted business, during such period, provided that you may deduct bona-fide payments to subcontractors from Adjusted Gross Volume in such cases where the amount paid to a subcontractor is $1,000 or more in any Reporting Month for any single customer, for any single job, continuous or otherwise. You shall provide reports and documentation of such payments as the Company may request from time to time.

(b) For the purpose of this section, "subcontractor," as defined by the Internal Revenue Service, shall exclude any person or entity performing leak detection or leak repair services.

(c) Royalties are payable monthly on the first of each month. Billings are included in Adjusted Gross Volume for the month in which you send your billing to the customer. If the account proves to be uncollectible by you after a minimum of 90 days and a maximum of 180 days and your best efforts to collect the account, any royalty payment which you have made to us with respect to such billing may be deducted from future royalties due us. To qualify as "best efforts," you must engage in personal action (including written demand letters) to collect the account followed by either (i) referring the account to a collection agency; (ii) pursuing the matter in court; or (iii) filing a mechanics lien. On our request, you will supply documentation of such efforts. If the account is thereafter collected by you, you will immediately repay the royalty to us.

(d) The schedule of royalties for franchises is as follows:

Monthly Adjusted Gross Volume	**Percentage**
Portion up to and including $5,000.00	10%
Portion from $5,000.01 up to and including $10,000.00	9%
Portion over $10,000.00	8%

For example, if Monthly Adjusted Gross Volume is $13,000.00, the royalties would be calculated as follows:

1st	$5,000.00 @ 10% =	$500.00
Next	$5,000.00 @ 9% =	$450.00
Next	$3,000.00 @ 8% =	240.00
Total	$13,000.00 =	$1,190.00

(e) In addition, if your cumulative Adjusted Gross Volume, less any corporate approved deductions and sales taxes, during any calendar year exceeds $750,000, your royalty rate shall be 6% for all Adjusted Gross Volume over $750,000. Adjusted Gross Volumes may be combined if we, in our sole discretion, approve and recognize your ownership of multiple franchises.

4.4 Timing of Monthly Fees and Reports.

The Reporting Month is the calendar month. The first Reporting Month will be the earlier of (a) the first month in which you perform any of the services contemplated by this Agreement or (b) the first month in which the 90th day after the date of this Agreement falls. All royalty reports and fees due hereunder are due on the first day of each month and are overdue on the tenth day of each month. On a monthly basis, you agree to include a duplicate invoice (kept in numbered sequence) of all transactions relating to the transactions on which Royalties are payable, a copy of all voided invoices, and an accurate American Leak Detection royalty report form, and other information pertaining to the Adjusted Gross Volume as we may reasonably require.

4.5 Late Fees, Dishonored Checks.

To cover the additional costs incurred by us in handling delinquent reports and/or payments, you agree to pay on demand a late fee of Twenty-Five Dollars ($25.00), for each report and/or payment required to be made by you pursuant to this Agreement, which is received by us more than ten (10) days after its due date. Additionally, a late fee of $5.00 per day will be charged for each day beyond the ten (10) day grace period that a payment and/or report is received. To cover the additional expenses incurred by us in handling dishonored checks, you agree to pay on demand a dishonored check fee of Twenty-Five Dollars ($25.00) for each and every dishonored check tendered by you. In the event you tender two (2) or more dishonored checks within a one (1) year period or become two (2) or more months delinquent in any of your accounts with us, we may require payments on any or all amounts owed to us to be made by cashier's check. Notwithstanding any provision in this Agreement to the contrary, in no event will any amounts be charged as late fees or otherwise which exceed any applicable legal limits.

5. ACCOUNTING, INSPECTION, RECORD KEEPING

5.1 Accounting System and Maintenance of Records.

You agree, to the extent reasonably appropriate, to install and maintain a complete uniform accounting system in accordance with generally accepted accounting principles and the standard procedures and specifications which may be prescribed from time to time by us. You agree to maintain complete and accurate records, accounts, books, data and reports that accurately reflect all particulars relating to and/or arising out of this Agreement. If you transact business related to any other operations, all records connected to such other operations will be kept in a manner necessary to effect a convenient segregation between businesses transacted under this Agreement and businesses related to such other operations.

5.2 Audit and Inspection.

We and/or our agents have the right, at any reasonable time and on reasonable notice to you, throughout the term of this Agreement and for two years after, to:

(a) inspect your office, vehicles, and methods of technical and other operations;

(b) observe your operations (including but not limited to safety, marketing and other matters related to your ALD business) for such periods, as we deem necessary;

(c) interview your personnel (including temporary and full-time employees);

(d) interview your present and former customers; and

(e) inspect and copy any books, records and documents related directly to your American Leak Detection business, including business records, bookkeeping and accounting records, sales, payroll and those portions of your state and federal income tax records and returns reporting profit and loss calculations for your ALD Business (you hereby waiving any privileges with regard to any such records and returns) and other records of your Franchise and ALD Office (and the books and records of any corporation or partnership which is the franchisee under this Agreement or is connected with the operation of your business).

5.3 Costs of Audit, Etc.

In the event that the examination, review and/or audit described in Section 5.2 discloses material noncompliance with any of the provisions set forth in this Article 5 or a failure to comply with any other provisions of this Agreement, we may require you to bear the expenses of investigation, examination or review, and/or audit, including travel, lodging and wages, reasonably incurred in addition to any of our other rights under this Agreement.

6. TRANSFER OF BUSINESS OR RIGHTS UNDER THIS AGREEMENT

6.1 Right to Transfer.

Any transfer (whether voluntarily, by operation of law or otherwise) by you of this Agreement (or any interest in it), any of your rights under it, your American Leak Detection franchise or related business (or any ownership or other interest therein or any significant assets or in you), is subject to our approval, which we will not unreasonably withhold, provided you meet reasonable conditions and limitations established from time to-time by us, including but not limited to the following:

(a) Your assignee (sometimes called the "Buyer") must assume all of your duties, obligations and liabilities under this Agreement. As an alternative, and only with our approval, a New Agreement may be executed which will expire on the initial expiration date of this Agreement. You and we acknowledge that the New Agreement may contain

different economic and other terms and conditions than exist as of the date of the execution of this Agreement.

(b) The purchase agreement will contain a provision in favor of both the Buyer and us that, to the maximum extent permitted by law, you covenant not to compete, either as an individual, or an officer, employee, investor, or in any other capacity in a corporation or other entity, which engages in a competitive business (1) for a period of three (3) years within the geographical area specified in Section 2.1 of this Agreement, and within a fifty (50) mile radius of where you have rendered Services and (2) for a period of three (3) years within twenty-five (25) miles of any other American Leak Detection Franchisee;

(c) The Buyer must successfully complete six weeks of training, with at least four of those weeks in our headquarters at a cost of $150 per day, or at such fee as may be reasonably determined from time to time by us. In addition, and to assist with your transfer, you will, unless we consent otherwise in writing, provide the Buyer with a minimum of two weeks' supervision and training covering on-the-job skills, office procedures and introductions to your existing and potential accounts;

(d) We will be paid a transfer fee in an amount equal to 1-1/2% of the total sale price, but in no event less than $2,500 or more than $5,000. For the purposes of this section, "total sale price" means the value of all consideration exchanged, including, but not limited to debt assumed, covenants not to compete, consulting agreements or the equivalent for all of the assets transferred except interests in real estate;

(e) You will furnish the Buyer with equipment, products and material sufficient to conduct business as contemplated by the New Agreement in accordance with our then-current quality standards. In addition, you will furnish the Buyer with the then-current version of the Manuals. The Buyer will furnish proof of compliance with this requirement prior to the approval of the sale by us;

(f) The Buyer must meet the same financial, experience and other standards as we then apply to new individuals or companies seeking to purchase ALD Franchises directly from us. You will deliver to us (1) a suitable current financial statement regarding the proposed Buyer, and (2) all other information requested by us concerning the proposed assignment and Buyer, including but not limited to the financial and other terms of the proposed assignment. The notice to us concerning the proposed assignment must be provided in sufficient time to allow us to comply with all state and federal disclosure requirements with respect to any intended assignee;

(g) Proof of insurance must be furnished to us in accordance with this Agreement;

(h) The transfer must be made in compliance with all applicable law;

(i) All debts, obligations, liabilities and otherwise of yours to us must be paid in full at the time of the assignment and all other liabilities of yours, including, but not

limited to debts, obligations, liabilities and otherwise to suppliers, employees, landlords, taxing authorities, etc. must be paid in full or otherwise provided for to our reasonable satisfaction;

(j) You and the Franchise Entities agree to execute a general release, on a form furnished by us, under which you and the Franchise Entities release all claims, except for claims for indemnification pursuant to Section 10.2, which you and the Franchise Entities may then or in the future have against the ALD Entities, our licensees (except the Buyer) which arise out of or which result from this Agreement; and

(k) If you and/or your owners finance any portion of the purchase price, you and/or your owners must agree that the transferee's obligations to you and/or your owners are subordinate to the transferee's obligations to us (including, for example, any royalties and/or Advertising Fund contributions).

If, in our view, the material terms and conditions of the transfer (including the price and terms of payment) or any surrounding circumstances would make the transfer not in the best interests of the American Leak Detection family of Franchisees (for example, if the price to be charged or the terms of payment would be so burdensome as to adversely affect the future operations of the American Leak Detection franchised business by the proposed transferee) we may (but are not required to) refuse to consent to such transfer. In no case will you or any transferee rely on us to review or evaluate the proposed transaction (our examination and possible consent not being an approval or recommendation) and neither we nor anyone else will have any liability to you, any proposed or actual transferee or otherwise in connection with our examination and/or possible consent or withholding of consent, you agreeing to indemnify and hold us harmless from any such liability to you, the proposed transferee or otherwise. Recognizing that, in general, the Services relate to plumbing systems, pools, spas, slab construction, underground pipelines and other systems, you may not "split" your business and assign a portion serving only one type of market (rather than having a single entity provide the complete line of Services) without our prior written approval, which we have no obligation to grant.

6.2 Right-of-First-Refusal.

Any attempted transfer, whether of any of your rights under this Agreement, your Franchise, the related business or any assets of such business (including but not limited to any equipment or other items sold or leased by us to you), whether by operation of law or otherwise, will trigger a right of first refusal by us to match the terms thereof, which right may be exercised for a period of thirty (30) days after receipt of notice together with transfer fee and completion of all conditions, including but not limited to, receipt of fees, payment of past due amounts, and all required information regarding the Buyer from you. Cash may be substituted by us for the reasonable value of any non-cash portion of an offer. Any attempted or actual sale or transfer of stock or other ownership interest in the Franchise or you will be deemed to be an attempted or actual assignment of this Agreement. Notwithstanding such right-of-first-refusal, we may disapprove any proposed sale, transfer, assignment, pledge, conveyance or alienation as described in Section 6.1. The franchisor may not become a partial owner of any SBA financed franchises.

6.3 Death or Disability.

In the event of your death or total disability, we will permit transfer of your interests in you or in this Agreement to your qualified heirs, whether such transfer is made by Will or by operation of law, upon compliance with the restrictions on transfer of this Agreement and on compliance with the following additional conditions:

(a) Written evidence of succession or entitlement to the rights under this Agreement satisfactory to us must be submitted.

(b) Any consent by us will not constitute a consent to any subsequent transfer to any beneficiary of an estate. Any consent by us to such subsequent assignment or transfer will be subject to compliance with the restrictions on transfer of this Agreement.

6.4 No Transfer Without Compliance.

Any actual or attempted transfer by you in violation of the terms of this Agreement will be an item of default under and violation of the terms of this Agreement, and be cause for termination of your rights and our obligations hereunder.

6.5 Transfer by Us.

This Agreement is fully transferable by us and will inure to the benefit of any person or entity to which we transfer it, or to any other legal successor to our interest in this Agreement. All terms, covenants, representations, warranties and conditions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by, the parties hereto and their respective successors and permitted assigns.

6.6 Transfer to a Controlled Corporation.

Subject to compliance with all other requirements of this Agreement (including all conditions on transfer contained anywhere in this Agreement and including execution of a release and satisfying all payment and transfer fee requirements), if you are in full compliance with this Agreement, we will not unreasonably withhold our approval of a transfer of this Agreement, the Franchise and the franchised business to a corporation which conducts no business other than the franchised business. Such a transfer will not relieve you of your obligations hereunder, and you will remain jointly and severally liable to us for all of your and such corporation's obligations hereunder, under any renewal franchise and for any future obligations of such corporation to us and/or any affiliate of ours.

Any such transfer will be subject to reasonable restrictions, including but not limited to the following (each of which are agreed to be reasonable conditions):

(a) The transferee corporation must be newly organized, the articles of incorporation, bylaws and other organizational documents of such corporation must recite that the issuance and assignment of any ownership interest in the corporation are restricted

by the terms of this Agreement and must provide that its activities are confined solely to acting as an American Leak Detection Franchisee in good standing under this Agreement;

(b) You must maintain (and continue to maintain) management control of the corporation and ownership of at least fifty-one percent (51%) of the equity and voting power of all issued and outstanding capital stock in the transferee corporation;

(c) The individual Franchisee (or, if the Franchisee is a partnership, at least one of the partners) must be and remain the chief executive officer of the corporation;

(d) The transferee corporation must enter into a written assignment (in form satisfactory to us) in which such corporation assumes all of the Franchisee's past, current and/or future obligations under this Agreement and any other past, current and/or future agreement(s) with us and/or any affiliate of ours;

(e) All current and future shareholders of the transferee corporation must enter into a written agreement (in a form provided or approved by us) agreeing to comply with this Agreement and any other past, current and/or future agreement(s) with us and/or any affiliate of ours and jointly and severally guaranteeing all of the transferee corporation's past, current and/or future obligations under this Agreement and any other past, current and/or future agreement(s) with us and/or any affiliate of ours;

(f) Each stock certificate of the transferee corporation must bear a legend reciting or referring to the restrictions of this Agreement, including those on issuance and transfer of stock in the transferee corporation;

(g) No shares of securities (of any class, whether debt or equity, convertible or non-convertible, voting or non-voting) in the transferee corporation may be issued or transferred without obtaining our prior written consent, which may be subject to the restrictions on transfer herein and other reasonable conditions as we deem appropriate;

(h) All obligations of the Franchisee under this Agreement and/or any other agreement(s) with us and/or any affiliate of ours (including all financial and operational compliance matters) must be satisfied prior to the transfer;

(i) The name of the transferee corporation cannot include the following words or any combination thereof: "American Leak Detection," "ALD" or "Leak Busters;" and

(j) All other conditions we may reasonably impose based on the circumstances of the transfer or otherwise.

6.7 Effect of Consent to Transfer.

Our consent to a proposed transfer of the Franchise or any interest in your franchised American Leak Detection business will not constitute a waiver of: (a) any claims we may have against you, or your owners; or (b) our right to demand exact compliance with any of the terms or conditions of this Agreement by any transferee.

7. CONFIDENTIAL INFORMATION, EXCLUSIVE RELATIONSHIP, ETC.

7.1 Types of Confidential Information.

We have developed certain confidential and proprietary information to be used in the establishment and operation of ALD Offices and the provision of leak detection and related services. We have the right to use and impart certain confidential information (the "Confidential and Proprietary Information"), which includes but is not limited to the following:

(a) the System and the know-how related to its use;

(b) advertising, marketing and promotional programs for American Leak Detection franchises;

(c) any computer software programs we recommend for use in Offices and the hardware specifications for running such software;

(d) the terms and conditions of our agreements with preferred suppliers;

(e) methods, techniques, formats, specifications, standards, systems, procedures, information, sales and marketing techniques, and knowledge of and experience in the development, operation, and franchising of American Leak Detection franchises, including but not limited to the Services;

(f) training materials, programs and conference materials designed for franchisees and personnel of American Leak Detection franchises;

(g) all information contained in and contents of all Manuals and Intranet sites; and

(h) knowledge of operating results and financial performance of ALD Franchises other than your ALD franchise.

7.2 Disclosure and Limitations on Use.

We will disclose much of the Confidential and Proprietary Information to you and your personnel by furnishing the Manuals to you, and by providing training, guidance and assistance to you. In addition, in the course of the operation of your ALD Franchise, you or your employees may develop ideas, concepts, methods, techniques or improvements ("Improvements") relating to the American Leak Detection franchise, which you agree to disclose to us. Such improvements will then also constitute Confidential and Proprietary Information, however nothing in this section will apply to the ownership of tools, equipment, software and other paraphernalia developed by you for use in ALD Franchise(s), provided that the methods, techniques and applications related to the use of said tools, equipment, software and paraphernalia will constitute Confidential and Proprietary Information.

7.3 Confidentiality Obligations.

You agree that your relationship with us does not vest in you any interest in the Confidential and Proprietary Information other than the right to use it in the development and operation of your ALD Franchise, and that the use or duplication of the Confidential and Proprietary Information in any other business would constitute an unfair method of competition. You acknowledge that, prior to acquiring your ALD Franchise, you had no knowledge of the leak detection and repair business or its operating procedures and techniques. Any and all information, knowledge, know-how, and techniques which we designate as confidential will be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention prior to its disclosure by us or which has entered the public domain other than through disclosure by you. However, it is understood and agreed that, while certain elements of the Confidential and Proprietary Information may be in the public domain for other applications, those elements nevertheless comprise Confidential and Proprietary Information in the manner in which they are used in ALD Franchises. You acknowledge and agree that the Confidential and Proprietary Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you faithfully observe each of your confidentiality obligations under this Agreement or otherwise. You agree, both during the term of this Agreement and forever thereafter, that you:

(a) will not use the Confidential and Proprietary Information in any business or capacity other than as a franchised Office in good standing;

(b) will maintain the absolute confidentiality of the Confidential and Proprietary Information during and after the term of this Agreement;

(c) will not make unauthorized copies of any portion of the Confidential and Proprietary Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and

(d) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential and Proprietary Information, including restrictions on disclosure to your employees and the use of nondisclosure and non-competition agreements we may prescribe for employees or others who have access to the Confidential and Proprietary Information.

7.4 Exceptions to Confidentiality.

The restrictions on your disclosure and use of the Confidential and Proprietary Information will not apply to the following:

(a) disclosure or use of information, processes, or techniques which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly or which, at the time we disclosed it to you, already had lawfully become known through publication or communication by others (without violating an obligation to us or our affiliates); and

(b) disclosure of the Confidential and Proprietary Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

7.5 Exclusive Relationship.

You agree that we would be unable to protect the Confidential and Proprietary Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ALD Franchisees if Franchisees were permitted to hold interests in any Competitive Businesses as defined below. You also acknowledge that we have entered into this Agreement with you in part in consideration of and in reliance on your agreement to deal exclusively with us. Therefore, you agree as follows:

(a) Non-competition and Non-solicitation. During the term of this Agreement, neither you, nor any member of your immediate family (and if a corporation or partnership is the Franchisee, neither the shareholders, officers, directors, partners nor any members of their immediate families) will:

(i) engage in a Competitive Business or perform services for a Competitive Business directly or indirectly, as a director, owner, proprietor, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise, except under a franchise license agreement with us or our associates; and/or

(ii) have any direct or indirect interest, as a disclosed or beneficial owner, in any entity which is awarded or is awarding franchises or licenses to others to operate any Competitive Business, except American Leak Detection franchises under franchise license agreements with us; and/or

(iii) knowingly engage in any activity to solicit, encourage or induce any customer doing business with any American Leak Detection franchisee (wherever located) to commence doing business with you instead; and/or

(iv) directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, solicit, divert, take away, or interfere with any of the business, customers, clients, contractors, trade or patronage of ours, our associates or our Franchisees.

(b) Competitive Business. The term "Competitive Business" as used in this Agreement means any business operating, or awarding franchises or licenses to others to operate, any other business providing leak detection services, together with and/or separate from related repair and other related services, or any other business that provides the same or similar services as are customarily offered by American Leak Detection franchises.

(c) Public Companies. Notwithstanding the foregoing, any aggregate ownership of 2% or less of the issued and outstanding shares of any class of stock of a publicly traded company is not prohibited by this section.

7.6 Preservation of Rights.

In the event the provisions of any part of this Article 7 are found to be invalid or unreasonable, then such provisions will be modified to provide the maximum restrictions, which are legally enforceable. We may require you to obtain execution by third parties (including employees and family members) of agreements consistent with the foregoing.

8. AGREEMENTS OF FRANCHISEE

8.1 Use of Approved Supplies, Equipment, Etc.

You will obtain and use only approved supplies, equipment, methods, etc. as set forth in the Exhibit "Equipment Package" attached hereto, and in the relevant Manuals, including amendments that may be made from time to time, job invoice forms, and office control forms approved in writing by us prior to use. Such approvals will not be unreasonably withheld. You will also use a business management accounting method that allows statistical information to be gathered on your business and forwarded to us in an acceptable electronic format to be used in system analysis, royalty reporting and calculation, and comparisons.

8.2 Responsibility.

You will be solely responsible for the quality and results of the services to be performed by you under this Agreement. If you are not personally involved in the direct operation of your franchise, your manager must have successfully completed the training we provide to new Franchisees, which requirement we may waive on a case-by-case basis, at our discretion. You will be responsible for all travel, meals, lodging, living expenses and salaries of your personnel attending such training.

8.3 Appearance, Etc.

You will use the authorized business name of the franchise set forth above as your sole business name and will display our approved colors, decals, or signs on all vehicles used in connection with the franchised business. Recognizing that the appearance and reliability of vehicles used by American Leak Detection Franchisees is critical to the reputation and effectiveness of the entire System, you will at all times comply with our requirements with respect to the appearance of all vehicles used by you in the conduct of the franchised business (including but not limited to paint scheme, logos, type styles, colors and designs) and, in addition, you will maintain all such vehicles (both interior and exterior) in good repair, attractive appearance and sound working condition, consistent with American Leak Detection standards. You will make all repairs, etc. necessary to such vehicles in order to comply with this Agreement and to maintain and enhance the reputation and image of the System.

8.4 Advertising.

(a) You will submit to us for approval, prior to their use, all advertising, including local telephone listings.

(b) You specifically acknowledge and agree that any Website (as defined below) shall be deemed "advertising" under this Agreement, and will be subject to, among other things, our approval under paragraph 8.4(a) of this Agreement. As used in this Agreement, the term "Website" means an interactive electronic document, contained in a network of computers, linked by communications software, that you operate or authorize others to operate and that refers to the Franchise, the Marks, ALD and the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, you agree to the following:

(i) Before establishing the Website, you shall submit to us a sample of the Website format and information in the form and manner we may reasonably require;

(ii) You shall not establish or use the Website without our prior written approval;

(iii) In addition to any other applicable requirements, you must comply with our standards and specifications for Websites as prescribed by us in the Business Operations & Procedures Manual or otherwise in writing. You shall establish your Website as part of the ALD Website; and

(iv) If you propose any material revision to the Website or any of the information contained in the Website, you shall submit each such revision to us for our prior written approval.

8.5 Payment and Reports.

You agree to pay for all items purchased from us in accordance with this Agreement and the billing terms specified by us, make all other reports as might be requested from time to time relating to the exercise of the rights granted, pay fees in accordance with this Agreement, and promptly pay all other accounts or other indebtedness owed to us when due.

8.6 Use of Name, Etc.

You will allow us to use your name or photograph at any time for the purpose of any publication, circular, or advertisement.

8.7 Training and Convention Attendance.

You will attend and successfully complete our initial training program. We provide additional training programs concerning various aspects of the System, in order to operate a business in accordance with our standards. You and/or your manager will regularly avail yourself of the home study and other training made available to American Leak Detection Franchisees as

offered. New Franchisees will attend the American Leak Detection annual convention, typically held in October, each year consecutively for three (3) years, beginning with the first such annual convention following the execution of this Agreement; thereafter, attendance is recommended, but is optional.

If, whether as a result of observations, test results or otherwise during training or thereafter (including during operation of your American Leak Detection franchised business), we determine that it is appropriate for compliance with our standards, we may require that you and/or your manager re-attend and successfully complete training. Such training will be conducted at location(s) specified by us as we, on a reasonable basis, designate. We may charge a fee for any optional training programs. You will be responsible for all expenses incurred by you, your managers and employees in connection with all training programs, including wages, travel, meals, lodging, local transportation and other incidental expenses.

8.8 Quality Standards.

You recognize that it is essential to the proper marketing of the Services of the System, and to the preservation and promotion of its reputation and acceptance by the public at large, that uniform standards of quality be maintained. In connection with the operation of your American Leak Detection business, you agree that you will at all times sell, promote and offer for sale to the public, only and all Services designated by us and only in accordance with advertising, marketing, and quality standards specified by the Manuals or by us in writing unless our prior written consent has been obtained.

8.9 Certain of Our Rights, Supervision, Etc.

We will have the following rights:

(a) The right to review all projects initiated by you, including, but not limited to:

(i) The right to approve all contracts entered into by you;

(ii) The right to review and monitor projects; and

(iii) The right to order modification of the projects.

(b) The right to audit your financial records. Additionally, we will have the right to receive financial reports from you covering all projects undertaken by you.

(c) In the event a complaint is received by us from any consumer or the State Contractor's License Board, or any similar agency, we will have the right to receive and disburse all funds to which you are entitled under any contracts with consumers.

Our foregoing rights to audit, receive financial reports and receive and disburse funds as provided in (b) and (c) above will be limited to business conducted or required to be conducted by you as an American Leak Detection Franchisee.

For purposes of this subsection, "projects" will be defined as any and all contracts entered into by you in the course of your American Leak Detection business, including, but not limited to the following:

(i) Electronic leak detection of any kind;

(ii) Leak or pipeline repair of any kind;

(iii) Electronic pipeline locating of any kind.

8.10 Use of Marks.

With respect to your licensed use of the Marks, you agree that:

(a) You will use only the Marks designated by us and agree that any unauthorized or improper use thereof will constitute an infringement of our rights;

(b) You will use the Marks only for the operation of the franchised business and only at the approved location authorized hereunder, or in advertising for the business conducted at or from the approved location;

(c) Unless otherwise authorized or required by us, you will operate and advertise the Franchised Business only under the name permitted under this Agreement without prefix or suffix;

(d) During the term of this Agreement and any renewal hereof, you will identify yourself as the owner of the franchised business in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, and contracts, as well as at such conspicuous locations on the premises of the franchised business as we may designate in writing. The form and content of such identification will comply with standards set forth in the Manuals;

(e) You will not use the Marks to incur any obligation or indebtedness;

(f) You will not use the Marks as part of any corporate or other legal name;

(g) You will comply with our instructions in filing and maintaining requisite trade name or fictitious name registrations, and will execute any documents deemed necessary by us or our counsel to obtain protection for the Marks or to maintain their continued validity and enforceability;

(h) You will immediately notify us of any apparent or actual infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark, and you will not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate in connection with the foregoing, and the right to control

exclusively any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in our sole discretion, be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks. We will reimburse you for all reasonable out-of-pocket expenses incurred by you at our request with regard to the foregoing. If it becomes advisable at any time, in our sole judgment, for you to modify or discontinue the use of any of the Marks or use one or more additional or substitute trademarks or service marks, you will promptly comply (at your sole expense) with our directions to modify or otherwise discontinue the use of such Marks, or use one or more additional or substitute trademarks or service marks. We will not have any liability or obligation (whether of indemnity, expense reimbursement or otherwise) to you, and you agree to make no claim, for, or in connection with, such modification, discontinuance, substitution or otherwise, and/or any dispute regarding the Marks and/or your and/or our rights in and to them; and

(i) You understand that there is always a possibility that there might be one or more businesses, similar to the business covered by your Franchise, operating in or near the area(s) where you may do business, using a name and/or marks similar to ours and with superior rights to such name and/or marks as a result of prior use or otherwise. We strongly urge you to research this possibility, using telephone directories, local filings and other means, prior to your signing this Agreement, any other documents, expending or paying any sums or making any other commitments. You agree that you will make no claims against us and/or any affiliate of ours regarding or relating in any way to any such businesses, uses, rights or otherwise and/or any modification, discontinuance, substitution or otherwise related in any way thereto.

8.11 Manuals.

The Manuals will at all times remain our sole property, are only loaned to you during the term of this Agreement and must at all times be kept in a secure place at your office. We may from time to time revise the contents of the Manuals, and you will promptly comply with each new or changed standard. You must at all times ensure that your copies of the Manuals are kept current and up to date; and, in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by us will be controlling.

8.12 Office.

You will establish and maintain an office in your home or other location, which will be used primarily for conducting your ALD Business. Such office will be equipped with the furniture, equipment and supplies reasonably necessary to support such business by no later than two (2) weeks after the official opening of the franchised ALD Business. You will, at all times during the term of this Agreement, maintain the office space and all related facilities in good working order, sound condition and exhibiting a professional appearance. Compliance with all applicable zoning, licensing (professional and otherwise) and other legal requirements will be your obligation and responsibility.

8.13 Pro-Active Marketing Activity.

(a) You will utilize your best efforts to fully and diligently develop and service all available leak detection and repair business within the Operating Territory. You agree that you will, on an active and continuous basis, engage in direct sales solicitation and marketing activity in the Operating Territory, that the rights covered by this Agreement would not have been granted without such an explicit commitment by you and that success in the franchised business is largely a function of the time, skill and energy you (both personally and through your employees) devote to such active and continuous direct sales solicitation and marketing activities. You will continuously maintain high standards in the operation of the franchise, give prompt, courteous, efficient and ethical service to all customers and act in a competent and professional manner.

(b) In order to protect the integrity of the System, provide uniformity of service to all customers (including but not limited to national and/or regional accounts) and maximize revenues for each Franchisee, you will provide all products and services and use all equipment authorized by us. If, for any reason, you are unable or unwilling to offer a product or service, which has been authorized by us, you will identify another ALD Franchisee (acceptable to us) willing and able to provide such goods and services in the Operating Territory. If you cannot identify such a Franchisee, we may provide such goods and services ourselves or through an ALD Franchisee or subcontractor identified by us. In any event, you will share the revenues from such service with the entity providing them on a reasonable basis (billings to the customer to be from the entity providing the goods or services), any disputes to be resolved under the arbitration provisions of this Agreement. Nothing in this paragraph shall be construed to allow us to grant an additional franchise for an Office in the Operating Territory.

(c) At all times, you will fully cooperate with all ALD national account and other programs. We may condition your participation in any national, regional or other program, whether with suppliers, referral sources, customers or otherwise (including but not limited to any program involving payments from third party suppliers or otherwise), on, among other conditions, your being an ALD Franchisee in good standing and not in default under this and/or any other agreement with us and/or any affiliate of ours.

9. AGREEMENTS BY US

We agree as follows:

9.1 Initial Training.

We will make available a training program that may last six (6) weeks or more to include Business Operations and Procedures Training and Equipment and Production Training.

9.2 Manuals.

We will make available manuals concerning Equipment Training & Production, TOMA Marketing, Office Procedures & Administration, Customer Service, Human Resources,

QuickBooks, and Injury & Illness Prevention training. We will also provide a Warehouse Manual. These manuals will be loaned to you for the term of this Agreement.

9.3 Additional Training.

We will make available additional special training at our headquarters if requested by you in writing. Such training will be conducted at location(s) specified by us as we, on a reasonable basis, designate. You will be responsible for all expenses incurred by you, your managers and employees in connection with all training programs, including wages, travel, meals, lodging, local transportation and other incidental expenses.

9.4 Changes to the System.

We will, from time to time and as we reasonably determine, upgrade, improve and make available equipment, literature and Manuals as necessary and advisable for the benefit of American Leak Detection Franchises generally.

9.5 Suggestions.

We welcome suggestions from you. Each idea will be given consideration and then information regarding such will be made available to all franchises if found to be beneficial to the System.

9.6 Complaints.

In the event a complaint is received by us from any consumer or the State Contractor's License Board, or any similar agency, we will take the lead in dealing with that complaint but any resolution of such complaint will be your ultimate responsibility.

9.7 Motor Vehicles.

We will provide you with specifications for types of trucks, vans and other motor vehicles to be used in the operation of the franchised business and will provide you with specifications as to their required appearance, including paint scheme, logos, type styles, colors and designs, each of which you will comply with.

10. INDEPENDENT CONTRACTOR RELATIONSHIP

10.1 Independent Relationship; No Fiduciary Relationship.

It is understood and agreed that at all times under this Agreement, you are and will act as, an independent contractor. Each of your employees or agents will be employees or agents of you alone, you will have the sole right to employ, supervise, direct and discharge such employees and/or agents as you deem necessary in your sole discretion and you will not, at any time, directly or indirectly, hold yourself or any of your employees and/or agents out as an agent, servant or employee of ours or make any commitment, or incur any liability on our behalf. We have no right

to hire or fire any of your employees or agents or to exercise any control over any of them, all such rights being yours only. As an independent contractor you will control the manner and means of your day-to-day business operations. You and we agree that there does not exist any fiduciary, trust or similar relationship between you and us, that the relationship between you and us is a normal commercial relationship between independent business people intended for mutual but independent economic benefit and is not in any sense nor is intended to be a fiduciary, trust or similar relationship.

10.2 Responsibility, Indemnity, Etc.

(a) You will be responsible for any damage, loss or other claims arising out of your operations or in any way related to or arising out of your acts or omissions, whether related to you or your employees, agents, or representatives or otherwise arising. You will indemnify and hold harmless us, each of our stockholders, directors, officers, employees, consultants, attorneys, accountants and agents, and all persons and/or entities affiliated with or in any way related to us, from all fines, suits, proceedings, claims, demands, actions, loss, damage fees (including attorney's fees and related expenses) and/or other expense of any kind or nature, from whomsoever arising, or growing out of or otherwise connected with and/or related to your operations or any act or omission or yours or any of your employees or agents.

(b) Provided you are in compliance with this Agreement, we will indemnify and hold harmless you, each of your stockholders, directors, officers, employees, consultants, attorneys, accountants and agents, and all persons and/or entities affiliated with or in any way related to you, from all fines, suits, proceedings, claims, demands, actions, lawsuits, damage, fees (including attorney's fees and related expenses) and/or other expense of any kind or nature, from whomsoever arising, or growing out of or otherwise connected with and/or related to our operation or any act or omission of us or any of our employees or agents which occurs during the term of this Agreement, and which are caused by your strict compliance with our written directives or instructions, including, without limitation, the Manuals, in circumstances where it was not reasonably foreseeable that such strict compliance would cause such claims.

(c) WITH RESPECT TO ANY EQUIPMENT, PRODUCTS, SERVICES, GOODS OR SUPPLIES OTHERWISE PROVIDED BY US, OTHER THAN SPECIFIC WRITTEN WARRANTIES EXPRESSLY PROVIDED IN CONNECTION WITH SUCH ITEMS, SUCH ITEMS ARE PROVIDED WITHOUT ANY WARRANTIES BY US, EXPRESS OR IMPLIED, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED, NOR DO THERE EXIST ANY EXPRESS OR IMPLIED WARRANTIES AS TO THE DESIGN, CONDITION, CAPACITY, PERFORMANCE OR ANY OTHER ASPECT OF SUCH ITEMS OR THEIR MATERIAL OR WORKMANSHIP.

10.3 Insurance.

Prior to the opening of your business, and at all times during the term of this Agreement, you will, at your expense, keep in force (1) comprehensive general liability insurance, including products and completed operations coverage, in form, coverage and worthiness reasonably satisfactory to us, in the amount of not less than One Million Dollars ($1,000,000) Combined

Single Limit per occurrence for Bodily Injury and Property Damage and One Million Dollars ($1,000,000) aggregate per year for Bodily Injury and Property Damage, and (2) commercial automobile liability insurance, including hired and non-owned liability, in form, coverage and worthiness reasonably satisfactory to us, in the amount of not less than One Million Dollars ($1,000,000) for Bodily Injury and Property Damage per occurrence, in each case insuring you and us and all persons and entities affiliated with us against any liability which may accrue against them or any of them by reason of the ownership, maintenance, or operation by you of the franchised business. Said insurance will not be subject to cancellation or any material changes except after thirty (30) days written notice to us, and will provide that no failure of yours to comply with any terms, conditions, provisions or covenants of the contract or any other conduct of yours or your employees or agents will void or otherwise affect the protection under said policies afforded to us except upon such prior written notice. We will be included as an additional insured under said policies. Certificates of insurance reflecting full compliance with the requirements of this section will at all times be kept on deposit at our headquarters.

10.4 Workers' Compensation Insurance.

You will also keep in force Workers' Compensation Insurance as required by applicable law and provide us with satisfactory evidence of such coverage. If you utilize the services of an employee leasing (or similar) firm, you shall cause the employee leasing firm to maintain Workers' Compensation Insurance as required by applicable law.

10.5 Pricing Freedom.

You are free to set your own prices and discounts on all services and products that you provide.

10.6 Public Disclosure of Independence.

All of your advertising, brochures, signs, business cards, invoices, contracts, other information disseminated to the public and other items specified by us from time-to-time will contain the phrase "Each Office Independently Owned and Operated" or other designation of independence. Exceptions would include approved promotional and marketing items such as pens, hats, magnets, etc., where such language would not be readable.

11. TERMINATION; EXPIRATION; OPTION TO PURCHASE

11.1 Mutual Termination.

You and we may agree in writing at any time to terminate your and our rights and obligations under this Agreement.

11.2 Termination by You.

If you have fully complied with your obligations under this Agreement and all other agreements with us and we materially breach this Agreement, you may terminate this Agreement

if we do not cure such material breach within thirty (30) days after we receive a written notice of default from you, unless the breach cannot reasonably be cured within thirty (30) days, in which case you will have the right to terminate this Agreement if, after our receipt of a written notice of default from you, we do not promptly undertake and continue efforts to cure such material breach within a reasonable period of time, and furnish you reasonable proof of our efforts. Notwithstanding any termination (whether by you or us), rescission, expiration, setting aside/cancellation, etc. for any reason, you will continue to observe your confidentiality, non-competition and indemnity obligations under this Agreement and the provisions of Articles 7, 14 and 16 and Sections 11.4 and 11.5 will survive.

11.3 Termination by Us.

We may terminate your rights and our obligations under this Agreement in accordance with the following provisions:

(a) 30-Day Notice: We may terminate your rights and our obligations under this Agreement effective thirty (30) days after notice of termination to you on the occurrence of any of the following events and your failure to cure within such time period:

(i) You fail to submit when due reports or other data, information, supporting records, tax returns or financial statements; or

(ii) You fail to pay when due any royalties, promissory note payments, or other payments due to us; or

(iii) You engage in any conduct that may adversely affect the reputation of your American Leak Detection business or any other American Leak Detection Franchisees, or the goodwill associated with the Marks; or

(iv) You fail to pay when due any federal or state income, service, sales or other taxes arising from operation of your American Leak Detection business, unless you are in good faith contesting your liability for such taxes; or

(v) You fail to comply with any licensing or other legal requirements relating to your business; or

(vi) You do not complete to our satisfaction, or if you fail to attend, without good cause in our judgment, any recommended training program or conference; or

(vii) Your rights under this Agreement have not been assigned in accordance with its provisions within nine (9) months after death, or appointment of a committee or guardian of the person or estate of Franchisee, if you are an individual; or within nine (9) months after the death, insanity, or appointment of a committee or guardian of the person or estate of the principal shareholder, if the Franchisee is a corporation; or

(viii) You otherwise fail to comply with this Agreement or any other agreement between you and us or any aspect of the System.

(b) On Notice: We may terminate your rights and our obligations under this Agreement immediately on notice to you, and without any right to cure, if:

(i) You fail to make payment of any amounts due to us for royalties, promissory note payments, purchases, or for any other reason, on three (3) or more separate occasions, after we have notified you of such a failure to make a payment previously under Section 11.3 (a) above; or

(ii) You default under the terms of any promissory note you have given us; or

(iii) You abandon, surrender or transfer control of the operation of your Franchise or any significant portion of its assets or ownership without our advance approval or your ALD business fails to stay in continuous and active operation for a period of ten (10) or more consecutive days, except for reasonable vacations, injury or illness, strike, casualty or Acts of God which prevent you from normal operation of the business, provided that, in each case, you have made or make arrangements with another ALD Franchisee to adequately cover your business, such arrangements to be reasonably acceptable to us; or

(iv) You commit or have committed fraud or other misrepresentations (including, but not limited to, intentional under-reporting of sales to us and/or material misrepresentations and/or omissions by you in connection with the grant of any franchise); or

(v) You are convicted by a trial court of or plead no contest to a felony, or other crime or offense that is likely to adversely affect your reputation, our reputation, or the reputation of your ALD business or any other ALD Franchise; or

(vi) You make any unauthorized use of the Marks; duplicate or disclose the contents of the Manuals or any other Confidential and Proprietary Information provided to you by us, except to employees, attorneys and/or accountants as reasonably required and to the extent not inconsistent with the terms and purposes of this Agreement; or

(vii) A threat or danger to public health or safety results from the construction, maintenance, or operation of your franchise; or

(viii) An attempt is made to transfer any rights or obligations under this Agreement or any interest in the Franchisee to any third party without our prior written consent; or

(ix) You violate Section 7.5 of this Agreement; or

(x) You, after curing any default, commit the same or similar act of default again within ninety (90) days; or

(xi) Your assets, property or interests are "blocked" under any law, ordinance or regulation relating to terrorist activities or if you are otherwise in violation of any such law, ordinance or regulation.

11.4 Obligations After Termination or Expiration.

(a) Payment of Amounts Owed to Us. You agree to pay us, within seven (7) days after the effective date of termination or expiration of this Agreement, or any later date that the amounts due to us are determined, any royalties, amounts owed for your purchases from us, amounts due us under any promissory notes, interest or penalties due on any of the above, and all other amounts owed to us which are then unpaid. Also, you must pay us an amount equal to the applicable royalty for any business in process as of the date of termination or expiration.

(b) Marks. No later than seven (7) days after the termination or expiration of this Agreement, you must:

(i) not directly or indirectly at any time identify yourself or any business with which you are associated as a current or former Office, ALD franchise or ALD Franchisee;

(ii) not use any Mark or any colorable imitation of any Mark in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with us, except that for ninety (90) days after termination or expiration you may use invoices bearing the Marks to collect for work performed while you were an ALD Franchisee;

(iii) return to us, remove the Marks from, or destroy (whichever we specify) all forms and materials containing any Mark or otherwise relating to an Office;

(iv) take any action that may be required to cancel all fictitious or assumed name or other registrations relating to your use of any Mark;

(v) file all necessary documents to change your corporate name so that it does not include any of the Marks or anything similar to the Marks, including the name "American Leak Detection" or "ALD;" and

(vi) furnish to us, within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to us of your compliance with the above obligations.

(c) De-Identification. You agree to cease using our Marks and the System, and to completely remove or modify, at your sole expense, all identification as may be appropriate to disassociate your business from the image of an ALD Office, including but not limited to changing the exterior color scheme of your vehicle and equipment to effectively distinguish said items from their former appearance and from any other unit in the System. If you do not take such actions within thirty (30) days after notice from us, we have the right to enter the Office and make the required changes at your expense, and you agree to reimburse us for those expenses on demand.

(d) Confidential and Proprietary Information; Return of Manuals, etc. You agree that on termination or expiration of this Agreement you will immediately cease to use any of the Confidential and Proprietary Information, and will not use it in any business or for any other purpose. You further agree to immediately return to us your copies of the Manuals (such Manuals having only been loaned to you) and any other materials containing any of the Confidential and Proprietary Information, which we have loaned or otherwise provided to you.

(e) Certain Post-Term Restrictions. You (and each shareholder or partner of any corporation or partnership that is the Franchisee) agree that for a period of three (3) years after the effective date of any transfer, termination or expiration of this Agreement, or the date on which you stop operating your American Leak Detection business, whichever is later, neither you, nor any member of your immediate family, nor any such shareholder or partner will directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, consultant, agent, contractor, employer, affiliate, partner, owner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, (1) solicit, divert, take away, or interfere with any of the business, customers, clients, contractors, trade or patronage of ours, our associates or any of our Franchisees and/or (2) provide services similar to those then provided by ALD Franchisees (including but not limited to plumbing leak detection and related repair and other related services) within (a) the Operating Territory, (b) fifty (50) miles of where you have rendered services as an ALD Franchisee and/or (c) twenty-five (25) miles of any then-current ALD Franchisee. If the time period, geographical coverage or other scope of such restrictions is found to be unenforceable for any reason, then such restrictions will be modified to provide the maximum restrictions that are legally enforceable. The time period of the competitive restrictions described above will be extended by any length of time in which you or any of your associates, successors or assigns or any other party described above is in breach of any provision of this Agreement (including the limitations of this section). The provisions of this section will continue in full force and effect through the duration of the extended time period.

(f) Continuing Obligations. All obligations of yours under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement (including any indemnification, confidentiality and non-competition obligations) will continue in full force and effect after and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire.

(g) Transfer of Telephone Number, etc. You acknowledge that we have the right to all telephone service, numbers, listings and advertising (the "Telephone Service") with respect to the franchised business and that any direction by us is conclusive evidence of our rights in and to such Telephone Service and our authority to direct their transfers. You agree that, on our request, you will execute such documents and do all other acts as may be required by us to effect a transfer to us or such person(s) as we designate of all Telephone Service, provided that we shall hold such documents until termination of your rights under, and/or expiration of, this Agreement. You agree to pay any amounts due and payable at the time of such transfer, termination or expiration of this Agreement.

11.5 Purchase of Any or All of the Assets of the Franchise at Fair Market Value at Termination or Expiration.

(a) On termination of your rights and our obligations under this Agreement by us as permitted under this Agreement; upon termination of this Agreement by you as permitted under this Agreement, or upon expiration of this Agreement (without any renewal franchise being granted), we have the option (but no obligation), exercisable by giving written notice any time prior to ninety (90) days after the effective date of such expiration or termination, to purchase from you any or all of the items we (or any affiliate of ours) have sold or leased to you (including but not limited to the Equipment and Products Package and any patented equipment we sell to you); provided that we may exclude from the assets to be purchased any items not meeting our standards. We have the unrestricted right to assign this option to purchase.

(b) We may exercise the option to purchase during the period from thirty (30) days prior to termination or expiration up to and including ninety (90) days after termination or expiration.

(c) We will be entitled to all customary terms, warranties and representations in connection with such asset purchase, including, without limitation, representations and warranties as to ownership, condition and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and liabilities, contingent or otherwise and you (and each owner of the business) will provide us with a non-competition agreement and a release of all claims, known or unknown, which you may then have or may thereafter have against any or all of the Franchisor-Related Persons/Entities, reasonably satisfactory to us. The purchase price for such assets will be fair market value, determined in a manner consistent with reasonable depreciation of all items, provided that the purchase price will not contain any factor or increment for any goodwill, franchise rights, trademark, service mark or other commercial symbol used in connection with the operation of the franchised business, and further provided that we may exclude from the assets purchased hereunder any items not meeting our standards or desired by us.

(d) We will receive a credit against the purchase price for all sums owed to us on the date of exercise or thereafter.

(e) If you and we are unable to agree on the fair market value of the assets, the fair market value will be determined by an independent appraiser selected by you and us. If together we are unable to agree on an appraiser, you and we shall each select one appraiser, who shall select a third appraiser, and the fair market value shall be deemed to be the average of the three (3) independent appraisals.

(f) Closing and payment for such assets will take place no later than sixty (60) days after receipt by you of notice of exercise of this option to purchase, at which time you will deliver instruments transferring to us or our assignee: (1) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee) with all sales and other transfer taxes paid by you; (2) all licenses and permits related to the franchised business which may be assigned or transferred; and (3) the lease or sublease for any office. In the event that you cannot deliver clear title to all of the

purchased assets, or in the event there are other unresolved issues, the closing of the sale will be accomplished through an escrow.

(g) You and we will, prior to closing, comply with the applicable bulk sales provisions of the Uniform Commercial Code of the state in which the franchised business is located. We will have the right to set off against the assets any obligations assumed by us. If we or our assignee exercises this option to purchase, pending the closing of such purchase as hereinabove provided, we will have the right to appoint a manager to maintain the operation of the franchised business or we may require you to keep the franchised business in full operation. You will maintain in force all insurance policies required pursuant to this Agreement, until the date of closing.

(h) If such option is exercised, you will remain responsible for, and indemnify and hold us harmless against, all obligations incurred in connection with the business or otherwise. You agree to furnish us with a complete list of delinquent accounts within ten (10) days of our notice of intent to exercise this option. We may (but are not required to) pay these delinquent bills directly to the parties owed and deduct them from the purchase price in lieu of paying such portion of the purchase price directly to you.

11.6 Cross-Default.

Any default by you under this Agreement may, at our option, be deemed a default by you under any and/or all other agreement(s) between you and us (and/or any affiliate of ours, including any profit sharing trust) and any default by you under any and/or all other agreement(s) between you and us (and/or any affiliate of ours, including any profit sharing trust) may, at our option, be deemed a default under this Agreement, in each case with us (and/or any affiliate of ours, including any profit sharing trust) to have all remedies allowed at law, including termination of your rights and our obligations.

12. NOTICES

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

(a) at the time delivered by hand;

(b) one (1) business day after transmission by facsimile, telecopy or other electronic system;

(c) two (2) business days after being placed in the hands of a commercial courier service (e.g. Federal Express®) for next business day delivery; or

(d) three (3) business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: American Leak Detection, Inc.
P. O. Box 1701
888 Research Drive, Suite 100
Palm Springs, California 92262
Attention: President

If to You: _____
_____
_____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten (10) business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior to such date, or in which the receipt from the commercial courier service is not dated prior to two (2) days prior to such date) will be deemed delinquent.

13. CONSTRUCTION

13.1 Survival of Provisions.

If any provision of this Agreement is found invalid, all other provisions will remain in full force and effect.

13.2 Validity.

This Agreement will become valid as of the effective date but only upon execution and acceptance by us at our headquarters.

13.3 Severability; Substitution of Valid Provisions.

Except as otherwise stated in this Agreement, each provision of this Agreement, and any portion of any provision, is severable and the remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with governing law if any applicable law requires: (a) a greater time period for notice of the termination of, or refusal to renew, this Agreement; or (b) the taking of some other action not described in this Agreement. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable and you will be bound by the modified provisions.

13.4 Waivers.

Our waiver of any breach(es) under this or any other agreement (whether by failure to exercise a right available to us, failure to insist on strict compliance with the terms of any

agreement, development of a custom or practice which is at variance with the terms of any agreement, acceptance of partial or other payments or otherwise) will not affect our rights with regard to any later or other breach by you or anyone else. The rights and remedies provided in this Agreement are cumulative and we will not be prohibited from exercising any rights or remedies provided under this Agreement or permitted under law or equity.

13.5 Attorney's Advice.

Each party acknowledges and represents that, before signing this Agreement, such party has had the opportunity (and is strongly advised) to seek advice from an independent attorney specializing in franchise law of his/her own choosing, and that such party has read and understood all of the terms and provisions of this Agreement. In the event of any dispute relating to this Agreement or otherwise, the parties shall be deemed to have had equal access to legal advice and have drafted this Agreement in equal parts, and that no presumptions or inferences concerning its terms and interpretations may be construed against any party by reason of its preparation or word processing.

13.6 Choice of Laws.

Except as provided elsewhere in this Agreement (for example, with regard to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1, et seq. and the effect of federal preemption of state law by such Act), you and we agree that the laws of the state where your Operating Territory is located shall govern this Agreement and all other matters concerning you and us.

14. DISPUTE AVOIDANCE AND RESOLUTION

14.1 Arbitration.

EXCEPT FOR CONTROVERSIES, DISPUTES OR CLAIMS RELATED TO OR BASED ON, AT ALD'S OPTION, FRANCHISEE'S USE OF THE MARKS, OR ANY RIGHTS TO OBTAIN POSSESSION OF ANY REAL AND/OR PERSONAL PROPERTY (INCLUDING ANY ACTION IN UNLAWFUL DETAINER, EJECTMENT OR OTHERWISE); ALL CONTROVERSIES, DISPUTES OR CLAIMS BETWEEN ALD AND ITS SUBSIDIARIES, AFFILIATES, SHAREHOLDERS, OFFICERS, DIRECTORS, MANAGERS, AGENTS AND EMPLOYEES AND FRANCHISEE (AND ITS OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) ARISING OUT OF OR RELATED TO:

(a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN ALD AND FRANCHISEE OR ANY PROVISION OF ANY SUCH AGREEMENT;

(b) ALD'S RELATIONSHIP WITH FRANCHISEE;

(c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISEE AND ALD OR ANY PROVISION OF ANY SUCH AGREEMENT; OR

(d) ANY STANDARD, SPECIFICATION OR OPERATING PROCEDURE RELATING TO THE ESTABLISHMENT AND OPERATION OF THE FRANCHISE WILL BE SUBMITTED TO AND RESOLVED BY BINDING ARBITRATION BEFORE AND IN ACCORDANCE WITH THE ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA") PURSUANT TO THE THEN CURRENT FRANCHISING ARBITRATION RULES, IF ANY, OTHERWISE THE THEN CURRENT COMMERCIAL ARBITRATION RULES OF AAA. ANY AND ALL ARBITRATION WILL BE CONDUCTED AT THE OFFICE OF AAA, WHICH IS LOCATED CLOSEST TO CLAIMANT. ALL MATTERS OF ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. § 1, ET SEQ.) AND NOT BY ANY STATE ARBITRATION LAW.

THE ARBITRATOR WILL HAVE THE RIGHT TO AWARD OR INCLUDE IN THE AWARD ANY RELIEF WHICH THE ARBITRATOR DEEMS PROPER IN THE CIRCUMSTANCES, INCLUDING, WITHOUT LIMITATION, MONEY DAMAGES (WITH INTEREST ON UNPAID AMOUNTS FROM THE DATE DUE), SPECIFIC PERFORMANCE, INJUNCTIVE RELIEF AND ATTORNEY'S FEES AND COSTS, PROVIDED THAT THE ARBITRATOR WILL NOT HAVE THE RIGHT TO DECLARE ANY MARK GENERIC OR OTHERWISE INVALID OR, EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, TO AWARD EXEMPLARY OR PUNITIVE DAMAGES. THE AWARD AND DECISION OF THE ARBITRATOR WILL BE CONCLUSIVE AND BINDING UPON ALL PARTIES HERETO, AND JUDGMENT UPON THE AWARD MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION.

AMERICAN LEAK DETECTION AND YOU AGREE TO BE BOUND BY THE PROVISIONS OF ANY LIMITATION ON THE PERIOD OF TIME IN WHICH CLAIMS MUST BE BROUGHT UNDER APPLICABLE LAW OR THIS AGREEMENT, WHICHEVER EXPIRES EARLIER. YOU AND WE FURTHER AGREE THAT, IN CONNECTION WITH ANY SUCH ARBITRATION PROCEEDING, EACH MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY SUCH CLAIM WHICH IS NOT SUBMITTED, OR FILED AS DESCRIBED ABOVE WILL BE FOREVER BARRED.

YOU AND WE AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, AND NOT A CLASS-WIDE BASIS, AND THAT AN ARBITRATION PROCEEDING BETWEEN US (OR ANY RELATED ENTITIES) AND YOU (AND OR YOUR OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING

BETWEEN THEM AND ANY OTHER PERSON, CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP, EXCEPT AS PROVIDED BY SECTION 14.2 BELOW.

FOR DISCOVERY PURPOSES, EACH PARTY AGREES TO PRODUCE UP TO TWO DEPONENTS FOR PRE-HEARING DEPOSITIONS, WHICH DEPOSITIONS SHALL NOT EXCEED ONE DAY (NOT TO EXCEED EIGHT HOURS) OF DEPOSITION TESTIMONY FOR EACH DEPONENT.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECTION, YOU AND WE EACH HAVE THE RIGHT IN A PROPER CASE TO OBTAIN TEMPORARY RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION; PROVIDED, HOWEVER, THAT YOU AND WE MUST CONTEMPORANEOUSLY SUBMIT THE DISPUTE FOR ARBITRATION ON THE MERITS AS PROVIDED HEREIN EXCEPT AS OTHERWISE PROVIDED IN THE FIRST PARAGRAPH OF THIS SECTION.

THE PROVISIONS OF THIS SECTION ARE INTENDED TO BENEFIT AND BIND CERTAIN THIRD PARTY NON-SIGNATORIES AND WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

14.2 System-Wide Mediation of Certain Disputes.

Notwithstanding the provisions of this Section 14 barring class action or multi-party arbitrations, the parties hereto agree that disputes related to the following may, prior to individual arbitration proceedings, first be submitted to confidential non-binding mediation at the option of either party:

(a) Changes or proposed changes to future forms of the Franchise License Agreement; and

(b) Changes or proposed changes to System Standards and Identity; and

(c) Changes or proposed changes to the Equipment Package.

All such mediation shall be conducted at ALD's headquarters. This procedure shall be available in such event where a total of ten (10) ALD Franchisees representing no less than three (3) ALDAC regions request this procedure.

14.3 Litigation, Venue.

Without in any way limiting or otherwise affecting your and our obligations regarding binding arbitration, you and we agree that any judicial action arising out of or relating to the Agreement may be brought in a court of competent jurisdiction in the home jurisdiction of the

plaintiff. You (and/or each owner) and we agree to submit to the jurisdiction of such courts and waive any objection either of us may have to either the jurisdiction of or venue in such courts.

14.4 Limitation of Damages.

Except as to claims for indemnification pursuant to the terms of this Agreement, in any arbitration, litigation or otherwise, you and we each waive our rights to punitive, exemplary, multiple, pain-and-suffering, mental distress or similar damages and agree that each of us may only recover actual financial losses.

14.5 Prior Notice of Claims by You.

Prior to you taking any legal or other action against us and/or involving any person/entity related in any way to us, whether for arbitration, damages, injunctive, equitable or other relief (including but not limited to rescission), based on any alleged act or omission of ours, you will first give us and/or such person/entity thirty (30) days prior written notice and opportunity to meet with you or your representative to resolve any differences between you (and/or your owners) and us. In the event that we are unable to resolve such differences, all Claims shall be submitted to arbitration subject to the terms of Section 14.1.

14.6 Periods in Which to Make Claims.

Except with regard to your (or your owners') obligations to make payments to us pursuant to this Agreement or any other agreements between you and us, any and all claims arising out of or relating to the Agreement or the relationship between you and us shall be barred unless an action or proceeding is commenced within two (2) years from the date on which you (or your owners) or we knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to such claims.

The foregoing limitations may, where brought into effect by our failure to commence an action within the time periods specified, operate to exclude our right to sue for damages but will in no case, even upon expiration or lapse of the periods specified or referenced above, operate to prevent us from terminating your rights and our obligations under this Agreement as provided herein and under applicable law nor prevent us from obtaining any appropriate court judgment, order or otherwise which enforces and/or is otherwise consistent with such termination.

14.7 Withholding Consent.

In no event will you make any claim, whether directly, by way of set-off, counter-claim, defense or otherwise, for money damages or otherwise by reason of any withholding or delaying of any consent or approval by us and/or any person/entity related in any way to us. Your sole remedy for any such claim is to submit it to arbitration as described in this Agreement and for the arbitrator to order us to grant such consent.

14.8 Survival.

Each provision of Articles 7, 14 and 16 and Sections 11.4 and 11.5 continues in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation or recession of this Agreement for any reason.

14.9 Binding Effect.

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified, amended, supplemented or otherwise changed except by written agreement signed by both us and at least one of the Franchisees, the signature of any one Franchisee operating to bind all other Franchisees. The obligations of the Franchisees shall be joint and several under this Agreement and all other documents.

15. AMENDMENT AND APPROVAL

Any modification to or change in this Agreement must be in writing and signed by each of the parties thereto (except for revisions to the Manuals), and this Agreement and any modification or change thereto must be approved in writing by American Leak Detection, Inc. before this Agreement or any modification or change can take effect or bind either party. No American Leak Detection, Inc. franchisee, and no franchise broker, franchise salesperson, franchise or other consultant or other field representative of American Leak Detection, Inc. has the right or authority to make oral or written representations, promises, additions, or modifications to this Franchise License Agreement. Any such representations will not be binding upon either party hereto.

16. ENTIRE AGREEMENT

This agreement (together with any concurrently executed written personal guarantees of you, STATEMENT OF PROSPECTIVE FRANCHISEE signed by you, and/or schedules, addenda, promissory note(s), security agreement(s), or other documents signed by you and us, all of which will be deemed a part of this agreement) sets forth the entire agreement and understanding of the parties in respect of the transactions contemplated hereby and supersedes all prior agreements, arrangements and understandings related to the subject matter hereof. No representation, promise inducement or statement of intention has been made by us or by you that is not embodied in this Agreement. Neither you nor we have relied upon, or shall be bound by or liable for, any alleged representation, promise, inducement or statement of intention (written or otherwise) not so set forth, except for or other than those contained in the Franchise Disclosure Document. Nothing in this Agreement or any related agreement is intended to disclaim nor shall it disclaim any representations made by American Leak Detection, Inc. in its Franchise Disclosure Document.

Intending to be bound, you and we sign and deliver this Agreement effective on the day and year first above written.

AMERICAN LEAK DETECTION, INC.

By _____
Name: _____
Its: _____

Franchisee is an individual:

_____
_____

Franchisee is a corporation:

_____

By _____
_____
Its _____

Franchisee is a partnership:

_____
_____

_____
_____

EXHIBIT

"EQUIPMENT PACKAGE"

electronic leak and pipe locating devices, microphones, headphones and probes

metallic and non-metallic pipe locators and signal generators

electronic equipment chargers

assorted pool plugs, inducers, compressed air tanks, regulating gauges

sewer camera with video, boroscope and infrared thermometer

LeakVue™

EXHIBIT A-1

ADDENDUM RELATING TO EXISTING FRANCHISEES

ADDENDUM RELATING TO EXISTING FRANCHISEES

TO BE USED ON RENEWAL OF FRANCHISE LICENSE AGREEMENT

In connection with the renewal of the American Leak Detection® Franchise held by the undersigned Franchisee, this document will confirm that, henceforth, the relationship between the undersigned Franchisees and ALD Parties, defined below, shall be governed solely by the Franchise License Agreement, together with this Addendum, effective (the "Effective Date_____"). All previous and other understandings, franchise license agreements, other agreements and otherwise are no longer in force or effect.

W I T N E S S E T H:

WHEREAS, American Leak Detection, Inc. ("ALD") granted some or all of the undersigned a franchise for the operation of an American Leak Detection office (the "Franchise") under the terms and conditions of a franchise license agreement dated _____(franchise license agreement_____) (the "Franchise License Agreement");

WHEREAS, ALD and the undersigned desire to renew the Franchise License Agreement; and

WHEREAS, ALD and the undersigned have agreed to such renewal of the Franchise License Agreement subject to the terms and conditions of this Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, ALD and the undersigned agree as follows:

1. Recitals. The above recitals are incorporated herein by reference.

2. Renewal of Franchise License Agreement. As of the Effective Date, the Franchise License Agreement is renewed.

3. Continuing Obligations. Notwithstanding the termination of the Franchise License Agreement, all of the undersigned's obligations under the terminated Franchise License Agreement prior to the Effective Date, including, but not limited to, all financial obligations and those covenants in the Franchise License Agreement intended to survive the termination of the Franchise License Agreement (by way of illustration and not limitation, those covenants relating to confidentiality, non-competition and indemnification) shall continue to be obligations of and covenants binding upon the undersigned.

4. Release.

a. As used herein, the following terms have the following meanings:

(i) "Releasing Parties" means the undersigned, individually and on behalf of and including their franchised entity, as well as any subsidiaries, affiliates and related entities and all of their respective past, present and future officers, directors, shareholders, principals, employees, agents, representatives, predecessors, successors and assigns.

(ii) "ALD Parties" means American Leak Detection, Inc., American Leak Detection Holding Corp., Plain Sight Systems, Inc., all of their affiliated and related entities, and all of their respective past, present and future officers, directors, shareholders, employees, agents, representatives, predecessors, successors and assigns.

(iii) "Claims" means any and all complaints, claims, liabilities, damages, losses, injuries, actions, causes of action, suits, debts and expenses (including without limitation attorney fees) of every nature, kind, or description whatsoever, whether known or unknown, suspected, or unsuspected, vested or contingent, direct or indirect, which the Releasing Parties have or may have, arising out of any matter, fact, event, omission, or occurrence whatsoever, including, without limitation, any Claim relating to the Franchise, the Franchise License Agreement, related agreements, any and all correspondence, representation, certification, warranties, promises, or acts made in reliance upon any one or more of the same, and/or all other relationships which any Releasing Party has or had with any ALD Party.

b. The Releasing Parties release and forever discharge the ALD Parties from all Claims occurring or omitted prior and up to the Effective Date.

c. The undersigned expressly intend that this release be as broad as permitted by law.

d. The undersigned warrant and represent that he/she/it/they have not sold, assigned, granted or transferred to any other person, firm or concern, any Claim subject to this Agreement.

e. This Agreement may be pleaded as a full and complete defense to, and may be used as a basis for an injunction against, any action at law, proceeding in equity, or any other judicial or non-judicial proceeding that a Releasing Party, or any other person or entity claiming an interest in the subject matter of this Agreement, may initiate, prosecute, maintain, or continue to maintain or prosecute in breach hereof.

5. Waiver of Rights Under Section 1542. The undersigned expressly understand and agree that the releases in this Agreement extends to all Claims and the undersigned expressly waive all rights and benefits granted under Section 1542 of the California Civil Code, and any successor provision, which reads as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

6. Entire Agreement. This Agreement represents the entire agreement of the parties regarding the subject matter hereof.

7. Acknowledgement. The undersigned, in executing this Agreement, represent(s) that it, he, she and/or they have carefully read it, know the contents thereof, and execute it voluntarily and with full knowledge of its significance.

8. Miscellaneous. This Agreement shall be governed by the laws of the State of California and interpreted under California law, without reference to its conflicts of laws provisions. Any action between the parties concerning this Agreement shall be brought in the federal court covering the location at which ALD has its principal place of business at the time the action is commenced or, if the federal court would not have subject matter jurisdiction, the state court within the judicial district in which ALD has its principal place of business at the time the action is commenced. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

The "Undersigned"

_____

_____, individually

_____

_____, individually

AMERICAN LEAK DETECTION, INC.,
a California corporation

By _____
Name: Robert R. Knell
Its: Managing Director

EXHIBIT A-2

GUARANTEE

GUARANTEE

As an inducement to American Leak Detection, Inc. ("*ALD*") to execute the Franchise License Agreement with_____("*Franchisee*") dated_____, and in consideration of ALD executing the Franchise License Agreement with Franchisee and other consideration, the receipt of which is hereby acknowledged, Guarantors jointly and severally agree as follows:

1. Guarantors shall pay or cause to be paid to ALD all monies payable by Franchisee to ALD and its affiliated and related entities (hereafter, collectively, "Franchise License Agreement Obligations"), without right of set-off, on the date and in the manner required for payment.

2. Guarantors unconditionally guarantee full performance and discharge by Franchisee of all Franchise License Agreement Obligations on the date and times and in the manner required.

3. Guarantors agree to be personally bound by the covenants set forth in Sections 7 (Confidential Information, Exclusive Relationship, Etc.) and 11.4 (Obligations after Termination or Expiration) of the Franchise License Agreement.

4. Guarantors shall indemnify and save harmless ALD and its affiliates, and their respective shareholders, directors, employees, and agents, against and from all losses, damages, costs, and expenses which ALD and its affiliates may sustain, incur, or become liable for by reason of:

a. Franchisee's failure to pay the monies payable pursuant to the Franchise License Agreement Obligations or to do and perform any other act, matter, or thing required by the Franchise License Agreement; or

b. Any action by ALD to obtain performance by Franchisee of any act, matter, or thing required by the Franchise License Agreement.

5. ALD shall not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Guarantors herein set out, and the enforcement of such obligations may take place before, after, or contemporaneously with, enforcement of any debt or Franchise License Agreement Obligations of Franchisee.

6. Without affecting the Guarantors' obligations under this Guarantee, ALD, without notice to the Guarantors, may extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Guarantors waive notice of amendment of the Franchise License Agreement and notice of demand for payment or performance by Franchisee.

7. This Guarantee shall terminate upon the termination or expiration of the Franchise License Agreement, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination shall remain in full force

and effect until satisfied or discharged by the Franchisee or the Guarantors, and all covenants which by their terms continue in force after the expiration or termination of the Franchise License Agreement shall remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such Guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Guarantors will continue in full force and effect.

8. The interpretation and enforcement of this Guarantee shall be governed by the terms and conditions of the Franchise License Agreement, including, without limitation, those set forth in Section 13. Additionally, the provisions of Section 12 of the Franchise License Agreement shall apply to any notice to either party, except that notice to Guarantors shall be provided as follows:

_____

_____

_____

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Franchise License Agreement.

WITNESSES: GUARANTORS:

_____ _____

_____ _____

Countersigned:

AMERICAN LEAK DETECTION, INC.

By_____
Name: Robert R. Knell
Its: Managing Director
Franchise _____

EXHIBIT B

LIST OF STATE AGENCIES, AGENTS FOR SERVICE OF PROCESS, AND STATE EFFECTIVE DATES

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS, AND
STATE REGISTRATION EFFECTIVE DATES

Listed here are the names, addresses, and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We might not yet be registered to sell franchises in all of these states.

CALIFORNIA

Department of Business Oversight
Toll Free: 1 (866) 275-2677

Los Angeles
Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento
1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Diego
1350 Front Street
San Diego, California 92101-3697
(619) 525-4233

San Francisco
One Sansome Street, Suite 600
San Francisco, California 94105
(415) 972-8559
Effective Date:

HAWAII

(State Administrator)
Business Registration Division
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

(Agent for Service of Process)
Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722
Effective Date:

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465
Effective Date:

INDIANA

(State Administrator)
Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(Agent for Service of Process)
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531
Effective Date:

MARYLAND

(State Administrator)
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(Agent for Service of Process)
Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360
Effective Date:

MICHIGAN

(State Administrator)
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
(517) 373-7177

(Agent for Service of Process)
Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909
Effective Date:

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 539-1600
Effective Date:

NEW YORK

(State Administrator)
New York State Department of Law
Investment Protection Bureau
120 Broadway
New York, New York 10271
(212) 416-8000

(Agent for Service of Process)
Secretary of State of New York
99 Washington Avenue
Albany, New York 12231
(518) 474-4750
Effective Date:

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712
Effective Date:

OREGON

Department of Business and Consumer Services
Division of Finance and Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, Rhode Island 02920
(401) 462-9588
Effective Date:

SOUTH DAKOTA

Department of Labor and Registration
Division of Securities
124 S Euclid, Suite 104
Pierre, SD 57501
(605) 773-4823
Effective Date:

VIRGINIA

(State Administrator)
State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

(Agent for Service of Process)
Clerk, State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9733
Effective Date:

WASHINGTON

(State Administrator)
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

(Agent for Service of Process)
Director
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
Effective Date:

WISCONSIN

Wisconsin Department of Financial Institutions
Division of Securities
345 West Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-1064
Effective Date:

EXHIBIT C

NON-DISCLOSURE AGREEMENT

NON-DISCLOSURE AGREEMENT

This Non-Disclosure Agreement is entered into between American Leak Detection, Inc. and its affiliated and related entities (hereafter, "Disclosing Party") and _____ (hereafter, "Receiving Party") and is dated _____, 20___.

Whereas, Receiving Party is interested in becoming an American Leak Detection franchisee ("Purpose");

Whereas, Receiving Party may be provided with "Confidential Information" as defined below in connection with the Purpose.

Now, therefore, for valuable consideration, the parties agree:

1. Definition of "Confidential Information"

"Confidential Information" shall include any and all information of Disclosing Party provided to Receiving Party, including, without limitation, technical and non-technical information, (regardless of whether such information is protectable under copyright, patent or trade mark and/or trade secret doctrine), including, without limitation:

a. copyright, trade secrets and proprietary information;

b. the American Leak Detection system and its know-how related to its use;

c. advertising, marketing and promotional programs for American Leak Detection franchises;

d. any computer software programs we recommend for use in Offices and the hardware specifications for running such software;

e. the terms and conditions of our agreements with preferred suppliers;

f. methods, techniques, formats, specifications, standards, systems, procedures, equipment, information, sales and marketing techniques, and knowledge of and experience in the development, operation, and franchising of American Leak Detection franchises, including but not limited to its product and service offerings;

g. information learned during training, field visits and information contained in training materials, programs and conference materials designed for franchisees and personnel of American Leak Detection franchises;

h. all information contained in and contents of all Manuals and Intranet sites;

i. knowledge of operating results and financial information and performance of American Leak Detection and/or any of its franchisees;

Confidential Information may be communicated in written, visual, electronic or oral form.

Although certain information or technology included in the Confidential Information may be generally known in the relevant industry, the fact it is used by Disclosing Party and how it is used by Disclosing Party may not be known and therefore constitutes Confidential Information. Receiving Party also acknowledges and agrees that the fact that various fragments of information or data may be generally known in the relevant industry does not mean that the manner in which the information and data is combined and results of such combination are known, and therefore such combination and results constitute Confidential Information.

Confidential Information shall not include information that:

a. was legitimately in the Receiving Party's possession or was legitimately known to the Receiving Party prior to receipt from Disclosing Party in the form in which it was received from Disclosing Party; or

b. is or becomes public knowledge without the fault of the Receiving Party; or

c. is or becomes rightfully available to the Receiving Party without confidential restriction from a source that is not bound by the obligation of confidentiality and not under Disclosing Party's control; or

d. is to be disclosed by court order or as otherwise required by law or regulatory authority; provided, however, that in such case the Receiving Party will give notice to any such disclosure to Disclosing Party prior to the disclosure.

2. Valuable Asset

The Receiving Party acknowledges the Confidential Information is a valuable asset of the Disclosing Party.

3. Use

The Receiving Party may only use the Confidential Information as directed by and only in connection with the Purpose. Receiving Party shall not use the Confidential Information for any other purpose, including, without limitation, (a) for its own purposes; and/or (b) for the purposes of helping or assisting any third party or competitors.

4. Treatment of Confidential Information

Receiving Party will hold the Confidential Information in the strictest confidence and ensure all reasonable security precautions in the safekeeping of the Confidential Information. Receiving Party will not copy, reproduce or reduce to writing any part thereof except as may be reasonably necessary. Receiving Party will maintain all confidential or proprietary markings placed upon or contained within the Confidential Information of the Disclosing Party, and will refrain from removing, destroying or rendering illegible any such markings.

5. Return of Confidential Information

Receiving Party will return all Confidential Information received in any tangible form to the Disclosing Party as requested by Disclosing Party. Additionally, Receiving Party will certify in writing to the Disclosing Party that the terms of this Agreement have been complied with upon request or upon termination.

6. Ownership

The Confidential Information is and shall remain the sole and exclusive property of the Disclosing Party.

7. No Commitment of Further Relationship

While the parties currently intend to enter into a franchise relationship, this Agreement shall not commit any party to enter into a business relationship with the other absent separate agreement between them.

8. No Warranty

ALL CONFIDENTIAL INFORMATION IS PROVIDED "AS IS." DISCLOSING PARTY MAKES NO WARRANTIES, EXPRESS, IMPLIED OR OTHERWISE REGARDING ITS ACCURACY, COMPLETENESS OR PERFORMANCE.

9. No Licensing or Other Rights

Nothing is this Agreement is intended to grant nor does it grant Receiving Party any licensing or rights to under any patent, copyright or other intellectual property of Disclosing Party.

10. Term

The obligations of Receiving Party shall survive until such time as the Confidential Information becomes publicly known and/or generally available through no action or inaction of the Receiving Party.

11. Entire Understanding

This Agreement constitutes the entire understanding between the Parties on this subject matter and supersedes any oral or written agreements which may have been entered into between them on disclosure of Confidential Information.

12. Severability

If any provision of this Agreement is found by any court of competent jurisdiction to be invalid or enforceable, the invalidity or unenforceability of such provision shall not affect the other provisions of this Agreement which shall remain in full force and effect. Where relevant, the parties shall use their reasonable endeavours to find a new stipulation resembling the invalid one in its commercial consequences as much as possible.

13. Non-Assignability

No party to this Agreement shall assign any of its rights or obligations hereunder.

14. Counterparts

This Agreement may be signed in any number of counterparts and/or via facsimile transmission with the same effect as if the signature to each were upon the same Agreement.

15. Waiver

The failure of Disclosing Party to enforce any rights resulting from any breach of any term or provision of this Agreement by Receiving Party will not be deemed a waiver of any right relating to a subsequent breach of such provision or of any other right hereunder.

16. Remedies

Receiving Party acknowledges that damages alone would not be an adequate remedy for any breach by it of the provisions of this Agreement and, accordingly, without prejudice to any and all other rights and remedies that the Disclosing Party might have, the Receiving Party acknowledges that the Disclosing Party shall be entitled to seek without proof of specific damage to the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach of the provisions of this agreement.

17. Governing Law

The validity and interpretation of this Agreement shall be governed by the laws of the State of California exclusive of its conflict of law rules. Any claim arising under this Agreement shall be prosecuted in a federal or state court of competent jurisdiction located

in Riverside County, California and the parties consent to the jurisdiction of such court and to the service of process by mail.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year herein above written:

"RECEIVING PARTY"	"DISCLOSING PARTY"
_____	AMERICAN LEAK DETECTION, INC.
_____	By_ Name: _____
	Its: _____

EXHIBIT D

MANUALS – TABLE OF CONTENTS

AMERICAN LEAK INTRANET (ALI)

Table of Contents

What is ALI? 1

Your First Log-In 2

Working With Your Profile 3

Announcements 4

Documents 5

Forums 6

Email Notification of Recent Posts 7

Using ALI Email 8

Warehouse Ordering 9

Team Member Directory 10

Lead Generation Program 11

Team Member Local Web Pages 18

Page Examples 23

Table of Contents

Table of Contents i

Acknowledgement iii

The Three Touch Points of Customer Service 1

Touch Point 1 - Answering the Initial Call for Service 2

Essential Telephone service skills: 2

Taking the Call: Selling the job starts with the initial phone call! 3

Hire an Answering Service Company 3

Greeting 3

ALD Value 4

Prices 4

Creating a Work Order 5

Closing the Sale and Scheduling the Job 6

How to Collect Payment 7

Ending the Call 7

Touch Point 2 - On the Job 8

It's All About the Customers 9

Remind the Customer of Their Appointment 9

Arrive when Scheduled 9

Parking Your Work Vehicle 9

Appearance and Demeanor 9

Meeting Your Customers 9

Professional Workmanship 10

Explain Your Process 11

Follow-up and Repair Options 11

After the Detection 11

Showning the Location of the Leak and Repair 12

Clean up After the Job 12

Report Your Findings 12

Collect Payment 12

Promotional Items 12

Thank the Customer 13

Merchant Card Processing 13

Neighborhood Marketing 13

Touch Point 3 - Post Job 14
Follow-up Calls 14
Survey Cards 15
Thank You Card 19
How to Handle an Angry Customer 21
Six Month Follow-Up Letter 22
Holiday or Special Mailings 24

Make Customer Service an Overall Part of Your Leak Detection Service.... 25

The Challenge for the 21st Century is Not Just Serving Customers..... 27

EQUIPMENT AND PRODUCTION MANUAL

Table of Contents

History v

Mission Statement viii

General Plumbing Systems ..... **Section 1**

Pressurized Water Systems-Closed Systems 1
Pressurized Gas Lines-Open Systems 3
Gravity Systems-Open Systems 4
Pools, Spas, Fountains, Ponds-Open Systems 5
Kinds of Pipes, Their Applications and Repair Methods 5

Leak Sounds & Effective Pressures in Empty Pipes ..... **Section 2**

Leak Noise Theory 11
Leak Finder 12
American Leak Detection 50 XLT Leak Finder Controls 21
Auxiliary Equipment 24
Procedures for Locating Leaks 26
Maintenance 32
Advanced Point Check Theory 34
Using Nitrogen or Helium to Enhance a Leak Sound 37
Training Supplement (Slab Check List) 44
Effective Pressures in Empty Pipes 46

LB 3000 & Dielectric ..... **Section 3**

Warnings 49
Cautions 49
Introduction 49
Using the Nozzle 52
Using the LB 3000 Capillary 53
Leak Detecting on Seams 53
Leak Detecting on Pipe Joints 53
Battery Compartment 54
LB 3000 Maintenance 54
Example Leak Detection Using the LB 3000 55
Training Supplement (Gas Check List) 58
Dielectric Inert Gas Analyzer 60
Assembling the MGD-2002 63

Operation 65
Charging the Cable with Helium / Hydrogen 73
Helium / Hydrogen Charging Times 75
Leak Location 79
Maintenance 81
Parts Lists 83
Appendix A – Tracer Gas Charging Times 86
Appendix B – Approximate Cable Fill Times 87
Frequently Asked Questions (FAQ's) 88
Troubleshooting 89
Warranty 90

Source & Origin / Mold ..... Section 4
Cause & Origin 91
Mold 93

Moisture Encounter ..... Section 5
How To Operate 97

Borescope ..... Section 6
Borescope Lesson Plan 105

Infrared / Non Contact Thermometer ..... Section 7
Infrared / Non Contact Thermometer User Manual 107

Radiant / Hydronic - Heating, Boilers, Chillers, Fire Suppression Systems ..... Section 8
Boilers & Radiant Heat Systems 114
Fire Suppression Lines & Systems 117
Boilers 119

Line Locating ..... Section 9
Line Locating with the 400 System 120
Putting it All Together – Steps to Successful Line Locating 150
Miscellaneous Tips and Techniques 154

Thumper ..... Section 10
Thumper 157
Using the Thumper 160

Sonde / Transmitter - Sewer Camera Location ..... Section 11
Sondes 161
Tiny Transmitter 169
Introduction to Sewer Camera's 170
Duct Rodder 171
Fish Tape 172

Sewers ..... Section 12
Gravity 175
Testing Sewer and Waste Lines For Leaks 178
More Sewer Leak Testing and Tips 183
Clean-Out Options 190
Commercial and Municipal Sewer Testing 194

Smoker ..... Section 13
Laterals and House Plumbing 201
Classic Superior Smoke 202
Testing for Sewer Leaks Through the Use of Smoke 206

Pools ..... Section 14
Testing Pools and Spas for Leaks 212
Diagram #1: The Basic Pool 213
Diagram #2: One Pump Pool / Spa Combo 215
Diagram #3: Two Pump Pool / Spa Combo 216
Diagram #4: Commercial Spa 217
Diagram #5: Commercial Pool 218
Leaks and Water Loss 221
The Systematic Approach 222
Miscellaneous 225
Underground Water Pressure 227
Pool / Spa Checklist 229
Pool Leak Detection 230
Basic Pool and Spa Technology 230

LeakVue™ Owner Manual ..... Section 15
Applications Handling 231
Diagrams and Components 233
Pre-setup Procedures 238
LeakVue™ Setup and Operation 239
Palm® Device and Software Operation 244
Troubleshooting Guide 253

EQUIPMENT AND PRODUCTION MANUAL

Aqua Snoop ..... **Section 16**
Training Supplement 257

Repair Techniques ..... **Section 17**
Main Tools and Truck Supplies 262
Minimum Truck Tool Inventory 264
Maximum Truck Tool Inventory 267
Minimum Basic Plumbing Supplies 273
Maximum Basic Plumbing Supplies 275
Additional Supplies Checklist 278

Crack Injection ..... **Section 18**
Hydrophobic Polyurethane Grout 280
Tips 289

Correlator ..... **Section 19**
Leak Correlation 298
Using Your Survey Tool or Leak Finder 303
Ground Mic'ing 305
Survey Test Points Recorded 313
Locate Detail Sheet 314
Fern Valley Water District - Water Leak Detection Survey 315

Important Formulas ..... **Section 20**
Water Loss Formulas for Pools 332
Volume Formulas for Pipes 333
Volume Calculation for Specific Pressure 334

Glossary of Terms ..... **Section 21**

HUMAN RESOURCES GUIDELINES

Table of Contents

Table of Contents i

Introduction 1

Section 1 When to Hire 3

Financial Analysis 3
Sales Growth Analysis 4
Backlog of Work 4
Cash Flow Analysis 5
Expense Analysis 6
Debt Analysis 7

Section 2 Legal Considerations 9

Hire the Right Person 9
Define the Company Structure 9
Define the position 10
Regulatory Compliance 11
Federal Employment Laws 11
Job Analysis 15
Components of a job analysis: 15
Job Descriptions 16
Writing Job Descriptions 16
Essential Elements of a Job Description 16
EEO Considerations 17
Essential Job Functions 17
Tips for Writing Effective Job Descriptions 18
Employment Types 19
Employee or Independent Contractor 20
Misclassifying Employees 20
Independent Contractor 20
Employee 21
Taxation 21
FLSA Exempt/Nonexempt Status 22
Determine Status 22
Non-Exempt Employees 22
Exempt Employees 23
Salary/Pay Guidelines 23

Section 3 - Recruitment 25
Recruitment Methods 25
Internal Recruitment Sources 25
Job Posting/Referral Programs 25
Employee Referrals 26
Temporary/Employment Agencies 26
Trade Schools/Colleges/Universities 27
Prior Résumés 27
Advertising-Newspaper/Internet/Trade Publications 27
Analysis 28
Additional Sources 28
What to Consider When Placing an Ad: 29
Writing an Employment Ad 29
Creating an Effective Employment Ad 30
How to Hire the Cream of the Crop 30
Designing the Ad 31

Section 4 Pre-Hire 33
The Pre-Hire Process 33
Receiving Résumés 33
Evaluating the Résumés 33
Appearance and Organization of Resume 33
Cover Letter 33
Spelling and Grammar 34
Experience 33
Education 33
Natural Abilities 34
Gaps in Employment 34
Jobs Held for Less Than 2 Years 34
Frequent Changes in Career Path 35
Description of Positions 35
Accomplishments 35
Career Stepping Stones 35
Salary 35
Benefits 35

Interview Process 36
Scheduling Interviews 36
Pre-Interview Paperwork 36
Conducting the Interview 37
What to Look for when Interviewing a Candidate 37
Find Out Who An Applicant Really Is 38
What to ask and Why 38
Acceptable/Unacceptable Interview Questions 39
The McQuaig Survey 42
The McQuaig System and What Can It Do For Me? 42
Reference Checking 43
Past Employers 43
Evaluation and Selection 44
Making a Job Offer 44
Conditional Offers of Employment 45
Department of Motor Vehicles/Driving Record 46
Criminal Background/Sexual Offender Checks 46
Employee Testing 47
Rejecting Candidates 48
Sample Rejection Letters 49
Not Planning to Fill Position 49
All Applicants 49
Unsolicited Applications – No Current Openings 50

Section 5 Hiring 51
What to Obtain Before Hiring 51
Workers' Compensation Insurance 51
Employment Posters 51
Personnel Files 51
Employment Records to Keep in Personnel File 52
Records Retention Requirements 53
Employer Paperwork/Procedures 56
EDD/DE – 34 Form 56
W-4 Form (Employee Withholding Allowance) 56
I-9 Form (Employment Eligibility Verification) 56
Workers' Compensation Information Sheet 57
Disability Insurance Pamphlet (California) 57
Cobra Explanation Sheet 57
Safety Manual (Injury and Illness Prevention Program) 57

Required ALD Documents to Provide Employee 58
Confidentiality and Non-Competition Agreement 58
ALD Policies on Business Ethics 58
Electronic Media User Policy 58
Employee Handbook and Acknowledgement Receipt 58
Job Description 58
Sensitive Information Policy and Program 58
Employee Orientation 59
Policies and Procedures 60
Benefits and Employee Rights 60
Other Personnel Policy Forms 60
Employment Status 61
Exempt vs. Non-Exempt 61
Salary vs. Hourly vs. Commissioned Employees: 62

Section 6 Employee Performance 63
Performance Evaluation 63
Guidelines for Conducting Performance Evaluations 64
Performance Management 65
Work Rules 65
Standards of Conduct 65
Documenting Performance 66
Performance Improvement Plans 67
Types of Disciplinary Actions 68
Steps in a Disciplinary System 69
Informal Reprimand 69
Verbal Counseling 69
Written Warning 69
Suspension 69
Termination 69
Documentation 70

Section 7 Termination 71
Wrongful Termination 71
Terminating Employees 71
The Termination Meeting 72
Exit Interview 73
Employment References 73
After The Termination Meeting 74
Summary of Termination Process 74

Consolidated Omnibus Budget Reconciliation Act (COBRA) 75
State Health Care Continuation Laws 75
COBRA Employer Responsibility 75
Unemployment Claims 76
Disqualification of Benefits 76
Disputing Unemployment Claims 76

Section 8 Employee Grievances 77
Internal Investigation 77
The Initial Interview with the Complainant 78
Planning the Investigation 80
Interim Actions 81
The Investigation 81
Note Taking 82
Meeting with the Accused 82
Interviewing Witnesses 83
Advise and Assure Employees 84
Conclusion 84
Implementing the Results of the Investigation 85
Final Investigation Recordkeeping 86
Sexual Harassment 87
Sexual Harassment Prevention 88

Section 9 Retention 89
Retention – Build the Future Together 89
Value Your Employees 89
Align Employee Goals With Company Goals 90
What Are Employees Looking For? 90
Share Achievements 90
How To Get The Best To Stay 90
Wages 91
Wage Factors 91
Salary Resources 91
Benefits 92
Benefit Information 92
Government Mandated Benefits 92
Federal and State Leave Laws 93
Indirect Compensation 94
Medical Insurance 94
Dental Insurance 94

Retirement Plans 94
Performance Bonus Programs 94
Team-Based Bonuses 95
Holiday Bonus 95
Holiday Pay 95
Vacation Pay 95
Sick Pay 95
Flex Time 96
Working from Home 96
Employee Development and Training 97
How to Develop and Train Employees 97
When to Develop and Train 98
Managing Employees 99

Section 10 Worker's Compensation 101
Workers' Compensation Defined 101
Classifications 101
Rates 101
Experience Modifications 102
Work Place Procedures 103
Internal Investigation 103
Insurance Procedures 104
Absence Due to Worker's Compensation Injury 105
Employee/Carrier Contact 105
Physician's Restriction 105
Limited Duty 105
Employee's Return to Work 106
Physician's Authorization to Work 106
Re-Orient Employee to the Workplace 106

Section 11 Exhibits 106

Exhibit A	Leak Specialist Job Description
Exhibit B	Customer Service Representative Job Description
Exhibit C	Employee Referral Program Posting
Exhibit D	Employment Opportunities Job Posting
Exhibit E	Employment Resume Log
Exhibit F	Interview Schedule
Exhibit G	Applicant Questionnaire
Exhibit H	Application
Exhibit I	Applicant Supplemental Technical Skills
Exhibit J	Applicant Supplemental Office/Computer Skills
Exhibit K	Employment Reference Authorization
Exhibit L	Interview Sheet for Field Technician
Exhibit M	Interview Sheet for Dispatcher/Office Assistant
Exhibit N	Reference Checking Short Form
Exhibit O	Reference Checking Long Form
Exhibit P	Applicant Outcome Sheet
Exhibit Q	Authorization Form for Criminal Background Check
Exhibit R	Hiring Checklist
Exhibit S	DE 34
Exhibit T	Form W-4 (2008)
Exhibit U	Form I-9, Employment Eligibility Verification
Exhibit V	Confidentiality and Non-Competition Agreement
Exhibit W	Business Ethics
Exhibit X	Electronic Media User Policy
Exhibit Y	Acknowledgement Receipt for Employee Handbook
Exhibit Z	Leak Specialist Performance Evaluation
Exhibit AA	Customer Service Rep. Performance Evaluation
Exhibit BB	Performance Improvement Corrective Action Form
Exhibit CC	Employee Disciplinary Report
Exhibit DD	Exit Interview
Exhibit EE	Authorization to Release Employment Information
Exhibit FF	Accident Report
Exhibit GG	Accident, Injury and Illness Investigation Form
Exhibit HH	DWC 1

OFFICE PROCEDURES & ADMINISTRATION MANUAL

Table of Contents

Welcome

Setting Up Your Business ..... Section 1

Checklists to Use in Setting Up Your Business 1
Business Plan 2
Locating Your Home/Business 3
Telephone Number 4
Bank 6
Post Office 7
Licenses 8
Employer Identification Number 9
Assumed Name 10
Insurance 11
Setting Your Prices 14
Accountant 15
Attorney 16
Computer System Recommendations and Uses 17

Your ALD Image and Standards ..... Section 2

Protecting Your Professional ALD Image 19
Uniform Identification Standards for ALD Franchisees 20
The Uniform 21
Vehicle Decals 24
Vehicle Identification Standards for ALD Franchisees 25

Office Procedures ..... Section 3

Service Calls 29
Scheduling 31
Re-Checks 33
Paperwork Flow – Manual System 34
Paperwork Flow – Automated System 35
Filing System 36
End of Month Reports 38

Finance ..... Section 4

Multiple Copy Invoice 39
Job and Fee Form 43
Collections 45

OFFICE PROCEDURES & ADMINISTRATION MANUAL

Contractor Overview ..... **Section 5**
More Reach 49
More Benefits 50

Exhibits ..... **Section 6**
Exhibit A – Decals 55
Exhibit B – Work Order Form 56
Exhibit C – Schedule 57
Exhibit D – Referral Report 58
Exhibit E – Territory Report 59
Exhibit F – Insurance Authorization Release 60
Exhibit G – Standard Work Authorization 61
Exhibit H – Invoice 65
Exhibit I – Job and Fee Form 66
Exhibit J – Collection Statement / 30 Days 67
Exhibit K – Collection Statement / 90 Days 68
Exhibit L – Insurance Questionnaire 69
Exhibit M – Certificate of Liability Insurance 71

QUICKBOOKS SET-UP PROCEDURES & USER GUIDELINES

Table of Contents

ALD QuickBooks New Database Set-up Procedures 1

Copying Files 1
QuickBooks Program Set-up 1
QuickBooks Information Set-up 1
Setting Up ALD Invoice and Logo in the Invoice Template 1
Updating Company Information 3
Entering Referral Companies 4
Entering Vendor Information 5
Entering Class Information 6
Entering Employee Information 7
Entering Customer Type 8
Adding Contractor or Tax ID Number to Guarantee Area 10
Setting Up Passwords 11

ALD QuickBooks Existing Database Set-up Procedures 13

Importing the ALD Invoice 13
Importing the ALD Statements 14
Importing the ALD Chart of Accounts 15
Merging the Chart of Accounts 16
Importing Items Codes 17
Merging Item Codes 18
Setting Passwords 19
Setting Memorized Reports 20

QuickBooks User Guidelines 21

Invoicing 21
Applying Payments 23
How to Account for NSF Checks in QuickBooks 25
Entering Bills 30
Paying Bills 31
Printing Statements 32
Printing Memorized Reports 33
Searches 34
Setting-Up the Street Address Field 37
Printing Labels 38
Adding a Letter to QuickBooks Templates 39
Performing a Mail Merge with QuickBooks Data 41
Utilizing To-Do Notes for Clients 41

Accessing Accountant's Copy 42
Maintenance (Backing Up) 42
Cleaning Up Company Data 43
Utilities: Exporting and Importing 44
Design Layouts 47

Exhibits

Exhibit A – Invoice 49
Exhibit B.1 – 30 Days Past Due Statement 50
Exhibit B.2 – 60 Days Past Due Statement 51
Exhibit B.3 – 90 Days Past Due Statement 52
Exhibit C – Chart of Accounts 53
Exhibit D – Memorized Reports 56
Exhibit E – Item Listing 63

Table of Contents

ALD Facts 1

Building the ALD Brand 7

Target Marketing 9

Associations & Organizations 17

Building a Marketing Budget 20

Getting Started - ALD Fast Start Program 23
- Direct Mail 23
- Local PR 29
- Local Website 30
- Target Market Records/SIC Codes 31

Logo Usage Guidelines 39

Collateral 49

Expanding Your Customer Base to Build Your Business 50
- Community 52
- Networking 54
- Customer Service 57
- Local Publicity 59
- Internet/Web 68
- Direct Mail 80
- Email Marketing 87
- Yellow Pages 90
- Broadcast Media (TV, Cable, Radio) 98
- Print Advertising (Newspaper, Magazine) 103
- Local Consumer & Trade Shows 106
- Vehicle Advertising 107

Tracking Results 112

TOMA Reimbursement Program 114

WAREHOUSE POLICY & PROCEDURES MANUAL

Table of Contents

Introduction 1
Placing an Order 2
Special Order Program 3
Pricing Program 4
Warranty Program 5
Unused Stock Inventory Return Program 6
Electronic Equipment Loaner Program 7
Non-Electronic Loaner Inventory Program 9
Direct Ship Repair Program 10

Exhibits
Exhibit A – Return / Repair Form 11
Exhibit B – Loaner Equipment Form 12

EXHIBIT F

STATEMENT OF PROSPECTIVE FRANCHISEE

AMERICAN LEAK DETECTION®
STATEMENT OF PROSPECTIVE FRANCHISEE

[Note: Dates and Answers Must Be Completed in the Prospective Franchisee's Own Handwriting.]

Since the Prospective Franchisee (also called "me," "our," "us," "we" and/or "I" in this document) and American Leak Detection, Inc. (also called the "Franchisor," "you" or "your"), both have an interest in making sure that no misunderstandings exist between them, and to verify that no violations of law might have occurred, and understanding that the Franchisor is relying on the statements I/we make in this document, I/we assure the Franchisor as follows:

A. The following dates and information are true and correct:

1.	_____, 20___	The date of my/our first face-to-face meeting with any person to discuss the possible purchase of an American Leak Detection Franchise.
2.	_____, 20___	The date on which I/we received a Franchise Disclosure Document about an American Leak Detection Franchise.
3.	_____, 20___	The date when I/we received a fully completed copy (other than signatures) of the Franchise License Agreement and all other documents I/we later signed.
4.	_____, 20___	The earliest date on which I/we signed the Franchise License Agreement or any other binding document (not including any Letter or other Acknowledgment of Receipt).
5.	_____, 20___	The earliest date on which I/we delivered cash, check or other consideration to the Franchisor, or any other person or company.

B. Representations and Other Matters:

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side deals," options, rights-of-first-refusal or otherwise of any type, including, but not limited to, any which expanded upon or were inconsistent with the Franchise Disclosure Document or the Franchise License Agreement, have been made to or with me/us with respect to any matter (including, but not limited to, advertising, marketing, site location and/or development, operational, marketing or administrative

assistance, exclusive rights or exclusive or protected territory or otherwise) nor have I/we relied in any way on any such, except as expressly set forth in the Franchise License Agreement or a written Addendum thereto signed by the Prospective Franchisee and the President of the Franchisor, except as follows:

_____

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting and initial.)

2. No oral, written, visual or other claim, guarantee or representation (including, but not limited to, charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, was made to me/us by any person or entity, nor have I/we relied in any way on any such, except for information (if any) expressly set forth in Item 19 of the Franchisor's Franchise Disclosure Document (or an exhibit referred to therein), except as follows:

_____

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting and initial.)

3. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including, but not limited to, the Prospective Franchisee obtaining any financing, the Prospective Franchisee's selection, purchase, lease or otherwise of a location, any operational matters or otherwise) or the Prospective Franchisee fully performing any of the Prospective Franchisee's obligations, nor have I/we relied in any way on such, except as expressly set forth in the Franchise License Agreement or a written Addendum thereto signed by the Prospective Franchisee and the President of the Franchisor, except as follows:

_____

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting and initial.)

4. The individuals signing for the "Prospective Franchisee" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Prospective Franchisee and each of such individuals has received the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise License Agreement, each written Addendum and any Personal Guarantees.

5. I/we have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and the Franchisor has strongly recommended that I/we obtain such independent professional advice. I/we have also been strongly advised by the Franchisor to discuss my/our proposed purchase of, or investment in, an American Leak Detection Franchise with existing American Leak Detection Franchisees prior to signing any binding documents or paying any sums and I/we have been supplied with a list of existing American Leak Detection Franchisees.

6. I/we understand that entry into any business venture necessarily involves some unavoidable risk of loss or failure, that while the purchase of a franchise may improve

my/our chances for success, the purchase of an American Leak Detection (or any other) franchise is a speculative investment, that investment beyond that outlined in the Franchise Disclosure Document may be required to succeed, that there exists no guaranty against possible loss or failure in this or any other business and that the most important factors in the success of any American Leak Detection Franchise, including the one to be operated by me/us, are my/our personal business, marketing, sales, management, judgment and other skills.

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that I sign this document without all of its statements being true, correct and complete, I/we will **immediately** inform the President.

I/we understand and agree that the Franchisor does not furnish or endorse, or authorize its salespersons or others to furnish or endorse, any oral, written or other information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, that such information (if any) not expressly set forth in Item 19 of the Franchiser's Franchise Disclosure Document (or an exhibit referred to therein) is not reliable and that I/we have not relied on it, that no such results can be assured or estimated and that actual results will vary from unit to unit and may vary significantly.

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date: _____ Date: _____

_____ _____

_____ _____

All of the above is true, correct and complete to the best of my knowledge:

_____

Name:_____

Its:_____

American Leak Detection, Inc. (Franchisor)

EXHIBIT G

LIST OF FRANCHISEES
AS OF FISCAL YEAR END
(DECEMBER 31, 2018)

AUSTRALIA

Harris, Don
P. O. Box 1180
Buddina, Queensland 4575 Australia
011-61-40088-4512

Izett, Ron
P. O. Box 38488
Winnellie, NT 0821 Australia
011-61-88-988-5588

Myers, John & Jacky
P. O. Box 313
Wandin, Victoria 3139 Australia
011-61-03-9870-5334

Nealis, Darren & Nerolie
P. O. Box 1206
Mudgeeraba, Queensland 4213 Australia
011-61-416-626-437

Whitehead, Daryl
P. O. Box 3282
Birkdale, Queensland 4159 Australia
011-61-300-695-325

Corporate
American Leak Detection Inc.,
4 Enterprise Close,
West Grosford, NSW 2250

BELGIUM

Bentin, Jean Pierre
485C Ch. De Bruxelles
Waterloo, 1410 Belgium
011-32-2-387-5000

CANADA

Shane Siegle
P. O. Box 41140
RPO Petrolia
Edmonton, Alberta T6J 6M7 Canada
800-431-8787

Gavel, Mark & Adam
955 Wilson Ave., Unit 16
Toronto, Ontario M3K 2A8 Canada
800-290-5349

Johnson, Richard
P. O. Box 4017
St. Catherines, Ontario L2R 7S3 Canada
905-327-1122

ALABAMA

Barnes, Tim & Jerri
P. O. Box 7696
Pensacola, FL 32534
850-473-0203

Matz, Jeff & Martha K.
P. O. Box 190
Vinemont, AL 35179
205-981-1707

Speir, Ryan
P. O. Box 3271
Auburn, AL 36831-3271
334-826-8911

ARIZONA

Stolworthy, Ken
Sherman, Roger & Bonnie
P. O. Box 706
Gilbert, AZ 85299
602-242-8573

Tanner, Mark & Diane
8987 E. Tanque Verde Rd., #302-309
Tucson, AZ 85749
520-322-5909

ARKANSAS

Corporate
American Leak Detection Inc.
5374 Hailey Ave. Suite C
Springdale, AR 72762
479-419-5199

Hill, Matthew
#37 Collins Industrial Place
North Little Rock, AR 72113
501-228-0676

Parker, Keith & Robin
P. O. Box 649
Keithville, LA 71047
903-526-0807

CALIFORNIA

Bates, Joe & Aimee
P. O. Box 993338
Redding, CA 96099
530-222-5325

Boyle, Tim & Lucy
P. O. Box 402746
Hesperia, CA 92340-2746
760-245-3335

Chanaiwa, Kuziwa & Sally
897 Oak Park Blvd., #292
Pismo Beach, CA 93449-3293
805-473-3644

Corporate
American Leak Detection, Inc.
P. O. Box 1701
Palm Springs, CA 92263
760-320-9991

Crossan, Gary & Eileen
P. O. Box 1285
Thousand Oaks, CA 91358-0285
818-765-7080

Graham, Chris & Lisa
804 Dodsworth Avenue
Covina, CA 91724
626-967-0454

Ising, Richard
P.O. Box 11001
Burbank, CA 91510-1001
818-972-9888

Seefeldt, Greg and Meckley, Andy
P. O. Box 30778
Santa Barbara, CA 93130
805-965-1000

Macaulay, Sean & Christian
P. O. Box 4238
San Rafael, CA 94913
415-883-1690

Meckley, Phil & Robin
304 N. Townsend, Unit D
Santa Ana, CA 92703
714-836-8477

Quinn, Jim
P. O. Box 457
Morgan Hill, CA 95038
408-842-5325

Routon, Bob & Sheila
P. O. Box 525
Fair Oaks, CA 95628
916-331-6443

Routon, Tony
P. O. Box 691251
Stockton, CA 95269
209-943-5156

Sachs, Kenan & Susan
3661 Overpark Rd.
San Diego, CA 92130
619-233-5325

Dick, Michael
3602, West Holland Av.
Fresno, CA 93722
559-353-2546

Salomon, Hillel and Thein, Joe
P. O. Box 210
Berkeley, CA 94701-0210
510-548-2504

Webb, Bill & Shelley
P. O. Box 98
Gilroy, CA 95021
408-729-5325

COLORADO

Davis, John
6510-A S. Academy Blvd., #302
Colorado Springs, CO 80906
719-520-5325

Smith, David
13076 Hillcrest Rd.
Eckert, CO
970-856-7921

Ozawa, Keith
Price, Taft
Toma, Bryan
6185 Harrison Dr., Suite 13
Las Vegas, NV 89120
702-878-3060

Clinton Allen
P. O. Box 27163
Denver, CO 80227-0163
303-934-8325

CONNECTICUT

Corporate
American Leak Detection, Inc.
199 Whitney Av
New Haven, CT 06510
203-691-7110

Farricielli, Vincent
11 Leonard Dr.
North Haven, CT 06473
203-691-7110

FLORIDA

Barnes, Tim & Jerri
P. O. Box 7696
Pensacola, FL 32534
850-473-0203

Corporate
American Leak Detection, Inc.
10001 NW 50th St, Suite 204
Sunrise, FL 33351
760-320-9991

FLORIDA

Barnes, Tim and Jerri
P.O Box 7696
Pensacola, FL 32534
850-473-0203

Corporate
American Leak Detection, Inc.
P.O Box 1710
Palm Springs, CA 92263
760-320-9991

Gathany, Chad
1725 S. Nova Road, Unit D-3
South Daytona, FL 32119
386-756-4113

Corporate
American Leak Detection, Inc.
P. O. Box 245245
Pembroke Pines, FL 33024-0104
760-320-9991

Lee, Rusty & Vivian
P. O. Box 511248
Punta Gorda, FL 33951-1248
941-764-6100

Nagel, Steven H. & Terri L.
Nagel, Jr., Steven
P. O. Box 144
Port Richey, FL 34673
727-868-3430

Kanter, Kenneth and Tammy
1097 Jupiter Park Lane, #6
Jupiter, FL 33458
561-744-6999

Pflug, Tom & Debbie
Suite A6
2825 Business Center Blvd.
Melbourne, FL 32940
321-254-0639

Poinsette, Phillip & Kathleen
P. O. Box 121787
Clermont, FL 34712
352-536-9300

Sliwa, Kevin & Kelli
P. O. Box 6116
Brandon, FL 33508-6116
727-821-5325

Wetherington, Joe & June
Wetherington, Misty
1052 Winding Waters Circle
Winter Springs, FL 32708
407-381-2000

GEORGIA

Barnes, Tim and Jerri
P.O Box 7696
Pensacola, FL 32534
850-473-0203

Cashin, Tyler
P. O. Box 768147
Roswell, GA 30076
404-558-8585

Deel, Jeff & Trina
P. O. Box 23727
Knoxville, TN 37933
865-777-3847

Edwards, Dave & Trudy
P. O. Box 2045
Evans, GA 30819
706-860-5325

Moore, Jim & Carla
195 Stockwood Drive, #180
Woodstock, GA 30188
770-436-5722

Speir, Ryan
P. O. Box 3271
Auburn, AL 36831-3271
334-826-8911

HAWAII

Meckley, Phil & Robin
304 N. Townsend, Unit D
Santa Ana, CA 92703
714-836-8477

IDAHO

Margaret Cassidy
P.O. Box 2050
Hayden, ID 83835
509-536-5166

Jones, Matthew
5136 N. Lena Ave.
Boise, ID 83713
208-376-6292

ILLINOIS

Roe, Paul
7982 Illinois Route 2 South
Dixon, IL 61021
815-652-1000

INDIANA

Corporate
P. O. Box 36672
Indianapolis, IN 46236
317-826-3833

Corporate
American Leak Detection Inc.
8060 Reading Rd Suite 3
Cincinnati, OH 45237
513-891-4414

Smith, Patrick
4864 County Road 68
Spencerville, IN 46788
260-490-5325

Meckley, Jeff & Holly
P. O. Box 2073
Portage, MI 49081-2073
269-655-0001

Corporate
P.O Box 739
Mt. Washington, KY 40047
502-538-9373

IOWA

Roe, Paul
7982 Illinois Route 2 South
Dixon, IL 61021
815-652-1000

KANSAS

McCollough, Vern G.
P. O. Box 702213
Tulsa, OK 74170-2213
918-446-0106

KENTUCKY

Davis, John
6510-A S. Academy Blvd., #302
Colorado Springs, CO 80906
719-520-5325

Corporate
American Leak Detection, Inc.
P. O. Box 739
Mt. Washington, KY 40047
502-538-9373

LOUISIANA

Crain, Jimmy & Michelle
211 Running Deer
Lafayette, LA 70503
337-984-5325

Kleinpeter, Greg & Laura
36530 Mission Street
Prairieville, LA 70769
504-522-9897

Parker, Keith & Robin
P. O. Box 649
Keithville, LA 71047
903-526-0807

MARYLAND

Hopkins, Timothy W.
16499 Frederick Road
Woodbine, MD 21797
410-442-5522

MASSACHUSETTS

Corporate
American Leak Detection, Inc.
26 Middle Rd, Suite 4
Newbury, MA 01951760-320-9991

Farricielli, Vincent
11 Leonard Dr.
North Haven, CT 06473
203-691-7110

MICHIGAN

Corporate
American Leak Detection, Inc.
11850 Whitmore Lake Rd, Suite B
Whitmore Lake, MI 45189
760-320-9991

Meckley, Jeff & Holly
P. O. Box 2073
Portage, MI 49081-2073
269-655-0001

MINNESOTA

Schulz, Jay & Becky
P. O. Box 41155
Plymouth, MN 55441
763-263-7773

MISSISSIPPI

Barnes, Tim & Jerri
P. O. Box 7696
Pensacola, FL 32534
850-473-0203

Kleinpeter, Greg & Laura
36530 Mission Street
Prairieville, LA 70769
504-522-9897

West, Ted
1215 Springridge Road
Clinton, MS 39056
601-924-9940

MISSOURI

McCollough, Vern
P. O. Box 702213
Tulsa, OK 74170-2213
918-446-0106

MONTANA

Margaret Cassidy
P.O. Box 2050
Hayden, ID 83835
509-536-5166

NEVADA

Crawford, Joanne
1284 Cedar Brook CT
Garnderville, NV 89460
775-691-3800

Ozawa, Keith
Price, Taft
Toma, Bryan
6185 Harrison Dr., Suite 13
Las Vegas, NV 89120
702-878-3060

NEW JERSEY

Neglio, Frank & Jackie
P.O. Box 6
Farmingdale, NJ 07727
732-863-5622

Corporate
American Leak Detection, Inc.
199 Whitney Av
New Haven, CT 06510
760-320-9991

NEW MEXICO

Seaver, John & Michelle
9204 Avenida de la Luna N.D.
Albuquerque, NM 87111
505-296-1757

NORTH CAROLINA

Fair, Dennis
P. O. Box 1867
Pittsboro, NC 27312
919-877-9797

Hopkins, Dave & Elizabeth
P. O. Box 410985
Charlotte, NC 28241-0985
704-365-8600

Lloyd, Ken
P. O. Box 15785
Winston-Salem, NC 27113
336-784-4014

OHIO

Corporate
AmericanLeak Detection Inc.
8060 Reading Rd Suite 3
Cincinnati, OH 45237
513-891-4414

Morgart, Matt & Angela
P. O. Box 936
Cuyahoga Falls, OH 44223
330-945-9999

West, Steven & Lisa
2230 N. Wilson Rd.
Columbua, OH 43228
614-761-7755

OKLAHOMA

Hodges, Chuck
P. O. Box 721386, Hefner Station
Oklahoma City, OK 73172-1386
405-728-1413

McCollough, Vern
P. O. Box 702213
Tulsa, OK 74170-2213
918-446-0106

OREGON

Botermans, Matthew & Shari
P. O. Box 211
Talent, OR 97540
541-535-5325

Margaret Cassidy
P.O. Box 2050
Hayden, ID 83835
509-536-5166

Jones, Craig & Kim
5136 N. Lena Ave.
Boise, ID 83713
208-376-6292

Corporate Office
American Leak Detection
650 N.E. Holladay Street Suite 1618
Portland, OR 97232

PENNSYLVANIA

Haines, Michael & Amy
P. O. Box 721
Lititz, PA 17543-0721
717-627-4767

Nowakowski, Wayne & Missy
P. O. Box 15676
Pittsburgh, PA 15244
412-859-6000

Steven D. Schry
P. O. Box 20
Mountain Top, PA 18707-0020
570-855-2349

West, Steven & Lisa
2230 N. Wilson Rd.
Columbua, OH 43228
614-761-7755

SOUTH CAROLINA

Edwards, Dave & Trudy
P. O. Box 2045
Evans, GA 30819
843-873-9790

Peek, Grover & Jody
P. O. Box 1905
Irmo, SC 29063-1905
803-749-5325

TENNESSEE

Bailey, Keith
P. O. Box 1145
Brentwood, TN 37024-1145
615-242-6144

Deel, Jeff & Trina
P. O. Box 23727
Knoxville, TN 37933
865-777-3847

Charles Yates
117 Azalea Dr.
Atoka, TN 38004
901-829-5325

TEXAS

Bailey, Brian L.
P. O. Box 9561
College Station, TX 77842
979-691-2102

Cost, Dave
P. O. Box 221647
El Paso, TX 79913-4647
915-581-9800

Crain, Jimmy & Michelle
211 Running Deer
Lafayette, LA 70503
337-984-5325

Douglass, Bob & Mary Ann
Robert Douglass
7601 Fair Oaks Parkway
Fair Oaks Ranch, TX 78015
830-981-9516

Knell, Will
1200 Commerce Dr. Suite 105
Plano, TX 75093
972-713-8691

Dau, Scott & Tracy
P. O. Box 80370
Midland, TX 79708-0370
432-520-5811

Meckley, Phil & Robin
P. O. Box 90845
Houston, TX 77290-0845
281-355-0055

Parker, Keith & Robin
P. O. Box 649
Keithville, LA 71047
903-526-0807

Thompson, Fred & Char, and Leslie Campbell
P. O. Box 1735
Keller, TX 76244
817-795-5325

UTAH

Webb, Bruce
P. O. Box 549
Kaysville, UT 84037
801-582-2700

VIRGINIA

Fair, Dennis
P. O. Box 1867
Pittsboro, NC 27312
919-877-9797

Hoover, Eric & Andy
P. O. Box 6569
Virginia Beach, VA 23456
757-721-5400

Corporate
American Leak Detection, Inc.
199 Whitney Av
New Haven, CT 06510
760-320-9991

WASHINGTON

Corporate
American Leak Detection, Inc.
650 N.E. Holladay Street Suite 1618
Portland, OR 97232
541-535-5325

Margaret Cassidy
P.O. Box 2050
Hayden, ID 83835
509-536-5166

Lynn, Sr., Curtis & Genada
Lynn, Jr., Curtis
Lynn, John & Lissa
Breshears, Doug & Polly
P. O. Box 1372
Fall City, WA 98024
425-747-7118

WEST VIRGINIA

Shutler, Duane & Catherine
P. O. Box 228
Mannington, WV 26582
304-986-3368

WISCONSIN

Tews, Michael & Gail
P. O. Box 169
Sussex, WI 53089
262-538-5000

EXHIBIT H

LIST OF FORMER FRANCHISEES
FOR THE PERIOD OF
JANUARY 1, 2018 TO DECEMBER 31, 2018

Last Known Address and Telephone Number of Each Franchisee Who Ceased to Do Business Pursuant to the Franchise Agreement as of December 31, 2018

United States

Shannon Padden
P. O. Box 739
Mt. Washington, KY 40047
502-538-9373

Larry and Harriet Hites
P. O. Box 245245
Pembroke Pines, FL 33024
305-948-4303

Matthew and Shari Botermans
2821 Bullock Road
Medford, OR 97504
888-777-5325

Kuziwa and Sally Chanaiwa
897 Oak Park Blvd
Pismo Beach, CA 03449
805-473-3644

EXHIBIT I

ADDITIONAL DISCLOSURES AND RIDERS REQUIRED BY STATE FRANCHISE LAWS

ADDITIONAL DISCLOSURES FOR THE
MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT
AMERICAN LEAK DETECTION, INC.

The following additional disclosures for the Franchise Disclosure Document of AMERICAN LEAK DETECTION, INC. required by various state franchise law. Each provision of these additional requirements will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

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.

THE STATE OF CALIFORNIA HAS NOT REVIEWED OR APPROVED THE AMERICAN LEAK DETECTION WEBSITE, www.americanleakdetection.com. ALL COMPLAINTS CONCERNING THE WEBSITE SHOULD BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS.

The following language is added to the end of Item 1:

> The California Contractors State License Board (CSLB) must license a franchisee and/or his/her employees if the total cost (labor and materials) on a project is $500.00 or more. Contractors, including subcontractors, specialty contractors, and persons engaged in the business of home improvement (with the exception of joint ventures and projects involving federal funding) must be licensed before submitting bids. Licenses may be issued to individuals, partnerships, corporations, or joint ventures.

The following paragraphs are added to the end of Item 17:

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise license agreement contains a provision that is inconsistent with the law, the law will control.

2. The franchise license agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

3. The franchise license agreement requires binding arbitration. The arbitration will occur at the office of the arbitrating organization (or its representatives) which is located closest to the claimant with the costs being borne by the prevailing party. Prospective franchisees are encouraged to

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

Illinois

1. The following language is added to the table in Item 17 at the end of the Summary section of provision (v) entitled **Choice of Forum**:

   (except for any claims arising under the Illinois Franchise Disclosure Act of 1987).

2. You cannot be forced to litigate outside the State of Illinois to preserve your rights under the Illinois Franchise Disclosure Act.

Maryland

1. The following statement is added at the end of the chart in Item 17:

   Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The Summary section of Item 17(v) entitled **Choice of Forum** is amended by theaddition of the following language:

   , excluding any claims arising under the Maryland Franchise Registration and Disclosure Law. Franchisee may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The following provision is added to Item 17:

   x. Period in which to make claims; Section 14.6 of the Franchise License Agreement; any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

Minnesota

1. The following language is added to Item 13:

   We will protect your right to use our Marks and will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of our Marks.

2. The following language is added to the Summary section of Item 17(v) entitled **Choice of Forum**:

   Pursuant to Minn. Stat. 80C.21 and Minn. Rule Part 2860.4400J, this section will not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

3. The following language is added to the Summary section of Item 17(w) entitled **Choice of Law**:

   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. §80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise License Agreement.

4. The following language is added to the end of the Item 17 table:

   Any release required as a condition of renewal and/or assignment/transfer will not apply to any claims that may arise under the Minnesota Franchise Law.

New York

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

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTMENT PROTECTION BUREAU, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

   THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

2. The following language is added to Item 3 of the Disclosure Document:

With regard to American Leak Detection, Inc., its predecessor or predecessors, and the persons identified in Item 2 of the Disclosure Document and excluding the lawsuit disclosed in Item 3:

A. There is no administrative, criminal or civil action alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

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

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

3. Item 4 is deleted in its entirety and the following is substituted in its place:

Item 4

BANKRUPTCY

Neither American Leak Detection, Inc. nor any of its predecessors, officers or general partners has during the ten (10) year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one (1) year after the officer or general partner of American Leak Detection held this position in the company or partnership.

4. This Summary section of Item 17(d) entitled **Termination by You** is amended by the addition of the following language:

   You may terminate the Franchise License Agreement on any grounds available by law.

5. The Summary section of Item 17(j) entitled **Assignment of Contract By Us** is amended by the addition of the following language:

   ; however, no assignment will be made except to an Assignee who, in our good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor's obligations under the Franchise License Agreement.

6. The Summary section of Item 17(s) entitled **Modification of the Agreement** is amended by the addition of the following language:

   Revisions to the Operating Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise License Agreement.

7. The Summary section of Item 17(w) entitled **Choice of Law** is amended by the addition of the following language:

   The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the state of New York.

North Dakota

1. The following is added to the end of the "Summary" section of Item 17(u), entitled **Dispute Resolution by Arbitration or Mediation**:

   However, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

2. The "Summary" section of Item 17(v), entitled **Choice of Forum**, is deleted and replaced with the following:

   Litigation in court of competent jurisdiction in plaintiff's home jurisdiction, except that, subject to your arbitration obligation, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota. See Addendum to Franchise Disclosure Document.

3. The following language is added to the end of the Item 17 table:

Any release required as a condition of renewal and/or assignment/transfer will not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Rhode Island

1. The following language is added to the end of the Summary section of Item 17(v) entitled **Choice of Forum** and to the end of the Summary section of Item 17(w) entitled **Choice of Law**:

   §19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise license agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

Washington

The following paragraph is added at the end of Item 17:

If any of the provisions in this Disclosure Document or the Franchise License Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the "Act"), then (if the Act applies by its terms) the provisions of the Act will prevail over the inconsistent terms of the Disclosure Document and/or Franchise License Agreement.

RIDER (FOR RESIDENTS OF ILLINOIS)
TO THE AMERICAN LEAK DETECTION, INC.
FRANCHISE LICENSE AGREEMENT
BETWEEN AMERICAN LEAK DETECTION, INC. AND

_____

DATED _____

THIS RIDER is effective as of the date written above. The parties to this Rider are AMERICAN LEAK DETECTION, INC., sometimes referred to as "ALD," "we," "us," "our" or the "Franchisor;" and_____, sometimes referred to as "you" or the "Franchisee."

1. **Background**. We and you are parties to that certain Franchise License Agreement dated_____, 20__that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) you are a resident of Illinois and/or (b) you will operate the business in Illinois and the offer or sale of the franchise for the business that you will operate under the Franchise License Agreement was made in the State of Illinois.

2. **No Guarantees**. Section 1.3 of the Franchise License Agreement is hereby deleted in its entirety.

3. **Your Representations**. Section 1.4 of the Franchise License Agreement is hereby deleted in its entirety.

4. **Litigation, Venue**. The following language is hereby added to the end of Section 14.3 of the Franchise License Agreement:

> Any provision in this Agreement restricting jurisdiction or venue to a forum outside of Illinois or requiring the application of the laws of another state is void with respect to any cause of action otherwise enforceable under the Illinois Franchise Disclosure Act and Illinois law in general.

4. **Choice of Laws**. Section 13.6 of the Franchise License Agreement is hereby amended as follows:

> Except as provided elsewhere in this Agreement (for example, with regard to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal preemption of state law by such Act), you and we agree that the laws of Illinois shall govern this Agreement and all other matters concerning you and us if your Operating Territory is in the State of Illinois or you are domiciled in Illinois.

5. **Periods in Which to Make Claims**. The first paragraph of Section 14.6 of the Franchise License Agreement is hereby deleted in its entirety and the following shall be substituted in its place:

14.6 **Periods in Which to Make Claims**. Except with regard to your (or your owners' obligations to make payments to us pursuant to this Agreement or any other agreements between you and us and excluding any claims arising under the Illinois Franchise Disclosure Act of 1987, any and all claims arising out of or relating to the Agreement or the relationship between you and us shall be barred unless an action or proceeding is commenced within three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating you may have a claim for relief, or ninety (90) days after delivery to you of a written notice disclosing the violation, whichever shall expire first. No cause of action barred under existing law on the effective date of this Act shall be revived by this Act. Every cause of action under this Act survives the death of any person who might have been a plaintiff or defendant.

Intending to be bound, you and we sign and deliver this Rider effective on the day and year first above written.

AMERICAN LEAK DETECTION, INC.

By_ Signature and Title, Authorized Officer

If Franchisee is an individual:

Franchisee:

_____
Name

If Franchisee is a partnership:

_____
Partner, Jointly and Severally

_____
Partner, Jointly and Severally

If Franchisee is a corporation:

Franchisee:

_____
Name of Corporation

By_ Authorized Officer
Its:_____
Title: _____

RIDER (FOR RESIDENTS OF MARYLAND)
TO THE AMERICAN LEAK DETECTION, INC.
FRANCHISE LICENSE AGREEMENT
BETWEEN AMERICAN LEAK DETECTION, INC. AND

_____

DATED _____

THIS RIDER is effective as of the date written above. The parties to this Rider are AMERICAN LEAK DETECTION, INC., sometimes referred to as "ALD," "we," "us," "our" or the "Franchisor;" and_____, sometimes referred to as "you" or the "Franchisee."

1. **Background**. We and you are parties to that certain Franchise License Agreement dated_____, 20__that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) you are a resident of Maryland and/or (b) you will operate the business in Maryland.

2. **No Guarantees.** The following language has been added to the end of paragraph 1.3 of the Franchise License Agreement:

> Such representations are not intended nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. **Successor Franchise**. The second sentence of Paragraph (b) of Section 3.3 of the Franchise License Agreement is hereby amended to read as follows:

> You (and if a corporation or partnership is the Franchisee, its shareholders or partners) (the "Franchise Entities") must sign and deliver to us: (i) the New Agreement and any ancillary agreements we are then customarily using in the award of new American Leak Detection® franchises (which will include appropriate modifications to reflect the fact that the agreement relates to the award of the successor franchise; and (ii) general releases, in a form satisfactory to us, of any and all claims, known or unknown, except for claims for indemnification pursuant to Section 10.2 against us, our affiliates, and all of our and their officers, directors, employees, agents, attorneys, subsidiaries, successors, assigns (the "ALD Entities") and our licensees and excluding any claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is hereby added to the Paragraph (b) of Section 3.3, at the end of item (ii) of the Franchise License Agreement:

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

5. **Initial Franchise Fee**. The following language is hereby added to the end of the second and third paragraphs of Section 4.1 of the Franchise License Agreement:

and excluding any claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **Right to Transfer**. The following language is hereby added to the end of Paragraph (j) of Section 6.1 of the Franchise License Agreement:

and excluding any claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **Transfer to a Controlled Corporation**. The first sentence of the first paragraph of Section 6.6 of the Franchise License Agreement is hereby amended to read as follows:

Subject to compliance with all other requirements of this Agreement (including all conditions on transfer contained anywhere in this Agreement and including execution of a release (excluding any claims arising under the Maryland Franchise Registration and Disclosure Law) and satisfying all payment and transfer fee requirements), if you're in full compliance with this Agreement, we will not unreasonably withhold our approval of a transfer of this Agreement, the Franchise and the franchised business to a corporation which conducts no business other than the franchised business.

8. **Purchase of Any or All of the Assets of the Franchise at Fair Market Value at Termination**. The following language is hereby added to the end of the first sentence of the third paragraph of Section 11.5 of the Franchise License Agreement:

, excluding any claims arising under the Maryland Franchise Registration and Disclosure Law.

9. **Waivers**. The following language is hereby added to the end of Section 13.4 of the Franchise License Agreement:

However, such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

10. **Litigation, Venue**. The following language is hereby added to the end of Section 14.3 of the Franchise License Agreement:

, excluding any claims arising under the Maryland Franchise Registration and Disclosure Law. Franchisee may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

11. **Periods in Which to Make Claims**. The following language is hereby added to the end of Section 14.6 of the Franchise License Agreement:

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

12. **Entire Agreement**. Section 16 of the Franchise License Agreement is hereby amended in its entirety to read as follows:

This agreement (together with any concurrently executed written personal guarantees of you, STATEMENT OF PROSPECTIVE FRANCHISEE signed by you, and/or schedules, addenda, promissory note(s), security agreement(s), or other documents signed by you and us, all of which will be deemed a part of this agreement) sets forth the entire agreement and understanding of the parties in respect of the transactions contemplated hereby and supersedes all prior agreements, arrangements and understandings related to the subject matter hereof. No representation, promise inducement or statement of intention has been made by us or by you that is not embodied in this Agreement. Neither you nor we have relied up, or shall be found by or liable for, any alleged representation, promise inducement or statement of intention (written or otherwise) not so set forth, except for or other than those contained in the Franchise Disclosure Document. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits us from requiring you to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration Disclosure Law.

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.

Intending to be bound, you and we sign and deliver this Rider effective on the day and year first above written.

AMERICAN LEAK DETECTION, INC.

By_ Signature and Title, Authorized Officer

If Franchisee is an individual:

Franchisee:

_____
Name

If Franchisee is a partnership:

_____
Partner, Jointly and Severally

_____
Partner, Jointly and Severally

If Franchisee is a corporation:

Franchisee:

_____
Name of Corporation

By_ Authorized Officer
Its:_____
Title: _____

RIDER (FOR RESIDENTS OF MARYLAND)
TO THE AMERICAN LEAK DETECTION, INC.
STATEMENT OF PROSPECTIVE FRANCHISEE
BETWEEN AMERICAN LEAK DETECTION, INC. AND

_____

DATED _____

THIS RIDER is effective as of the date written above. The parties to this Rider are AMERICAN LEAK DETECTION, INC., sometimes referred to as "ALD," "we," "us," "our" or the "Franchisor;" and_____, sometimes referred to as "you" or the "Franchisee."

1. **Background**. We and you are parties to that certain Statement of Prospective Franchisee dated_____, 20__that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Statement of Prospective Franchisee. This Rider is being signed because (a) you are a resident of Maryland and/or (b) you will operate the business in Maryland.

2. The following language is added to the end of Section B, entitled **Representations and Other Matters**:

7. I/We understand that the representations in this Statement of Prospective Franchisee shall not act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law.

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date: _____ _____

_____ _____

_____ _____

All of the above is true, correct and complete to the best of my knowledge:

_____

(Signature and Title) Authorized Officer
American Leak Detection, Inc. (Franchisor)

RIDER (FOR RESIDENTS OF MINNESOTA)
TO THE AMERICAN LEAK DETECTION, INC.
FRANCHISE LICENSE AGREEMENT
BETWEEN AMERICAN LEAK DETECTION, INC. AND

_____

DATED: _____

THIS RIDER is effective as of the date written above. The parties to this Rider are AMERICAN LEAK DETECTION, INC., sometimes referred to as "ALD," "we," "us," "our" or the "Franchisor;" and_____, sometimes referred to as "you" or the "Franchisee."

1. **Background**. We and you are parties to that certain Franchise License Agreement dated_____, 20 that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) you will operate the business in Minnesota and/or (b) the offer or sale of the franchise for the business that you will operate under the Franchise License Agreement was made in the State of Minnesota.

2. **Successor Franchise**. The second sentence of Paragraph (b) of Section 3.3 of the Franchise License Agreement is hereby amended to read as follows:

> You (and if a corporation or partnership is the Franchisee, its shareholders or partners) (the "Franchise Entities") must sign and deliver to us: (i) the New Agreement and any ancillary agreements we are then customarily using in the award of new American Leak Detection franchises (which will include appropriate modifications to reflect the fact that the agreement relates to the award of the successor franchise; and (ii) general releases, in a form satisfactory to us, of any and all claims, known or unknown, except for claims for indemnification pursuant to Section 10.2 against us, our affiliates, and all of our and their officers, directors, employees, agents, attorneys, subsidiaries, successors, assigns (the "ALD Entities") and our licensees and excluding any claims arising under the Minnesota Franchise Law.

3. **Initial Franchise Fee**. The following language is hereby added to the end of the second and third paragraphs of Section 4.1 of the Franchise License Agreement:

> and excluding any claims arising under the Minnesota Franchise Law.

4. **Right to Transfer**. The following language is hereby added to the end of Paragraph (j) of Section 6.1 of the Franchise License Agreement:

> and excluding any claims arising under the Minnesota Franchise Law.

5. **Transfer to a Controlled Corporation**. The first sentence of the first paragraph of Section 6.6 of the Franchise License Agreement is hereby amended to read as follows:

> Subject to compliance with all other requirements of this Agreement (including all conditions on transfer contained anywhere in this Agreement and including execution of a release (excluding any claims arising under the Minnesota Franchise Law) and satisfying all payment and transfer fee requirements), if you're in full compliance with this Agreement, we will not unreasonably withhold our approval of a transfer of this Agreement, the Franchise and the franchised business to a corporation which conducts no business other than the franchised business.

6. **Use of Marks**. The following language is hereby added to Section 8.10 of the Franchise License Agreement:

> We shall protect your right to use our Marks and shall indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of our Marks.

7. **Termination by Us**. The following language is hereby added to the end of Section 11.3 of the Franchise License Agreement:

> Minnesota law provides you with certain termination and non-renewal rights. Minn. Stat. §80C.14 Subds. 3, 4 and 5 require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of this Agreement.

8. **Purchase of Any or All of the Assets of the Franchise at Fair Market Value at Termination**. The following language is hereby added to the end of the third paragraph of Section 11.5 of the Franchise License Agreement:

> , excluding any claims arising under the Minnesota Franchise Law.

9. **Litigation, Venue**. The following language is hereby added to the end of Section 14.2 of the Franchise License Agreement:

> Pursuant to Minn. Stat. §80C.21 and Minn. Rule Part 2860.4400J, this paragraph shall not in any way abrogate or reduce your rights as provided for in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota.

10. **Limitation of Damages**. Section 14.3 of the Franchise License Agreement is hereby deleted in its entirety.

11. **Periods in Which to Make Claims**. The following language is hereby added to the end of Section 14.5 of the Franchise License Agreement:

Minnesota law provides that no action may be commenced pursuant to Minn. Stat. §80C.17 more than three (3) years after the cause of action accrues, Minn. Stat. §80C.17, Subd. 5.

Intending to be bound, you and we sign and deliver this Rider effective on the day and year first above written.

AMERICAN LEAK DETECTION, INC.

By_ Signature and Title, Authorized Officer

If Franchisee is an individual:

Franchisee:

_____
Name

If Franchisee is a partnership:

_____
Partner, Jointly and Severally

_____
Partner, Jointly and Severally

If Franchisee is a corporation:

Franchisee:

_____
Name of Corporation

By_ Authorized Officer
Its:_____
Title: _____

RIDER (FOR RESIDENTS OF NEW YORK)
TO THE AMERICAN LEAK DETECTION, INC.
FRANCHISE LICENSE AGREEMENT
BETWEEN AMERICAN LEAK DETECTION, INC. AND

_____

DATED _____

THIS RIDER is effective as of the date written above. The parties to this Rider are AMERICAN LEAK DETECTION, INC., sometimes referred to as "ALD," "we," "us," "our" or the "Franchisor;" and_____, sometimes referred to as "you" or the "Franchisee."

1. **Background**. We and you are parties to that certain Franchise License Agreement dated_____, 20 that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) you are a resident of New York and you will operate the business in York and/or (b) the offer or sale of the franchise for the business that you will operate under the Franchise Agreement was made in the State of New York.

2. **Releases**. Section 3.3(b)(ii), the second paragraph of Section 4.1, and Section 6.1 of the Franchise License Agreement are amended by adding the following language:

> , provided, however, that all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **Transfer by Us**. Section 6.5 of the Franchise License Agreement is amended by adding the following language at the end of the paragraph:

> However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

4. **Termination by You**. Section 11.2 of the Franchise License Agreement is amended by adding the following as the last sentence:

> You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

Intending to be bound, you and we sign and deliver this Rider effective on the day and year first above written.

AMERICAN LEAK DETECTION, INC.

By_ Signature and Title, Authorized Officer

If Franchisee is an individual:

Franchisee:

_____

Name

If Franchisee is a partnership:

_____

Partner, Jointly and Severally

_____

Partner, Jointly and Severally

If Franchisee is a corporation:

Franchisee:

_____

Name of Corporation

By_ Authorized Officer

Its:_____

Title: _____

RIDER (FOR RESIDENTS OF NORTH DAKOTA)
TO THE AMERICAN LEAK DETECTION, INC.
FRANCHISE LICENSE AGREEMENT
BETWEEN AMERICAN LEAK DETECTION, INC. AND

_____

DATED _____

THIS RIDER is effective as of the date written above. The parties to this Rider are AMERICAN LEAK DETECTION, INC., sometimes referred to as "ALD," "we," "us," "our" or the "Franchisor;" and_____, sometimes referred to as "you" or the "Franchisee."

1. **Background**. We and you are parties to that certain Franchise License Agreement dated_____, 20__that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) you are a resident of North Dakota and you will operate the business within North Dakota and/or (b) the offer or sale of the franchise for the business that you will operate under the Franchise License Agreement was made in the State of North Dakota.

2. **Successor Franchise**. The second sentence of Paragraph (b) of Section 3.3 of the Franchise License Agreement is hereby amended to read as follows:

> You (and if a corporation or partnership is the Franchisee, its shareholders or partners) (the "Franchise Entities") must sign and deliver to us: (i) the New Agreement and any ancillary agreements we are then customarily using in the award of new American Leak Detection® franchises (which will include appropriate modifications to reflect the fact that the agreement relates to the award of the successor franchise; and (ii) general releases, in a form satisfactory to us, of any and all claims, known or unknown, except for claims for indemnification pursuant to Section 10.2 against us, our affiliates, and all of our and their officers, directors, employees, agents, attorneys, subsidiaries, successors, assigns (the "ALD Entities") and our licensees and excluding any claims arising under the North Dakota Franchise Investment Law.

3. The following language is hereby added to the Paragraph (b) of Section 3.3, at the end of item (ii) of the Franchise License Agreement:

> ; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. **Initial Franchise Fee**. The following language is hereby added to the end of the second and third paragraphs of Section 4.1 of the Franchise License Agreement:

> and excluding any claims arising under the North Dakota Franchise Investment Law.

5. **Right to Transfer**. The following language is hereby added to the end of Paragraph (j) of Section 6.1 of the Franchise License Agreement:

> and excluding any claims arising under the North Dakota Franchise Investment Law.

6. **Transfer to a Controlled Corporation**. The first sentence of the first paragraph of Section 6.6 of the Franchise License Agreement is hereby amended to read as follows:

> Subject to compliance with all other requirements of this Agreement (including all conditions on transfer contained anywhere in this Agreement and including execution of a release (excluding any claims arising under the North Dakota Franchise Investment Law) and satisfying all payment and transfer fee requirements), if you're in full compliance with this Agreement, we will not unreasonably withhold our approval of a transfer of this Agreement, the Franchise and the franchised business to a corporation which conducts no business other than the franchised business.

7. **Payments of Amounts Owed to Us**. The following language is added to the end of Section 11(a):

> We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law.

8. **Certain Post-Term Restrictions**. The following language is added to the end of Section 11(e):

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

9. **Purchase of Any or All of the Assets of the Franchise at Fair Market Value at Termination**. The following language is hereby added to the end of the first sentence of the third paragraph of Section 11.5 of the Franchise License Agreement:

> , excluding any claims arising under the North Dakota Franchise Investment Law.

10. **Arbitration.** Section 14.1(d) of the Franchise License Agreement is deleted in its entirety and replaced with the following language:

> **(d) ANY STANDARD, SPECIFICATION OR OPERATING PROCEDURE RELATING TO THE ESTABLISHMENT AND OPERATION OF THE FRANCHISE WILL BE SUBMITTED TO AND RESOLVED BY BINDING ARBITRATION BEFORE AND IN ACCORDANCE WITH THE ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA") PURSUANT TO THE THEN CURRENT FRANCHISING ARBITRATION RULES, IF ANY, OTHERWISE THE THEN CURRENT COMMERCIAL ARBITRATION RULES OF AAA. ANY AND ALL ARBITRATION WILL BE CONDUCTED AT THE OFFICE OF AAA, WHICH IS LOCATED CLOSEST TO CLAIMANT, OR THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW (UNLESS PREEMPTED BY THE FEDERAL ARBITRATION ACT) AT A SITE IN NORTH DAKOTA TO WHICH WE AND YOU AGREE. ALL MATTERS OF ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. § 1, ET SEQ.) AND NOT BY ANY STATE ARBITRATION LAW.**

11. **Litigation, Venue**. The following language is hereby added to the end of Section 14.3 of the Franchise License Agreement:

> However, to the extent required by the North Dakota Investment Law, subject to your arbitration obligation, Franchisee may bring an action in North Dakota.

12. **Limitation of Damages**. Section 14.4 of the Franchise License Agreement is hereby deleted in its entirety.

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.

13. **Periods in Which to Make Claims**. The following language is hereby added to the end of Section 14.6 of the Franchise License Agreement:

, except for claims arising under the North Dakota Franchise Investment Law.

Intending to be bound, you and we sign and deliver this Rider effective on the day and year first above written.

AMERICAN LEAK DETECTION, INC.

By_ Signature and Title, Authorized Officer

If Franchisee is an individual:

Franchisee:

_____
Name

If Franchisee is a partnership:

_____
Partner, Jointly and Severally

_____
Partner, Jointly and Severally

If Franchisee is a corporation:

Franchisee:

_____
Name of Corporation

By_ Authorized Officer
Its:_____
Title: _____

RIDER (FOR RESIDENTS OF RHODE ISLAND)
TO THE AMERICAN LEAK DETECTION, INC.
FRANCHISE LICENSE AGREEMENT
BETWEEN AMERICAN LEAK DETECTION, INC. AND

_____

DATED _____

THIS RIDER is effective as of the date written above. The parties to this Rider are AMERICAN LEAK DETECTION, INC., sometimes referred to as "ALD," "we," "us," "our" or the "Franchisor;" and_____, sometimes referred to as "you" or the "Franchisee."

1. **Background**. We and you are parties to that certain Franchise License Agreement dated_____, 20__that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) you are a resident of Rhode Island and you will operate the business in Rhode Island and/or (b) the offer or sale of the franchise for the business that you will operate under the Franchise License Agreement was made in the State of Rhode Island.

2. **Choice of Laws**. Section 13.6 of the Franchise License Agreement is hereby deleted in its entirety and the following shall be substituted in its place:

> 13.6 **Choice of Laws**. Except as provided elsewhere in this Agreement (for example, with regard to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal pre-emption of state law by such Act) and excluding any claims arising under the Rhode Island Franchise Investment Act, you and we agree that the laws of the state where your Operating Territory is located shall govern this Agreement and all other matters concerning you and us.

3. **Litigation, Venue**. The following language is hereby added to the end of Section 14.2 of the Franchise License Agreement:

> , excluding any claims arising under the Rhode Island Franchise Investment Act.

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.

Intending to be bound, you and we sign and deliver this Rider effective on the day and year first above written.

AMERICAN LEAK DETECTION, INC.

By_ Signature and Title, Authorized Officer

If Franchisee is an individual:

Franchisee:

_____
Name

If Franchisee is a partnership:

_____
Partner, Jointly and Severally

_____
Partner, Jointly and Severally

If Franchisee is a corporation:

Franchisee:

_____
Name of Corporation

By_ Authorized Officer
Its:_____
Title: _____

RIDER (FOR RESIDENTS OF VIRGINIA)
TO THE AMERICAN LEAK DETECTION, INC.
FRANCHISE LICENSE AGREEMENT
BETWEEN AMERICAN LEAK DETECTION, INC. AND

_____

DATED _____

THIS RIDER is effective as of the date written above. The parties to this Rider are AMERICAN LEAK DETECTION, INC., sometimes referred to as "ALD," "we," "us," "our" or the "Franchisor;" and_____, sometimes referred to as "you" or the "Franchisee."

Section 11.6 of the Franchise License Agreement will not be applicable to the Franchise License Agreement signed by the Virginia franchisee entering into the attached agreement.

The undersigned does hereby acknowledge receipt of this Rider.

Intending to be bound, you and we sign and deliver this Rider effective on the day and year first above written.

AMERICAN LEAK DETECTION, INC.

By_ Signature and Title, Authorized Officer

If Franchisee is an individual:

Franchisee:

_____
Name

If Franchisee is a partnership:

_____
Partner, Jointly and Severally

_____
Partner, Jointly and Severally

If Franchisee is a corporation:

Franchisee:

_____
Name of Corporation

By_ Authorized Officer
Its:_____
Title: _____

RIDER (FOR RESIDENTS OF WASHINGTON)
TO THE AMERICAN LEAK DETECTION, INC.
FRANCHISE LICENSE AGREEMENT
BETWEEN AMERICAN LEAK DETECTION, INC. AND

_____

DATED _____

THIS RIDER is effective as of the date written above. The parties to this Rider are AMERICAN LEAK DETECTION, INC., sometimes referred to as "ALD," "we," "us," "our" or the "Franchisor;" and_____, sometimes referred to as "you" or the "Franchisee."

1. **Background**. We and you are parties to that certain Franchise License Agreement dated_____, 20__that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise License Agreement. This Rider is being signed because (a) you are a resident of Washington, (b) you will operate the business in Washington and/or (c) the offer or sale of the franchise for the business that you will operate under the Franchise License Agreement was made in the State of Washington.

2. **Addition of Paragraphs**. The following paragraphs are hereby added to the end of the Franchise License Agreement:

> The State of Washington has a statute, RCW 19.100.180 that may supersede the Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the Agreement in your relationship with us including the areas of termination and renewal of your franchise.
>
> In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
>
> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
>
> A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect our reasonable estimate or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this Rider.

Intending to be bound, you and we sign and deliver this Rider effective on the day and year first above written.

AMERICAN LEAK DETECTION, INC.

By_ Signature and Title, Authorized Officer

If Franchisee is an individual:

Franchisee:

_____
Name

If Franchisee is a partnership:

_____
Partner, Jointly and Severally

_____
Partner, Jointly and Severally

If Franchisee is a corporation:

Franchisee:

_____
Name of Corporation

By_ Authorized Officer
Its:_____
Title: _____

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

EXHIBIT J

RECEIPTS

RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE LICENSE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY. IF AMERICAN LEAK DETECTION OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU FOURTEEN (14) DAYS BEFORE YOU SIGN A BINDING AGREEMENT OR MAKE A PAYMENT WITH THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

IF AMERICAN LEAK DETECTION, 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 AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE AGENCY IDENTIFIED ON EXHIBIT B.

We authorize the appropriate state agency identified on Exhibit B to receive service of process for us in the particular state.

"Franchise Sellers" offering the franchise are ☐ Patrick DeSouza, ☐ Tracy Forbes ☐ Bill Markey ☐ Robert Knell ☐ Sofia Mimendi, and ☐ Julissa Perez. All may be reached by phone at (203) 553-7292, American Leak Detection, Inc.,199 Whitney Ave, FL2 New Haven, CT 06510.

Date of Issuance: March 27th, 2019

I have received a Disclosure Document dated March 27th, 2019- that includes the following exhibits:

A	License Agreement
A-1	Addendum Relating to Existing Franchisees
A-2	Guarantee
B	List of State Agencies/Agents for Service of Process/State Effective Dates
C	Non-Disclosure Agreement
D	Tables of Contents - Manuals
E	Financial Statements
F	Statement of Prospective Franchisee
G	List of Franchisees
H	List of Former Franchisees
I	Additional Disclosures and Riders Required by State Franchise Laws
J	Receipts

Date: _____

PROSPECTIVE FRANCHISEE:

If a business entity:

By: _____
(Print Name) _____
Its: _____

If an individual:

_____
_____(Print Name)

_____
_____(Print Name)

(SIGN AND KEEP THIS COPY FOR YOUR RECORDS)

RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE LICENSE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY. IF AMERICAN LEAK DETECTION OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU FOURTEEN (14) DAYS BEFORE YOU SIGN A BINDING AGREEMENT OR MAKE A PAYMENT WITH THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

IF AMERICAN LEAK DETECTION, 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 AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE AGENCY IDENTIFIED ON EXHIBIT B.

We authorize the appropriate state agency identified on Exhibit B to receive service of process for us in the particular state.

"Franchise Sellers" offering the franchise are ☐ Patrick DeSouza, ☐ Tracy Forbes ☐ Bill Markey ☐ Robert Knell ☐ Sofia Mimendi, and ☐ Julissa Perez All may be reached by phone at (203) 553-7292, American Leak Detection, Inc.,199 Whitney Av. Fl 2, New Haven, CT 06510. .

Date of Issuance: March 27th, 2019

I have received a Disclosure Document dated March 27th, 2019 that includes the following exhibits:

A	License Agreement
A-1	Addendum Relating to Existing Franchisees
A-2	Guarantee
B	List of State Agencies/Agents for Service of Process/State Effective Dates
C	Non-Disclosure Agreement
D	Tables of Contents - Manuals
E	Financial Statements
F	Statement of Prospective Franchisee
G	List of Franchisees
H	List of Former Franchisees
I	Additional Disclosures and Riders Required by State Franchise Laws
J	Receipts

Date: _____

If a business entity:

By: _____
(Print Name) _____
Its: _____

PROSPECTIVE FRANCHISEE:

If an individual:

_____
_____(Print Name)

_____
_____(Print Name)

(SIGN AND RETURN THIS COPY TO AMERICAN LEAK DETECTION)