FRANCHISE DISCLOSURE DOCUMENT

BLUEFROG PLUMBING AND DRAIN, LLC
Delaware ~~l~~Limited ~~l~~Liability ~~c~~Company
2929 Carlisle St., Suite 100
Dallas, Texas 75204
~~Phone: (866~~800) ~~749-1135~~933-0803
info@bluefrogplumbing.com
www.bluefrogplumbing.com

~~The~~We offer franchisee~~s will operate a~~for businesses ~~offering~~ plumbing services, drain cleaning services, water and gas leak detection and repair services, and water heater, water softener, ~~and~~ water filtration system services and related products and services under the name "BLUEFROG PLUMBING + DRAIN®".

The total ~~estimated~~ investment necessary to begin operation of a ~~start-up BLUEFROG PLUMBING + DRAIN~~standard franchise ranges from $~~137,789~~140,500 to $~~323,589~~347,400. This includes $~~63,489~~61,794 to $~~93,489~~91,794 that must be paid to ~~us~~the franchisor or affiliate. The total ~~estimated~~ investment necessary to begin operation of a conversion ~~BLUEFROG PLUMBING + DRAIN~~ franchise ~~(i.e., if you are converting an existing plumbing and drain repair business)~~ ranges from $~~42,889~~45,300 to $~~181,189~~160,000. This includes $~~26,089~~24,394 to $~~41,089~~39,394 that must be paid to ~~us~~the franchisor or affiliate.

This ~~Franchise D~~disclosure ~~D~~document summarizes certain provisions of your ~~F~~franchise ~~A~~agreement and other information in plain English. Read this ~~D~~disclosure ~~D~~document and all accompanying agreements carefully. You must receive this ~~D~~disclosure ~~D~~document at least 14 calendar-days ~~days~~ before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. ~~**Note, however, that no governmental agency has verified the information contained in this document**~~**NOTE, HOWEVER, THAT NO GOVERNMENTAL AGENCY HAS VERIFIED THE INFORMATION CONTAINED IN THIS DOCUMENT.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact ~~BlueFrog Plumbing and Drain, LLC at~~Sherry Rose, 2929 Carlisle St., Suite 100, Dallas, Texas 75204 ~~and~~, (~~866~~800) ~~749-1135~~933-0803.

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

Buying a franchise is a complex investment. The information in this ~~D~~disclosure ~~D~~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 ~~D~~disclosure ~~D~~document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at ~~www.ftc.gov~~*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 of Issuance: April ~~20, 2022, as amended December 14, 2022~~ 28, 2023

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in ~~Item 20 or~~ Exhibit ~~"G"~~F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit ~~"F"~~E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only BLUEFROG PLUMBING + DRAIN business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a BLUEFROG PLUMBING + DRAIN franchisee?	~~Item 20 or~~ Exhibit ~~"G"~~F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, ~~that~~which requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit ~~"~~A ~~2~~".

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

Special Risks to Consider About *This* Franchise

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

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

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

3. **Financial Condition**. The Franchisor's financial condition, as reflected in its financial statements (see item 21), calls into question the ~~F~~franchisor's ~~financial~~ ability to provide services and support to you.

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

THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY MICHIGAN ~~NOTICE~~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:~~

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

(a) A prohibition against you joining an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.

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

(d) A provision that permits the franchisor to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration, of your 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 provision applies only if:

(i) The term of the franchise is less than five years; and

(ii) You are prohibited by the Franchise Agreement 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 if you do not receive at least six months advance notice of the franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

(h) A provision that requires you to resell to the franchisor items that are not uniquely identified with the franchisor. This does not prohibit a provision that grants the 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~~third party willing and able to purchase those assets, nor does it 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 you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in (c), above.

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

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

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 ~~concerning~~regarding this notice should be directed to~~ the Michigan Department of Attorney General, Consumer Protection Division, Franchise Section, 525 W. Ottawa Street,~~ :

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building~~, 1st Floor,~~
525 West Ottawa
Lansing, Michigan ~~48913, (517) 373-7117.~~48933
Telephone Number: (517) 373-7117

Note: Despite subparagraph (f) above, we intend, and we and you agree, to fully enforce the arbitration provisions of the area development agreement and franchise agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

~~FRANCHISE DISCLOSURE DOCUMENT~~

TABLE OF CONTENTS

Item	Page
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE	2
ITEM 3 LITIGATION	~~4~~2
ITEM 4 BANKRUPTCY	4
ITEM 5 INITIAL FEES	~~5~~4
ITEM 6 OTHER FEES	~~6~~5
ITEM 7 ESTIMATED INITIAL INVESTMENT	11
ITEM 8 RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS ~~AND SERVICES~~	15
ITEM 9 FRANCHISEE'S OBLIGATIONS	~~18~~17
ITEM 10 FINANCING	~~19~~18
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	~~19~~18
ITEM 12 TERRITORY	26
ITEM 13 TRADEMARKS	28
ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	~~29~~30
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	~~30~~31
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	~~30~~32
ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	~~31~~33
ITEM 18 PUBLIC FIGURES	~~33~~39
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	~~33~~39
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	~~34~~42
ITEM 21 FINANCIAL STATEMENTS	~~37~~45
ITEM 22 CONTRACTS	~~37~~45
ITEM 23 RECEIPTS	~~37~~45

~~Exhibits~~

~~A. 1. State Appendix~~

EXHIBITS

Exhibit A ~~2.~~ List of State Administrators / Agents
~~B. State Agents for Service of Process~~
~~C.~~Exhibit B-1 Franchise Agreement ~~and Exhibits~~
~~D. Telephone Number and Website URL Assignment~~
Exhibit B-2 Sample General Release
Exhibit B-3 Consent to Transfer
Exhibit C State Addenda to Disclosure Document
~~E.~~Exhibit D Table of Contents of Confidential Operations Manual
~~F.~~Exhibit E Financial Statements
~~G.~~Exhibit F List of Current and Former Franchisees ~~and Franchisee Who have Left the System~~
~~H. Franchise Disclosure Questionnaire~~
~~I. General Release (Sample Form)~~
~~J. State Effective Dates~~

~~K.~~ Exhibit G Receipts

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

To simplify the language in this disclosure document~~,~~ ("Disclosure Document"), the words "we," "our," and/or "us" ~~means~~refer to BlueFrog Plumbing and Drain, LLC, ~~a Delaware limited liability company,~~ the ~~F~~franchisor. "You" ~~means~~and "your" refer to the person who buys the franchise, the franchisee, whether you are a corporation, limited liability company, or other business entity. If you are a corporation, limited liability company or other business entity, ~~the term "you" refers only to the business entity, and not to its principals, unless otherwise stated~~certain provisions of this Disclosure Document also apply to your owners where noted.

The Franchisor

We are a Delaware limited liability company ~~that was formed on December 30, 2013. Our corporate~~. Our principal business address is 2929 Carlisle St., Suite 100, Dallas, Texas 75204 and our principal ~~tele~~phone number is (~~866) 749-1135.~~800) 933-0803. We conduct business under our corporate name and the name "BLUEFROG PLUMBING + DRAIN®." Our agents for service of process ~~is~~are disclosed in Exhibit ~~B.~~

A. We have been offering BLUEFROG PLUMBING + DRAIN® franchises since January 2014~~. We have never conducted business in any other line of business other than the offering of BLUEFROG PLUMBING + DRAIN franchises~~. We have never offered franchises in any other line of business. We ~~have not~~do not engage in any other business activities, and we have never operated a business ~~similar to the BLUEFROG PLUMBING + DRAIN business being offered under this~~of the type being franchised.

Parents, Predecessors and Affiliates

We are a wholly owned subsidiary of Stellar Brands, LLC, whose parent is RH1 Investments, LLC. ~~Our parents share our principal business address. We do not have any predecessors.~~

~~We do not have any affiliates that: (a) offer goods or services to our franchisees; or (b) offer (or have ever offered) franchises for BLUEFROG PLUMBING + DRAIN Businesses.~~

~~The following table lists each of our affiliates that offers, or has ever offered, franchises in other lines of business. None of the affiliates listed below has ever operated a BLUEFROG PLUMBING + DRAIN Business.~~

~~AFFILIATE FRANCHISING COMPANIES~~				
~~Name~~	~~Address~~	~~Business Franchised*~~	~~Time Offered~~	~~Number Sold (12/31/2021)~~
~~TDC Franchising, LLC~~	~~Same as ours~~	~~The Driveway Company~~	~~2019 to present~~	~~36~~
~~Restoration 1 Franchise Holdings, LLC~~	~~Same as ours~~	~~Restoration 1~~	~~2009 to present~~	~~271~~
~~Softroc Global, LLC~~	~~Same as ours~~	~~Softroc~~	~~2021 to present~~	~~8~~

~~*~~ ~~The Driveway Company is a business specializing in the construction and repair of commercial and residential driveways, including crack and joint sealing, driveway replacement, all under the name "The Driveway Company®".~~

~~*~~ Restoration 1 ~~is a~~Franchise Holding, LLC offers franchises for businesses ~~providing~~offering residential and commercial water, fire, smoke, and mold restoration services with additional services such as cleaning, drying, and reconstruction and repair ~~of damaged structural areas, all~~ under the name "Restoration 1®". Restoration 1 Franchise Holding, LLC began offering franchises in April 2020 and as of December 31, 2022, there were 290 franchised businesses operated under contracts with Restoration 1 Franchise Holding, LLC.

~~*~~ Softroc ~~is a~~Global LLC offers franchises for businesses ~~specializing in the~~offering installation, cleaning, maintenance and repair of rubber safety surfacing that serves as a long-lasting solution for existing concrete, asphalt, inter-locking brick, tile and other surfaces~~, all~~ under the name "Softroc®"~~.~~ and other products and service lines we authorize, including driveway construction and repair under the name "The Driveway Company®." Softroc Global LLC began offering franchises in 2021 and as of December 31, 2022, 25 franchised businesses operated under contracts with Softroc Global LLC.

TDC Franchising, LLC offered franchises for businesses offering construction and repair of driveways under the name "The Driveway Company®" from 2019 to April 2023. Going forward, the "The Driveway Company®" products and services may be offered by Softroc Global LLC, however, as of December 31, 2022, 38 franchised businesses operated under contracts with TDC Franchising, LLC.

Each of our affiliates and parents described above share our principal business address. None of the parents, predecessors, or affiliates described above have owned, operated, or offered franchises for BlueFrog Businesses. Other than as listed above, neither we nor any of our affiliates offers franchises for any other concept, though they may do so in the future. We do not have any affiliates that offer goods or services to our franchisees.

~~Description of t~~The Franchised Business

We franchise the right to develop, own, and operate a business offering plumbing services, drain cleaning services, water and gas leak detection and repair services, ~~and~~ water heater, water softener, and water filtration system services ~~using our proprietary methods and the~~, and other products and services we authorize (each a "BlueFrog Business"). BlueFrog Businesses operate under the name "BLUEFROG PLUMBING + DRAIN ~~Marks, described below (the "Franchised Business").~~® and such other trademarks, service marks, graphics, trade names, trade dress, slogans, and other commercial symbols as we may approve (collectively, the "Marks"). BlueFrog Businesses have distinctive and proprietary business systems, methods, designs, layouts, standards, and specifications, all of which we may improve, substitute, further develop, or otherwise modify periodically (together, the "System"). We call the BlueFrog Business that you will operate "your Franchised Business." You must comply with all of the standards, specifications, operating procedures, and rules that we periodically prescribe as mandatory for operating BlueFrog Businesses generally, or your Franchised Business specifically ("System Standards").

You must sign a Franchise Agreement with us to obtain the franchise for a BlueFrog Business. Our current form of Franchise Agreement is attached as Exhibit B-1 to this Disclosure Document. Your Franchise Agreement will identify the location from which you will operate your Franchised Business (your "Franchised Business Office"). The service tools and equipment for your Franchised Business may not be stored at the any location other than the Franchised Business Office, unless you notify us that you have identified off-site storage that satisfies our System Standards. The Franchise Agreement will also identify a territory in which you may conduct marketing, advertising, and promotional activities for your Franchised Business (your "Market Territory").

~~You will operate the business in a defined geographic area (the "Territory"). As a BLUEFROG PLUMBING + DRAIN franchisee, you must operate the Franchised Business from an office located within your Territory. The location of your business premises must be approved by us unless it is your home office. If you already own a company providing plumbing service and products, you may convert your existing business to a Franchised Business (which we call a "Conversion Franchise").~~

~~Our franchises conduct business under our distinctive business format, systems, methods, procedures, designs, standards, and specifications set forth in our confidential operations manuals (the "Manuals") using the BLUEFROG PLUMBING + DRAIN mark and other service marks that we may specify from time to time (the "Marks").~~

Market and Competition

~~You will provide plumbing products and services to individual homeowners, landlords of single-family homes or multi-unit housing, commercial establishments, recreational vehicles, trailer homes, subcontractors, and others.~~

The ~~market for~~ plumbing products and services business is well established and ~~highly~~ competitive. Your ~~will compete with other~~competition will include national, regional, and local plumbing businesses ~~and~~, independent contractors. ~~You also will compete with~~, and large national home centers and retailers~~, such as Home Depot and Lowe's~~. Your competition may also include other BlueFrog® Businesses operated by us, our affiliates, or our franchisees, which may perform services in your Market Territory.

Industry-Specific Laws and Regulations

In addition to laws that affect businesses generally, BlueFrog Businesses are subject to federal, state, and local laws and ordinances specifically applicable to plumbing businesses, including master and journeyman plumber requirements. In addition, you may need to comply with federal, state and/or local laws and regulations governing: property improvements; employee health and safety; and environmental protection, such as laws regulating disposal of wastewater and hazardous chemicals and waste. You are solely responsible for investigating and complying with all applicable federal, state, county, and city laws and regulations with regard to your Franchised Business.

~~Each jurisdiction has its own licensure requirements. Plumbing license requirements vary by state and sometimes by county or municipality. Some states, counties, or municipalities may require that your business be owned by a master or journeyman plumber. Check with your local plumbing licensing board before you purchase a franchise.~~

~~You also will be responsible for complying with all laws and regulations that apply to businesses generally, such as employment, workers' compensation, insurance, corporate, tax, and similar laws and regulations. You should consult with your attorney and local, state, and federal government agencies before you purchase a franchise to determine all laws that may apply to your business.~~

ITEM 2
BUSINESS EXPERIENCE

Sherry Rose – Chief Executive Officer

Ms. Rose currently serves as our Chief Executive Officer. During the prior 5 years, she has held the following positions:

Entity	Title	Location	Period of Time
BlueFrog Plumbing and Drain, LLC	Chief Executive Officer	Dallas, TX	~~Mar~~Jan 2022 to present
	Chief Operating Officer	Waco, TX	Jun 2020 to ~~Mar~~Jan 2022
Restoration 1 Franchise Holding, LLC	Chief Executive Officer	Dallas, TX	~~Mar~~Jan 2022 to present
	Chief Operating Officer	Waco, TX	Jun 2020 to ~~Mar~~Jan 2022
TDC Franchising, LLC	Chief Executive Officer	Dallas, TX	Mar 2022 to present
	Chief Operating Officer	Waco, TX	Feb 2021 to Mar 2022
Softroc Global, LLC	Chief Executive Officer	Dallas, TX	~~Mar~~Jan 2022 to present

Entity	Title	Location	Period of Time
	Chief Operating Officer	Waco, TX	Apr 2021 to ~~Mar~~Jan 2022
Stellar Brands, LLC	Chief Executive Officer	Dallas, TX	~~Mar~~Jan 2022 to present
	Chief Operating Officer	Waco, TX	June 2020 to ~~Mar~~Jan 2022
Not Employed	N/A	N/A	Aug 2019 to June 2020
ServiceMaster (Terminix)	VP of Contact Centers	Memphis, TN	Feb 2017 to Aug 2019

Jessica Wescott: Chief Financial Officer & Chief Operating Officer

Ms. Wescott currently serves as our Chief Financial Officer. During the prior 5 years, she has held the following positions:

Entity	Title	Location	Period of Time
BlueFrog Plumbing and Drain, LLC	Chief Financial Officer & Chief Operating Officer	Dallas, TX	Jun 2022 to present
Restoration 1 Franchise Holding, LLC	Chief Financial Officer & Chief Operating Officer	Dallas, TX	Jun 2022 to present
TDC Franchising, LLC	Chief Financial Officer & Chief Operating Officer	Dallas, TX	Jun 2022 to present
Softroc Global, LLC	Chief Financial Officer & Chief Operating Officer	Dallas, TX	Jun 2022 to present
Stellar Brands, LLC	Chief Financial Officer & Chief Operating Officer	Dallas, TX	Jun 2022 to present
Johnson & Sekin, LLC	Chief Financial Officer	Dallas, TX	Jan 2022 to May 2022
Not ~~e~~Employed	N/A	N/A	Oct 2021 to Dec 2021
Fuzzy's Taco Opportunities, LLC	Chief Financial Officer & Chief Operating Officer	Irving, TX	Oct 2020 to Sep 2021
	Chief Financial Officer	Irving, TX	Jul 2019 to Oct 2020
	EVP of Finance	Irving, TX	Jan 2018 to Jul 2019
~~MOOYAH Franchising, LLC~~	~~VP of Finance & Development~~	~~Plano, TX~~	~~Jan 2015 to Dec 2017~~

~~**Mike Mushinski – President**~~

~~Mr. Mushinski currently serves as our President. During the prior 5 years, he has held the following positions:~~

~~Entity~~	~~Title~~	~~Location~~	~~Period of Time~~
~~BlueFrog Plumbing and Drain, LLC~~	~~President~~	~~Dallas, TX~~	~~Jan 2021 to present~~
~~Not Employed~~	~~N/A~~	~~N/A~~	~~Feb 2020 to Dec 2020~~
~~Renew Crew at Outdoor Living Brands~~	~~Vice President/Brand Leader~~	~~Richmond, VA~~	~~Aug 2016 to Jan 2020~~

~~**Caleb Ward – Vice President of Finance**~~

Mr. Ward currently serves as our Vice President of Finance. During the prior 5 years, he has held the following positions:

Entity	Title	Location	Period of Time
BlueFrog Plumbing and Drain, LLC	Vice President of Finance	Dallas, TX	Sept 2022 to present
Restoration 1 Franchise Holding, LLC	Vice President of Finance	Dallas, TX	Sept 2022 to present
TDC Franchising, LLC	Vice President of Finance	Dallas, TX	Sept 2022 to present
Softroc Global, LLC	Vice President of Finance	Dallas, TX	Sept 2022 to present
Stellar Brands, LLC	Vice President of Finance	Dallas, TX	Sept 2022 to present
Cardinal Financial	Director, Retail Production & Finance	Charlotte, NC	Jan 2020 to Aug 2022
Everett Financial	Branch Finance Analyst	Dallas, TX	Oct 2018 to Jan 2020
Gold Medal Pools	Commercial Accounting Manager	Frisco, TX	Mar 2018 to Oct 2018
Reach Restaurant Group	Manger of Finance	Plano, TX	Dec 2014 to Mar 2018

Stacie Borsellino – System Specialist

Ms. Borsellino currently serves as our System Specialist. During the prior 5 years, she has held the following positions:

Entity	Title	Location	Period of Time
BlueFrog Plumbing and Drain, LLC	System Specialist	Dallas, TX	Apr 2021 to present
Restoration 1 Franchise Holding, LLC	Franchise Support Manager	Dallas, TX	Jun 2022 to present
	System Specialist	Dallas, TX	Mar 2022 to Jun 2022
	System Specialist	Waco, TX	Apr 2020 to Mar 2022
TDC Franchising, LLC	System Specialist	Waco, TX	Feb 2021 to Nov 2021
Softroc Global, LLC	System Specialist	Waco, TX	Apr 2021 to Nov 2021

Gina Roberson – Executive Administrator

Ms. Roberson currently serves as our Executive Administrator. During the prior 5 years, she has held the following positions:

Entity	Title	Location	Period of Time
BlueFrog Plumbing and Drain, LLC	Executive Administrator	Dallas, TX	Jun 2017 to present
TDC Franchising, LLC	Executive Administrator	Dallas, TX	Feb 2021 to present
Softroc Global, LLC	Executive Administrator	Dallas, TX	Apr 2021 to present
Restoration 1 Franchise Holding, LLC	Executive Administrator	Dallas, TX	Mar 2022 to present
	Executive Administrator	Waco, TX	Apr 2020 to Mar 2022
Restoration 1 Franchise Holding, LLC (Predecessor)	Executive Administrator	Waco, TX	Jun 2016 to Apr 2020
Stellar Brands, LLC	Executive Administrator	Dallas, TX	Jul 2022 to present

ITEM 3
LITIGATION

Commonwealth of Virginia, ex rel. State Corporation Commission v. Restoration 1 Franchise Holding, LLC and Andor Kovacs, (Case No. SEC-2014-00028). On July 16, 2014, our affiliate Restoration 1 Franchise Holding, LLC (the predecessor of our affiliate, Restoration 1) entered into a Settlement Order

with the Virginia State Corporation Commission based upon the allegation that it offered and sold a "Restoration 1®" franchise in Virginia after its Virginia registration had lapsed. Restoration 1~~'s predecessor~~ Franchise Holding LLC neither admitted nor denied the allegations but nonetheless agreed to the terms of the Settlement Order whereby ~~Restoration 1 Franchise Holding, LLC~~it paid $1,000 to defray the costs of investigation to the State of Virginia, agreed to attend franchise sales compliance training, and agreed to never again violate the Virginia Retail Franchise Act in the future.

Except for the 1 action listed above, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Fee ~~– Standard Franchise~~

~~When you sign the Franchise Agreement, you must pay us a nonrefundable initial franchise fee for your franchise rights (the "Franchise Fee").~~

~~Our~~ You must pay us an initial franchise fee when you sign the Franchise Agreement (the "Franchise Fee ~~is $59,900~~"). The amount of the Franchise Fee for a standard franchise ~~with a territory that includes approximately 250,000 people. If you purchase a larger Territory, the Franchise Fee will increase by an amount equal to~~is $59,900, plus an additional $0.12 multiplied by the population in your Market Territory in excess of 250,000. ~~For example, if you purchase a Territory with a population of 500,000, your Franchise Fee will be $89,900 ($59,900 + ($0.12 x 250,000)).~~

If ~~We do not award territories with more than 500,000 people. If your Territory includes more than 500,000 in population, you must sign a separate Franchise Agreement for multiple territories (each territory is limited to a maximum population of 500,000).~~

~~**Franchise Fee – Conversion Franchise**~~

~~If~~ you are converting an existing plumbing business to a ~~BLUEFROG PLUMBING + DRAIN franchised~~BlueFrog ~~b~~Business, the Franchise Fee is reduced to $22,500~~ for a Territory with approximately 250,000 people. If you purchase a larger Territory, the Franchise Fee will increase by an amount equal to~~, plus an additional $0.06 multiplied by the population in your Market Territory in excess of 250,000. ~~For example, if your Territory includes 500,000 people, your Franchise Fee will be $37,500 ($22,500 + ($.06 x 250,000)).~~ The Franchise Fee is deemed fully earned when paid and is non-refundable under any circumstances. In the last fiscal year, we charged a reduced Franchise Fee of $13,725 to $29,900 to certain franchisees as a result of certain negotiated transactions.

~~We do not award territories with more than 500,000 people. If your Territory includes more than 500,000 in population, you must sign a separate Franchise Agreement for multiple territories (each territory is limited to a maximum population of 500,000) and the same Conversion Franchise discount will apply to each territory.~~

~~**Franchise Fee Discount Programs**~~

Vet~~F~~erans Discount

We currently offer a ~~VetFran discount to all franchisees who are purchasing their first Franchised Business and~~discounted Franchise Fee to qualifying veterans who have received an honorable discharge from any branch of the United States military ~~at any time~~ before applying to become a franchisee. The ~~amount of the~~veteran's discount is $7,000 off the Franchise Fee for a standard franchise~~ and~~, or $3,000 for a ~~C~~conversion ~~F~~franchise. The discount is only available for the first

BlueFrog Business purchased. If the franchisee is a corporation, limited liability company, or other legal entity, the veteran participant must maintain at least a 51% ownership interest in the entity to qualify for this discount. To apply for ~~this~~the veteran's discount, you must provide us a copy of your active-duty ~~duty I.D.~~ID or form DD-214~~,~~ reflecting your military status~~,~~ before the Franchise Agreement is signed. ~~The VetFran discount is only available for the purchase of your first Franchised Business.~~

~~*Time in Partnership and Second Concept Discounts*~~

Additional Franchise Discount

We currently offer a discounted Franchise Fee if you have been a ~~BLUEFROG PLUMBING + DRAIN~~ franchisee of ours for at least 2 years and you are purchasing 1 or more additional ~~Franchised~~BlueFrog Businesses ~~from us~~. The amount of the discount varies depending on the number of years you have been a franchisee, as detailed in the following table:

Percentage Discount	Number of Years as a BlueFrog Franchisee
5%	2-3
10%	4-5
15%	6-7
20%	8-9
25%	10+

We also offer a discounted Franchise Fee if you purchase 1 or more additional ~~Franchised~~BlueFrog Businesses from us at the same time that you purchase your first Franchised Business. In this situation, we will discount the Franchise Fee for each of the additional ~~Franchised~~BlueFrog Business(es) by 50%.

~~You will sign a separate Franchise Agreement for each additional Franchised Business you elect to purchase.~~

Combination ~~*and Application*~~ of Discounts

Discounts may not be combined ~~unless approved by us~~. Any questions about ~~application or combination of~~ discounts, including questions about the order in which discounts may be applied, will be resolved by us ~~in our sole discretion~~.

~~Except for the discounts described above, the Franchise Fee is uniformly calculated for all new franchisees. However, in 2021 we ran various promotional discounts that included negotiated initial franchise fees ranging from $10,000 to $23,950.~~

Point-of-Sale System ~~- Initial License Fee~~

You must ~~purchase your~~obtain a point-of-sale system ~~through us and pay us a $1,495 initial license fee. The initial license fee must be paid prior to opening.~~ and associated license rights from our designated vendor. We will invoice you for that amount and remit it to the vendor on your behalf (currently, $1,495). These amounts are deemed fully earned when paid and are non-refundable under any circumstances.

Technology Fee

You must ~~also~~ pay us a monthly ~~t~~Technology ~~f~~Fee (~~currently $399 per month), which includes 1 user license for the point-of-sale system. You must directly pay the licensor an additional monthly fee of $200 plus sales tax for each additional plumber/technician license that is required (we expect that most franchisees will require between 1 to 2 plumber/technician user licenses during the initial phase of operations). The purchase price is uniformly imposed and~~defined in Item 6). You must pay the first monthly installment of the Technology Fee (currently, $399 / month) when your website and digital

channels are set-up, which will be before you open. The Technology Fee is not ~~non-~~refundable under any circumstances.

ITEM 6
OTHER FEES

Type of Fee	Amount [1, 2]	Due Date	Remarks [1, 2]
Royalty Fee [3, 4, 5]	Greater of Percentage-Based Royalty Fee or Minimum Royalty Fee ~~(The royalty fee is calculated on a sliding scale of up to 6% of gross monthly sales, subject to a minimum royalty fee of $500 to $1,500 per month)~~	~~1st & 15th day of m~~Monthly [6]	See Notes 3~~.~~ and 4
~~System Branding Fund ("SBF") Contribution~~Technology Fee	~~Greater of Percentage-Based SBF Contribution or Minimum SBF Contribution (maximum contribution currently capped at $36,000 per year)~~Currently $399 / month (plus, an additional $10 per month per address, if you obtain more than 10 email addresses)	~~1st & 15th day of m~~Monthly [6]	You must pay this ~~S~~fee ~~Note 4~~for certain technology-related services, which is subject to change (the "Technology Fee") We also have the right to pay master vendors on your behalf and invoice you for those amounts.
~~Technology Fee~~Brand Fund Contribution [3, 6]	~~Our then-current fee (currently $399/month)~~ Greater of Percentage-Based Brand Fund Contribution or Minimum Brand Fund Contribution	~~1st day of m~~Monthly	See Notes 3 and 5~~.~~ Paid to us as your Brand Fund Contribution (as defined in Item 11).
~~Regional Advertising Cooperative ("Co-Op")~~	~~Up to 2% of Gross Sales, which may be increased by 2/3 vote of Co-op members.~~	~~Monthly or as determined by us and Co-Op members~~	~~See Note 6~~
~~Minimum~~ Local ~~Marketing Spending Requirement~~Advertising Expenditure	~~$40,000 during 12-month period after signing Franchise Agreement and 8% of Gross Sales after 12-month period~~ Up to 2% of Invoiced Gross Revenue (not currently imposed)	~~As incurred.~~Monthly	~~We reserve the right to require that y~~You must spend ~~these minimum~~this amount~~s~~ on ~~approved~~ local advertising in your ~~m~~Market~~ing~~ Territory (~~the~~your "~~Minimum~~ Local ~~Marketing Spending Requirement"). We will give you 30 days' notice before we impose this requirement. These amounts are paid to third-party suppliers (not to us)~~Advertising Expenditure"). We may require you to pay part or all of the Local Advertising Expenditure to the Brand Fund, in addition to the Brand Fund Contribution.

Type of Fee	Amount ~~1, 2~~	Due Date	Remarks [1, 2]
Digital Marketing Fee	Up to $499 per month (currently $299/month)	~~1st day of m~~Monthly	You must pay this ~~S~~fee ~~Note 8~~in addition to the other costs you incur for marketing. This fee will count towards your Local Advertising Expenditure.
~~Refresher/ Additional Training Fee~~Marketing in Another Market Territory	~~Our then-current fee (currently $500/day/person)~~Greater of: (i) $5,000 per incident, or (ii) 100% of the job value for any work obtained outside of your Market Territory	~~Prior to the start of training~~As incurred	~~See Note 9~~Payable if you, your Owners, or affiliates, conduct any marketing, advertising, or promotional activities outside of your Market Territory.
~~Operating and Special Assistance~~Audit Expenses	~~$100 to $1,000 per day depending on circumstances (fee includes travel and living expenses)~~All costs and expenses associated with audit (currently estimated to be between $1,500 - $5,000)	~~At completion of assistance~~Upon demand	~~See Note 10~~Payable if any audit we conduct shows you have not spent the Local Advertising Expenditure, or if you underreported amounts you owe us by 3% or more.
~~Renewal Fee~~Approval of Products or Suppliers	~~$5,000~~All costs and expenses associated with the evaluation (currently estimated to be between $500 to $1,000 per request)	~~90 days prior to expiration of then-current term~~Time of evaluation	~~None~~Payable if you request that we evaluate a new product or supplier.
Insurance Policies	Amount of unpaid premiums plus our reasonable expenses in obtaining the policies	Upon demand	Payable if you fail or refuse to obtain and maintain the insurance we specify and we elect to obtain coverage for you.
Service Warranties Remediation	Our cost of honoring any Service Warranty	Upon demand	Payable if you fail or refuse to honor Service Warranties offered to customers by your Franchised Business, and we elect to honor those Service Warranties on your behalf.

Type of Fee	Amount [1,2]	Due Date	Remarks [1, 2]
~~Transfer Fee~~ Service Warranty Deposit	~~Greater of (i) 5% of the total consideration given for the Franchised Business or (ii) $5,000 (maximum transfer fee is $50,000)~~Varies based on the amount of outstanding Service Warranties	~~Payable on transfer~~Upon demand	We may require you to pay us a reasonable a deposit, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business. This amount would be refunded to you after expiration or termination of all Service Warranties offered by your Franchised Business, less any deductions arising if we have to honor any such Service Warranties on your behalf. We may hold these amounts after the termination or expiration of your Franchise Agreement until all Service Warranties have expired or are satisfied by you.
Transfer Fee	$5,000	Upon demand	Payable to us if you request our approval of a transfer (transfer to a wholly-owned entity or upon death or disability does not incur this fee, but you must reimburse our direct costs).
Renewal Fee	Our direct costs and expenses	Upon demand	Payable to us if you wish to acquire a successor franchise and we approve you for such franchise.
~~Transfer Fees (Related to Escrow for Warranty Claims)~~Additional Training Fee [7]	~~Service rate of $70 per hour for warranty claims, plus $50 handling fee per warranty claim. If no warranty claims, $150 handling fee~~Our then-current fee (currently, $1,000 per day per trainee, plus expenses)	~~Before transfer and up to six months after transfer~~Prior to training	~~If~~Payable if you ~~transfer the Business, we may hold up to 10% of the sales price in escrow for six months to cover warranty claims by clients~~request additional training for you, your Owners, or your personnel, and we agree to provide such training.
Conference Registration Fee	Up to $1,000 (currently, $300 per person per conference~~.~~)	Prior to conference	If you fail to attend any required conference, you must still pay ~~a $1,000~~the conference registration fee for the missed conference. ~~However,~~We may waive this fee if you demonstrate good cause for your inability to attend~~, we may waive the fee~~.
~~Client Service Issues and Complaints~~National Account Dispatch and Claims Management Fees	~~Up to 100% of the client's cost for products and services~~Our then-current fees (currently, no dispatch fees, and claims management fees of 5% of the invoiced amount)	~~Within 30 days after receipt of invoice~~At time of job	~~If we handle a client complaint, we can refund the client's money and you must reimburse us~~Payable if you provide services for a National Account Clients (defined in Item 16). We will invoice and collect payment from the client, and remit to you your portion of the payment after deducting fees.

Type of Fee	Amount [1,2]	Due Date	Remarks [1, 2]
~~Testing Fee for New Supplier Approval~~Cost of Enforcement	~~Actual~~All costs ~~of test and related expenses~~including reasonable attorneys' fees	~~As incurred~~Upon demand	~~If y~~You ~~request that we approve a new supplier of products or services for your Business, we can charge a fee for the test or use a third-party for the test~~must reimburse us for all costs in enforcing obligations if we prevail.
~~Audit Fees~~Interest on Past Due Amounts	~~Cost of Audit plus late fee~~Lesser of 1.5% ~~interest~~ per month ~~on understatement~~or the highest rate allowed by law	~~30 days after billing~~Upon demand	~~Payable only if audit shows an under-statement of at least 3% of Gross Revenue for any month~~All amounts owed under the Franchise Agreement to us that are not received by us on the due date, will bear interest from the date payment is due to the date payment is received. You must also pay us for all costs we incur in the collection of any unpaid and past due amounts, including reasonable attorney fees.
~~Emergency Operating Fee~~Indemnification	~~$350 per person, per day, plus travel, room, board and expenses for our staff~~All costs including reasonable attorneys' fees	~~On~~Upon demand	~~If y~~You ~~are unable to operate your Franchise due to illness or other incapacity, we may operate your~~must reimburse us if we are held responsible for claims directly or indirectly arising out your Franchised ~~b~~Business ~~f~~or your breach of the Franchise Agreement.
~~Insurance~~	~~Varies according to carrier~~	~~As incurred~~	~~If you fail to obtain required insurance, we may obtain such insurance at your expense, even though we are not obligated to do so~~
~~Costs and Attorneys' Fees~~	~~Varies according to circumstance~~	~~Upon settlement or conclusion of claim or action~~	~~Payable as incurred by us in obtaining any relief for the enforcement of any item of the Franchise Agreement.~~
~~Indemnification~~	~~Varies according to circumstance~~	~~As incurred~~	~~You must indemnify us, and reimburse us for any costs (including our attorneys' fees) if we are held liable for any claims arising from your Franchised Business.~~
~~Late Payment Fees~~	~~$50 per week, starting the 6th day after a payment is due to us~~	~~As incurred~~	~~See Note 11.~~
~~Late Reporting~~Management Fee~~s~~	~~$10 per day, starting the 11th day after the report was due~~Then-current fee (currently, 5% of Invoiced Gross Revenue), plus costs and expenses	~~As incurred~~Upon demand	~~Payable if you fail to provide any sales, financial statement, or other report when due and the failure continues for a period of 10 days after the due date~~If we assume management of your Franchised Business because you abandon, default and fail to cure, or we are determining whether to exercise our right to acquire your Franchised Business at the end of the franchise.

Type of Fee	Amount ~~1,2~~	Due Date	Remarks [1, 2]
~~Interest on Overdue Amounts~~Final Payment	~~The lesser of 18% per annum or the maximum amount permitted under applicable law~~Accounts Receivable multiplied by 70%, multiplied by combined rate of your Royalty Fees and Brand Fund Contributions as of termination or expiration	~~As incurred~~Within 5 business days following expiration or termination of the Franchise Agreement	~~Interest begins from the date of non-payment or underpayment~~Payable in lieu of continuing Royalty Fees and Brand Fund Contributions otherwise payable on Invoiced Gross Revenue after the date of expiration or termination.
~~Return or Dishonored Payment Fee~~	~~$125 per dishonored or returned check or failed electronic transfer (this fee is $30 in Minnesota)~~	~~As incurred~~	~~You must pay us for any fees that we incur due to the returned or dishonored check, draft, transfer or debit. See Note 11.~~
~~Collection Charges~~	~~Varies according to circumstance~~	~~As incurred~~	~~You must pay all collection charges associated with our efforts in collecting any amounts owed to you or us under the Franchise Agreement~~
~~Liquidated~~Lost Revenue Damages	~~Average Royalty Fees and SBF Contributions during prior 12-month period multiplied by the lesser of 24 months or the total number of months remaining under the term, discounted to present value.~~ Will vary under circumstances	~~Upon demand~~Within 15 business days of termination	~~Payable only if~~If we terminate ~~for~~your Franchise Agreement because of your default (or if you ~~wrongfully terminate~~terminate without cause), you must pay us the net present value of the Royalty Fees and Brand Fund Contributions that would have become due had the Franchise Agreement not been terminated, from the date of termination until the earlier of: (a) 2 years following the date of termination; or (b) the scheduled expiration of the term of the Franchise Agreement (based on the average monthly amount of your Royalty Fees and Brand Fund Contributions during the preceding 12 months, or if you have been operating your Franchised Business for less than 12 months, on the average monthly Royalty Fees and Brand Fund Contributions of all BlueFrog Businesses during our previous fiscal year).

Notes to Item 6:

1. Except as described in this Item 6, all fees are imposed and collected by and payable to us, though we may transfer these rights to our affiliates. These fees are not refundable. Not all our fees are uniformly imposed due to individual negotiated terms with certain franchisees. All amounts payable by you to us, or our affiliates must be in United States Dollars ($USD).

2. You must pay all amounts due under the Franchise Agreement as we periodically prescribe. Currently, we require all payments to be made through an electronic funds transfer account (the "Transfer Account") that allows us to debit the Transfer Account for all amounts you owe us on their due dates or the next business day if the due date is a national holiday or a weekend

day. You must ensure that funds are available in the Transfer Account to cover our withdrawals. If you fail to report your Invoiced Gross Revenue when due, then for each payment under the Franchise Agreement calculated based on Invoiced Gross Revenue, we may debit the Transfer Account 110% of the average of the last three payments. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your Transfer Account on the next payment due date. We may require you to make payments through any other method at any time, and you must comply with our payment instructions. We may change the timing and intervals of your payments with 30 days prior notice to you.

~~1. All fees are payable to us in U.S. dollars, are non-refundable and uniformly imposed on franchisees.~~

~~2. The following defined terms used in Item 6 have the meanings given to them below:~~

~~"*Fee Commencement Date*" means the 1st day of the month that immediately follows the earlier to occur of: (i) the month following completion of the 1st week of training when you either invoice your first job or receive your first payment for a job; or (ii) the month that includes the date that is 90 days after the Effective Date of the Franchise Agreement.~~

3. ~~"*Gross Sales*" means all revenues and receipts from the sale of all services and products~~"Invoiced Gross Revenue" means the aggregate invoiced sale price of all goods, products, labor, parts, merchandise, and services performed by or sold from your Franchised Business, ~~whether for cash or credit, and income of every kind related to the Franchised Business, but does not include sales taxes or other taxes~~including all proceeds from any business interruption insurance, and without deduction for any fees that we our any other vendor charges from sch amounts, but excluding (a) all refunds actually made to customers in good faith; and (b) any sales and equivalent taxes that are collected ~~from clients~~ by you for ~~transmittal to the appropriate~~or on behalf of any governmental taxing authority~~.~~ and paid thereto. If any Invoiced Gross Revenue due to you ("Accounts Receivable") remains outstanding for more than 1 year after the date of service, the amount of the Royalty Fee that you paid to us on the basis of such Accounts Receivable will be deducted from the subsequent Royalty Fee you owe us, in an amount not to exceed the original Invoiced Gross Revenue (excluding any late fees, interest, or other amounts accruing on the basis of the late payment).

4. ~~3.~~ The ~~Percentage-Based Royalty varies depending on whether or not you are a Conversion Franchise. The~~ following table lists the applicable Minimum Royalty Fee and Percentage-Based Royalty Fee for both standard and ~~C~~conversion ~~F~~franchises~~:~~. With no less than 30 days prior notice, we may increase the amount of the Minimum Royalty Fees in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor's Consumer Price Index since the effective date of your Franchise Agreement, or such later date as we last adjusted the Minimum Royalty Fees.

~~Months after Fee Commencement Date~~	~~Minimum Royalty Fee (Per Month)~~	~~Percentage-Based Royalty (Standard)~~**Months After Opening**	**Percentage-Based Royalty** ~~(Conversion)~~**Fee**	**Minimum Royalty Fee**
~~1 through 6~~	~~$500~~	Initial 6 full/partial months ~~Sum of following amounts: (i) 6% of initial $150,000 in monthly Gross~~	~~2% of Gross Sales~~**Conversion**: Sum of following amounts: (i) 3% of initial $150,000 in monthly Invoiced Gross Revenue; (ii) 2.5% of monthly Invoiced Gross Revenue between $150,000 and $300,000; and (iii) 2%	$500

		~~Sales; (ii) 5% of monthly Gross Sales between $150,000 and $300,000; and (iii) 4% of monthly Gross Sales above $300,000~~	of monthly Invoiced Gross Revenue above $300,000	
~~7 through 12~~	~~$1,000~~	~~Same as above~~	~~2% of Gross Sales~~	
~~13 through 24~~	~~$1,500~~	~~Sane as above~~	~~3% of Gross Sales~~	
~~25 through 36~~	~~$1,500~~	~~Same as above~~	~~4% of Gross Sales~~	
~~37 through end of term~~	~~$1,500~~	~~Same as above~~	**Standard**: Sum of following amounts: (i) 6% of initial $150,000 in monthly Invoiced Gross ~~Sales~~Revenue; (ii) 5% of monthly Invoiced Gross ~~Sales~~Revenue between $150,000 and $300,000; and (iii) 4% of monthly Invoiced Gross ~~Sales~~Revenue above $300,000	
7th through 12th month			2% of monthly Invoiced Gross Revenue	$1,000
13th month through remainder of term			2% of monthly Invoiced Gross Revenue	$1,500

~~Your first Royalty Fee will be due on the Fee Commencement Date for the business conducted during the immediately preceding month (if any). The full $500 Minimum Royalty Fee will be applicable to your first Royalty Fee payment and will not be pro-rated.~~

~~If you are renewing your franchise agreement, the Minimum Royalty Fee will be $1,500 per month beginning with the 1st month of the term of the renewal franchise agreement.~~

~~4. We have established and administer a fund to support certain promotional programs, advertising campaigns and other marketing efforts (the "System Branding Fund"). You must contribute to the System Branding Fund on a monthly basis (the "SBF Contribution"). The following table lists the applicable Minimum SBF Contribution and Percentage-Based SBF Contribution:~~

5. The following table lists the applicable Minimum Brand Fund Contribution and Percentage-Based Brand Fund Contribution. With no less than 30 days prior notice, we may increase the amount of the Minimum Brand Fund Contribution in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor's Consumer Price Index since the effective date of your Franchise Agreement, or such later date as we last adjusted the Minimum Brand Fund Contribution.

Months ~~a~~After ~~Fee Commencement Date~~Opening	Percentage-Based Brand Fund Contribution	Minimum ~~SBF~~Brand Fund Contribution ~~(Per Month)~~	~~Percentage-Based SBF Contribution~~
~~1 through~~Initial 6 full/partial months	2% of monthly Invoiced Gross Revenue	$150	~~2% of monthly Gross Sales~~
~~7~~7th through ~~12~~12th month	2% of monthly Invoiced Gross Revenue	$300	~~2% of monthly Gross Sales~~
~~13~~13th month through ~~end~~remainder of term	2% of monthly Invoiced Gross Revenue	$450	~~2% of monthly Gross Sales~~

~~Your first SBF Contribution will be due on the Fee Commencement Date for the business conducted during the immediately preceding month (if any). The full $150 Minimum SBF Contribution will be applicable to your first SBF Contribution payment and will not be pro-rated.~~

~~If you are renewing your franchise agreement, the Minimum SBF Contribution will be $450 per month beginning with the first month of the term of the renewal franchise agreement.~~

~~5. You must acquire and utilize all information and communication technology systems that we specify from time to time (the "Technology Systems"). Our required Technology Systems may include computer systems, points-of-sale systems, telecommunications systems, security systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems. Certain components of the Technology Systems must be purchased or licensed from third party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. We also reserve the right to enter into master agreements with third party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The "technology fee" includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems. Our current technology fee includes the monthly fees for our designated point-of-sale system for a single user. You must directly pay the licensor an additional monthly fee of $200 plus sales tax for each additional plumber/technician license that is required (we expect that most franchisees will require between 1 to 2 plumber/technician user licenses during the initial phase of operations).~~

~~6. If a regional Advertising Cooperative is established in your area, we can require you to spend up to 2% of Gross Sales. Co-op members may increase this amount by a 2/3 vote. Any BLUEFROG PLUMBING + DRAIN business that we operate will have the same voting power as third party~~

franchisees. If we own the majority of BLUEFROG PLUMBING + DRAIN businesses within an advertising cooperative, we will not increase the cooperative advertising fee without the consent of a majority of all third-party franchisees within the advertising cooperative. All cooperative advertising fees will be uniformly imposed on all franchisees within the advertising cooperative, including any BLUEFROG PLUMBING + DRAIN business that we operate.

7. We will collect the applicable Minimum Royalty Fee and Minimum SBF Contribution on the 1st day of each month. If your Percentage-Based Royalty exceeds your Minimum Monthly Royalty, we will collect the balance of your Royalty Fee (i.e., your Percentage-Based Royalty less the Minimum Royalty Fee paid on the 1st of the month) on the 15th day of the month. Similarly, if your Percentage-Based SBF Contribution exceeds your Minimum SBF Contribution, we will collect the balance of your SBF Contribution (i.e., your Percentage-Based SBF Contribution less the Minimum SBF Contribution paid on the 1st of the month) on the 15th day of the month.

6. 8. You must pay us a digital marketing fee of up to $499 per month (currently $299 per month). We will use the digital marketing fee for purposes of providing Internet marketing services (either directly or through a third-party supplier), including website design, search engine optimization, and social media services ("Internet Marketing Assistance"). We reserve the right to discontinue Internet Marketing Assistance and/or change third-party providers. We will provide you with at least 30 days' notice of any increase to the digital marketing fee (not to exceed $499 per month). Digital marketing fees are in addition to (and not credited towards) your Minimum Local Marketing Spending Requirement.all travel and living expenses (including wages, transportation, food, lodging and workers' compensation) incurred by you and your Key Personnel or any other employee incurs during any and all meetings and/or training courses and programs. You must also pay all travel and living expenses (including transportation, food, and lodging) incurred by any of our trainers or staff we send to your Franchised Business to provide training courses or programs.

9. We may charge you a fee for training courses. Although we do not currently charge a fee for any mandatory training program (except for the registration fee associated with national or regional conferences) we reserve the right to charge fees for all training programs in the future at rates set by us. You may be required to purchase equipment, computer programs and other supplies for any additional training program, or make other reasonable expenditures due to a change to the System.

10. Upon request, we may but need not send a representative to your territory to provide on-site operational or other assistance. If we agree to do so, we may charge the Operating and Special Assistance Fee, which ranges from $100 to $1,000 per day (inclusive of travel and living expenses incurred by the representative).

11. Any payment that we do not receive or is not paid in full on its due date will be considered overdue. We may require future payments and contributions due under the Franchise Agreement by wire transfer, auto-draft arrangements, electronic funds transfer, debit, or other means we may specify, to a bank account or address designated by us.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

~~Standard Franchise~~

Type of Expenditure[1]	~~High Amount~~Low Amount		Method of Payment	When Due	To Whom Payment ~~is to be~~Is To Be Made
	Standard Franchise	Conversion Franchise			
Franchise Fee ~~1~~	$59,900 to $89,900	$~~89,900~~22,500 to $37,500	Lump sum	~~Upon execution of the~~When signing Franchise Agreement	Us
~~Travel and Living Expenses During Training~~Real Estate/Rent [2]	$~~1,000~~2,000 to $9,000	$~~2,000~~0 to $9,000	~~As incurred~~Lump sum	~~As incurred~~When signing lease	~~Airlines, hotels, and restaurants~~Landlord
~~Lease, Utility and Security Deposits [3]~~	~~$0~~	~~$3,000~~	~~As agreed~~	~~When you sign your lease or start an account with a utility company~~	~~Landlord, utility company~~
~~Insurance Premium, 3 months [4]~~	~~$2,000~~	~~$6,000~~	~~As agreed~~	~~Prior to opening~~	~~Insurance agent or carrier~~
~~Business License and Permits [5]~~	~~$2,000~~	~~$4,000~~	~~As incurred~~	~~As incurred~~	~~Government agencies~~
~~Rent (3 months after opening) [6]~~	~~$0~~	~~$6,000~~	~~As agreed~~	~~As agreed~~	~~Landlord~~
~~Vehicle(s) [7]~~	~~$3,500~~	~~$40,000~~	~~As negotiated~~	~~As negotiated~~	~~Third parties~~
~~Vehicle(s) "Wrap" Advertising~~	~~$2,200~~	~~$2,200~~	~~As incurred~~	~~As agreed~~	~~Vendor~~
Signage & Graphics ~~8~~[3]	$~~0~~500 to $1,500		As incurred	~~As agreed~~Before opening	~~Vendor~~Contractor and suppliers
Office Furniture, Fixtures ~~and~~, & Equipment ~~9~~[4]	$14,500 to $62,500	$~~62,500~~0 to $22,500	As incurred	~~As agreed~~Before opening	~~Vendor~~Suppliers
~~Startup Costs [10]~~	~~$1,600~~	~~$3,000~~	~~As incurred~~	~~As agreed~~	~~Third parties~~
~~POS Initial License Fee~~	~~$1,495~~	~~$1,495~~	~~Lump sum~~	~~Prior to opening~~	~~Us~~
~~Computer Setup and Annual Database Access~~	~~$400~~	~~$2,000~~	~~As incurred~~	~~As incurred~~	~~Third parties~~
~~Technology Fee (3 months after opening) [11]~~	~~$1,197~~	~~$1,197~~	~~As incurred~~	~~Monthly~~	~~Us~~

Type of Expenditure [1]	~~High Amount~~Low Amount		Method of Payment	When Due	To Whom Payment ~~is to be~~Is To Be Made
	Standard Franchise	Conversion Franchise			
~~Additional POS System User License Fees (3 months after opening)~~ [11]	~~$0~~	~~$600~~	~~As incurred~~	~~Monthly~~	~~Vendor~~
~~Digital Marketing Fee (3 months after opening)~~	~~$897~~	~~$897~~	~~As incurred~~	~~Monthly~~	~~Us~~
~~Internet (3 months after opening)~~	~~$100~~	~~$300~~	~~As agreed~~	~~As agreed~~	~~Third parties~~
Service Tools, Equipment, and Initial Inventory ~~and Operating Supplies~~ [5] ~~(3 months after opening)~~ [12]	$3,000 to $6,000		As incurred	~~As agreed~~Before opening	~~Vendor~~ Approved third-party suppliers
~~Initial Advertising and Grand Opening (Before and 3 months after opening)~~ [13]Technology Systems Components [6]	$~~9,000~~2,000 to $3,500	$~~15,000~~1,500 to $2,500	As incurred	~~As agreed~~Before opening	~~Vendor~~ Third party suppliers
~~Professional Fees~~ [14]	~~$0~~	~~$1,000~~	~~As incurred~~	~~As agreed~~	~~Third parties~~
~~Additional Funds (3 Months)~~ [15]Training Expenses for 3 people [7]	$~~35,000~~2,000 to $~~75,000~~5,000		As ~~agreed~~incurred	~~As incurred~~During training	~~Employees, utilities, suppliers, etc.~~Airlines, hotels and restaurants
~~TOTAL~~ [16]	~~$137,789~~	~~$323,589~~			

~~Conversion Franchise~~

~~Type of Expenditure~~	~~Low Amount~~	~~High Amount~~	~~Method of Payment~~	~~When Due~~	~~To Whom Payment is to be Made~~
~~Franchise Fee~~ [1]	~~$22,500~~	~~$37,500~~	~~Lump sum~~	~~Upon execution of the Franchise Agreement~~	~~Us~~
~~Travel and Living Expenses During Training~~ [2]	~~$1,000~~	~~$2,000~~	~~As incurred~~	~~As incurred~~	~~Airlines, hotels, and restaurants~~
~~Lease, Utility and Security Deposits~~ [3] Vehicle [8]	$~~0~~3,000 to $50,000	$~~3,000~~1,200 to $6,000	~~As agreed~~Lump sum or monthly payments	~~When you sign your lease or start an account with a utility company~~Before opening	~~Landlord and utility~~Auto leasing company

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Insurance Premium, 3 months [4]	$0	$6,000	As agreed	Prior to opening	Insurance agent or carrier
Business LicenseMarketing Materials & Grand Permits [5]Opening Advertising [9]	$010,600 to	$4,00018,000	As incurred	As incurredBefore opening	Government agenciesApproved third-party suppliers
Rent (3 months after opening) [6]	$0	$6,000	As agreed	As agreed	Landlord
Vehicle(s) [7]	$0	$40,000	As negotiated	As negotiated	Third parties
Vehicle(s) "Wrap" Advertising	$2,200	$2,200	As incurred	As agreed	Vendor
Signage & Graphics [8] Insurance [10]	$02,000 to $6,000	$1,5000 to $6,000	As incurredLump sum, monthly, or quarterly payments	As agreedBefore opening	VendorInsurance company
Furniture, Fixtures and Equipment [9]	$0	$22,500	As incurred	As agreed	Vendor
Startup Costs [10]	$1,600	$3,000	As incurred	As agreed	Third parties
POS Initial Licenses Fee& Permits [11]	$1,4952,000 to $4,000	$1,4950 to $4,000	Lump sum	Prior toBefore opening	UsLicensing authorities
Computer Setup and Annual Database Access Recruitment for Master Plumber [12]	$0 to $2,0008,000		As incurredLump sum	As incurredBefore opening	Third partiesy vendors
Technology Fee (3 months after opening) [11]	$1,197	$1,197	As incurred	Monthly	Us
Additional POS System User License Fees (3 months after opening) [11]	$0	$600	As incurred	Monthly	Vendor
Digital Marketing Fee (3 months after opening)	$897	$897	As incurred	Monthly	Us
Internet (3 months after opening)	$0	$300	As agreed	As agreed	Third parties
Initial Inventory and Operating Supplies (3 months after opening) [12]	$3,000	$6,000	As incurred	As agreed	Vendor

~~Type of Expenditure~~	~~Low Amount~~	~~High Amount~~	~~Method of Payment~~	~~When Due~~	~~To Whom Payment is to be Made~~
~~Initial Advertising and Grand Opening (Before and 3 months after opening)~~ ~~13~~Professional Fees [13]	~~$15,000~~$1,500 to $9,000		As ~~incurred~~arranged	~~As agreed~~Before opening	~~Vendor~~Attorney and accountant
~~Professional Fees 14~~	~~$0~~	~~$1,000~~	~~As incurred~~	~~As agreed~~	~~Third parties~~
Additional Funds [14] (3 ~~M~~months~~) 15~~)	$~~0~~37,500 to $75,000	$2,500 to $25,000	As ~~agreed~~incurred	As ~~incurred~~necessary	Employees, us, utilities, lessor, and suppliers~~, etc.~~
TOTAL ~~16~~**15**	**$~~42,889~~140,500 to $347,400**	**$~~181,189~~45,300 to $160,000**			

Notes to Item 7:

~~1. See Item 5 for more information about the Franchise Fee and available discounts. We do not finance any of your fees.~~

1. Except as otherwise provided, none of the amounts payable to us or our affiliates in this table are refundable under any circumstances. All amounts payable to third parties will be paid under the terms of your agreement with these respective third parties. We do not offer direct or indirect financing for any of these items.

~~2. This estimates the travel and living expenses, including airfare, which you will incur when you and your employees attend the initial training program. The cost you incur will vary depending upon factors such as distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, per diem expenses, and the number of persons who attend training. It does not include any wages or salary for you or your trainees during training.~~

~~3. These are estimated amounts of lease costs and utility deposits. These amounts will vary in each market and may be refundable.~~

~~In some cases, franchisees operate from a home office. If you operate from a home office, you will not incur additional expenses for your lease, utility, or security deposits.~~

~~4. This is an estimate of insurance premiums for the initial 3 months of business operation. Your costs will vary depending on your market, the amount of coverage you select, your insurance carrier, and other factors. If you are a Conversion Franchise, you may already have the required insurance.~~

~~5. You are required to obtain a business license or permit before you start running the Franchised Business. Local, municipal, county, and state regulations vary on what licenses and permits are required by you to operate. If you are a Conversion Franchise, you may already have all required licenses and permits.~~

2. ~~6.~~ You may choose to rent or acquire a leased space for your Franchised Business Office. Rent varies considerably from market to market, and from location to location in each market. Generally, you will need a minimum of 700 to 1,000 square feet leased space. This figure represents rent for 3 months and includes utility costs and a security deposit to lease the unit. The location of the property and its relationship to and the nature of any adjoining uses will affect both its size and price. The low estimate assumes you ~~operate from a home office or you~~ are a ~~C~~conversion ~~F~~franchise who already has an existing commercial space.

~~7. You may purchase a new or used vehicle or convert your existing van or pickup truck, so that it meets the vehicle specifications listed in our Manuals and is approved by us. Although we permit vans and pickup trucks, you may not use an SUV for your Franchised Business. If you are a Conversion Franchise, you may already have an adequate vehicle.~~

3. ~~8.~~ The cost of signage and graphics will vary from location to location depending on lease requirements, local ordinances and restrictions, store frontage, and related factors. ~~If you operate from a home office, you will not incur additional expenses for signage. We may, at our discretion, provide assistance to you if needed.~~ The final design must be submitted to us for review and approval.

4. ~~9.~~ You will need to purchase furniture and fixtures for the ~~premises~~Franchised Business Office that meet our specifications and are from approved or designated vendors (where there are approved or designated vendors). You may decide to lease the furniture and/or equipment needed rather than purchasing it with a lump sum payment. A variety of factors (such as the condition of the national and regional economy, availability of credit, number of suppliers leasing products in your area, the interest rates offered by suppliers, duration of leases offered, security requirements, and your credit history) may affect the availability of leased products, the monthly and overall costs of the leases, and other terms relevant to your decision whether to purchase or lease the furniture and/or equipment. ~~The amounts listed are an estimate and may vary per your location and market.~~ If you are a ~~C~~conversion ~~F~~franchise, you may already have the most if not all of the required furniture and fixtures.

~~10. This estimate is for initial marketing pieces, sales materials, stationary templates, business cards, letterhead, website domain registration, website template, other supplies and initial fees for proprietary software.~~

~~11. You are required to use our designated point-of-sale system. You will pay us an initial one-time license fee of $1,495 and a monthly technology fee of $399 per month, which covers 1 user license to the POS system. You will pay us a total of $1,197 in technology fees during the initial 3 months of operation.~~

~~If you have more than 1 plumber/technician, you must also pay the licensor of the POS system an additional monthly licensing fee of $200 plus sales tax per additional user license per month (i.e., in excess of the 1st user license covered by the technology fee). We expect most franchisees will need between 1 to 2 plumber/technician user licenses during the initial phase of operation, in which case the total monthly licensing fees payable directly to the licensor for the initial 3 months of operation will range from $0 to $600, not including any sales tax.~~

5. ~~12.~~ This estimate covers various service tools and supplies you will need in your initial phase of operation. You are required to obtain these items from us or from our designated sources.

~~13. We can require you to spend at least $40,000 during your first year of operation and a minimum of 8% of your annual Gross Sales in each subsequent year on local advertising and promotional activities.~~

~~14. This estimate is for legal, accounting, administrative, permitting, traffic studies, demographic studies, brokerage, and miscellaneous other professional fees that you might incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement. Your actual cost may vary.~~

6. You must acquire and use the Technology Systems (defined in Item 11) that we designate. The cost of your Technology Systems will depend on whether you already own any components that must be purchased, freight and installation costs, the cost of internet and connectivity services in your area, applicable state and local taxes and other factors. If you are a conversion franchise, the low estimate above assumes that you own some of the necessary Technology Systems.

7. We do not charge a fee for the Training Program (as defined in Item 11) for you (or if you are a legal business entity, your Owners) and up to three additional employees (one of which must be your Designated Owner or Designated Manager, as applicable). For the estimate above, we assume that you will send between 1 to 3 individuals to training. We do not include fees or costs for any additional trainees. You are responsible for all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you and your Key Personnel (as defined in Item 11) incur during any and all meetings and/or training courses and programs. The total cost will vary depending on the number of people attending, how far you and your Key Personnel will travel, and the type of accommodation chosen. We assume for the estimate above, that all attendees will share one rental car. If we or our representatives travel to your area to conduct any training of any kind, you are also responsible for the travel and living expenses and out-of-pocket costs that we and such representatives incur. The estimate provided does not include the cost of our personnel travelling to your area to provide the Training Program.

8. We will provide you with our System Standards for a service vehicle, which you must lease or purchase prior to the start of operations of your Franchised Business. The service vehicle must be wrapped and lettered in accordance with the System Standards and must accommodate the required equipment to operate your Franchised Business. For standard franchises, the low estimate above is based on the first 3 months of leasing costs for 1 new service vehicle including the cost of wrapping the van; and the high estimate includes the estimated purchase price of 1 tradesman van and the cost of wrapping the van. You may obtain more than 1 service vehicle if you wish, but you are not required to do so, and our estimate above does not include more than 1 service vehicle for a standard franchise. If you are a conversion franchise, the estimate above assumes that you already own 1 to 5 service vehicles, and your costs will only include the $1,200 per van to obtain new vehicle wraps.

9. The low estimate above assumes you spend $3,000 per month on local advertising and promotion of your Franchised Business for the first three months of operations, including online and internet marketing and advertising, dues for business organizations and events, or other solicitation and promotional efforts. We also assume that you will spend approximately $1,600 on initial marketing pieces, sales materials, stationary templates, business cards, letterhead, website domain registration, website template, other supplies and initial fees for proprietary software. However, you may elect to spend more on your grand opening marketing. The amount you spend will depends on several factors, including the local market conditions and the amount of competition in your area, and other factors. You may not use any advertising, promotional, or marketing materials that we have not approved.

10. You must maintain in force at your sole expense the minimum types and amounts of insurance that we require. Our current insurance requirements are detailed in Item 8, though we may change the requirements at any time with written notice to you. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, business revenue, number of employees, location, and other factors bearing on risk exposure. Insurance providers may require either an annual payment or semi-annual installments. The amounts listed above estimate the cost of your premiums for the first 3 months of operations. If you are a conversion franchise, you may already have the required insurance.

11. You must obtain and provide us with copies of all permits and licenses required to operate your Franchised Business, including those specified as mandatory in the Confidential Operations Manual and by state and local law. In addition to business and operating licenses and permits, you may need to become a master or journeyman plumber. The permitting process and attendant licensing and permitting costs may vary substantially by local jurisdiction. If you are a conversion franchise, the low estimate above assumes that you have already obtained all necessary licenses and permits.

12. You may, but are not required to, engage a professional recruiting firm to recruit licensed professionals including master and journeyman plumbers for your Franchised Business. These fees may vary from location to location depending on the prevailing rates of local professionals. The low estimates that you do not engage a professional recruiting firm for such services.

13. ~~15.~~ You ~~will need additional capital to support on-going expenses during the initial 3 months after you open for business. The estimate includes items such as payroll, royalty, repairs and maintenance, bank charges, miscellaneous supplies and equipment, state tax, and other miscellaneous items, that may not be covered by sales revenues. Your estimated costs for rent, internet, additional POS system user licensing fees, technology fees, digital marketing fees, advertising, and inventory and operating supplies for the initial three-month period after opening are separately stated in the table above.~~ may incur other types of professional fees including fees for legal and accounting services. You may require an accountant and an attorney to provide services to help you form a new business entity to own your Franchised Business and review contracts and other documents, including this Disclosure Document. These fees may vary from location to location depending on the prevailing rates of local professionals. You may also elect to retain additional business consultants, general contractors, or other representatives to assist you, which may cause your expenses to be higher than the amounts listed. If you are a conversion franchise, the low estimate above assumes that you have already paid or already incur many of the costs associated with your first three months operation, and therefore may have minimal incremental costs for operating as a BlueFrog Business.

14. The figures in the chart reflect estimated working capital needs for a three-month period. Additional funds include technology fees, marketing fees, and operating expenses, including rent, storage space rental costs, utilities, and employees' salaries. These amounts do not include any estimates for debt service on loans that you obtain to finance your Franchised Business, and the estimates do not include any salary for your Owners during the initial phases of operations.

15. ~~16. The total number is an estimate on the cost to open a Franchised Business, including related payments for the first 3 months of operation. The figures in this table are only estimates.~~ In compiling ~~these estimates~~this chart, we relied on our and our affiliates' industry knowledge and experience ~~as well as the experience of our~~in developing BlueFrog Businesses and affiliate franchise~~es~~d. ~~Unless otherwise noted above, expenditures are non- refundable.~~ businesses.

~~The amount of required additional capital will be lower for a Conversion Franchise than a start-up franchise.~~

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Specifications for Products, Services and Suppliers

All products, supplies, equipment, and other items provided by your Franchised Business must comply with our System Standards. You must obtain and use the equipment, supplies, inventory, and other products, assets, and services we designate periodically as meeting our System Standards, including your Technology Systems, service vehicles, and any other equipment, supplies, inventory, signage, third-party services, and signs and other products and services that that we approve for BlueFrog Businesses. You may not use any other equipment, supplies, inventory, and other products, assets, and services that do not meet our System Standards without our express approval. We may require that you purchase any products or services only from a supplier designed or approved by us, and/or that satisfy our System Standards, which may be a third-party vendor or supplier, or may be us or an affiliate of us.

We are under no obligation to authorize every BlueFrog Business to offer the same services, products, supplies, equipment, and other items. We may condition our approval for you to offer any services, products, supplies, equipment and other items on our then-current criteria, including your

compliance with your Franchise Agreement, and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service or other criteria. We may elect not to issue to you or any of our approved suppliers these standards and specifications. Our standards and specifications for products and services and criteria for suppliers are not currently issued to franchisees or approved suppliers.

If you wish to use any products, services, or suppliers that we have not approved, you must first send us sufficient information, specifications and samples for us to determine whether the service, product, or supplier complies with our System Standards. You must bear all expenses incurred by us in connection with determining whether we will an item, service, or supplier (estimated currently, $500 to $1,000 per request). Currently, we estimate that we will provide notice of our decision to approve or disapprove an alternative supplier within 30 days of receiving the request. We are not required to consider alternative suppliers and we may refuse to consider such requests for any reason. You must bear all expenses incurred by us in connection with determining whether we will approve an item, service or supplier. Approval of a supplier may be conditioned on the supplier's ability to provide a sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. We may revoke our approval of any products, services, or suppliers at any time by providing you notice. You must promptly cease using, selling, or providing any products, services, or suppliers disapproved by us.

Currently, you must purchase: (i) accounting and bookkeeping software, reputation management software, vehicle wraps, collateral merchandise, and Technology Systems from an exclusive supplier we designate, and (ii) all other operating equipment, service vehicles, uniforms, inventory, uniforms, marketing materials, and other products and services from other approved suppliers. In addition, you must purchase your POS System, and digital marketing services from us or our affiliates. With respect to the POS system, we collect fees from you and remit them to third-party licensors or we reimburse ourselves for amounts we pay to the licensors on your behalf.

Neither we nor our affiliates are suppliers of goods and services to franchisees. However, we reserve the right to invoice you for certain products and services offered by vendors and pass such amounts over to the vendors, and we currently do so for the POS system and software. None of our officers have an interest in any privately held suppliers, or a material interest in any publicly held suppliers.

Collectively, the purchases you obtain according to our specifications or from approved or designated suppliers represent approximately 70% to 75% of your total purchases to establish your Franchised Business and 60% to 65% of your total purchases to operate your Franchised Business.

~~**Source Restricted Purchases**~~

~~Except as stated below, you are not obligated to purchase or lease any other goods, services, products, or materials in accordance with specifications from us or from designated sources.~~

~~You will use only those fixtures, equipment, and signs that we have supplied or approved. If we do not supply such fixtures, equipment, and signs, you will purchase them from the suppliers that we designate.~~

~~We may require you to purchase from us or from our affiliate or designated suppliers any equipment, supplies, products and services that you use in operating a franchise location, such as your equipment and supplies, office furniture, and vehicle wrap.~~

~~**Purchases According to our Specifications**~~

~~If we have not identified an approved or designated supplier for a particular product or service, you may purchase the product or service from any supplier so long as the product or service meets our standards and specifications, which may include brand specifications. We established our specifications based on our franchisees' experience in operating the Franchised Business, and we communicate our specifications to you via the Manual. We may modify our specifications, in our sole discretion, and will~~

communicate all modifications through revisions to the Manuals or through other written communication. Because of price discounts, benefits, or other legitimate sales incentives, we may require you to participate with us or with other franchisees when purchasing certain products or services to be sold or used in the Franchised Business.

Supplier Criteria

We will provide you, in the Manuals or other written or electronic form, with a list of services and products that must be purchased from designated sources and, if required, a list of designated suppliers after you sign your Franchise Agreement, and we have the right to add or delete services, products, or suppliers from the list.

You may request our approval to purchase any products or services from other suppliers. In considering your request, we may require you to submit to us for testing purposes samples of the proposed supplier's products or services. We will notify you of our decision as soon as practicable following the evaluation. We will base our approval of suppliers upon a variety of factors, including their ability to meet our standards, their quality controls, their capacity to supply our franchisees' needs promptly and reliably, and their prices. If you do not receive our approval within 30 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You are required to pay any costs related to testing the product or service for approval.

Nothing in the Franchise Agreement requires us to consider your request or grant our consent. We may revoke approval of any designated supplier at any time if the quality of the product and the supplier's financial condition and ability to satisfy your requirements do not continue to meet our specifications.

Current Source Restricted Items

We estimate that the cost of goods purchased in accordance with the specifications described below will represent approximately 70% to 75% of your initial investment to commence the operation of your franchise business (the exact percentage will depend upon the amount of your other variable start-up expenses), and approximately 60% to 65% of your operating expenses, not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment, or fixtures, as further described below. Where applicable, we will identify all designated or approved suppliers of these goods and services in the Manuals.

Vehicle

You will need either a van or a pickup truck to accommodate the required equipment. The vehicle must meet our standards and specifications and must include the wraps we specify from a designated or approved vendor. You may purchase your vehicle from any supplier of your choosing.

Tools and Equipment

Your service tools and equipment must meet our standards and specifications. Some of these items must be purchased or rented from suppliers we designate or approve, while others may be purchased or rented from any supplier of your choosing.

Computer and POS System

You must purchase a computer system meeting our specifications (together with the software, referred to as "Computer System") from designated or approved suppliers. We derive no revenue from your purchase of the Computer System. You must also purchase off-the-shelf software that meets our minimum specifications. You must purchase your POS system as well as 1 plumber/technician user license to the POS system through us. You must purchase any additional plumber/technician user licenses to the POS system directly from the licensor we designate. You must have broadband internet connection at your premises. We reserve the right to require you to purchase, install, and use proprietary operating software that allows us to download certain sales and other information related to Franchise operations that we specify. We reserve the right to require, upon 30 days prior written notice to you, that you purchase additional hardware and software meeting our minimum specifications. In the future, you

may be required to purchase or lease other proprietary software from us, an affiliate of ours, or from a third-party designated by us.

Uniforms

Your employees must wear the uniforms that we specify. You must purchase these uniforms from a designated or approved supplier.

Inventory

All inventory items you use or consume in providing plumbing services, drain cleaning services, water and gas leak detection and repair services, and water heater, water softener, and water filtration system services must meet our standards and specifications. You must purchase inventory items only from designated or approved suppliers.

Marketing Materials and Services

All marketing materials must comply with our standards and requirements. We must approve all of your marketing materials before you use them. You must purchase all branded marketing materials only from us or other suppliers we designate or approve, including brochures and business cards. We may require that you utilize a designated supplier to provide social media marketing on your behalf.

Insurance *Policies*

You must obtain the insurance coverage we require from time to time (whether in the Franchise Agreement or in the Manual). You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Business. The required coverage currently includes:

Policy Type	**Minimum Coverage**
"All risk" Property Insurance	Replacement Value
Comprehensive General Liability Insurance	$1,000,000 per occurrence and $2,000,000 in the aggregate
Automobile Liability Insurance	$1,000,000 per occurrence
Business Interruption Insurance	Minimum coverage of $100,000
Employer's Liability Insurance	$100,000 per occurrence and $500,000 for policy limit
Worker's Compensation Insurance	As required by law
Other Insurance	Any additional insurance required by law

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name BlueFrog Plumbing and Drain, LLC as an additional insured (utilizing Grantor of Franchise endorsement CG2029 or endorsement with comparable wording); (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. Your insurance must include coverage under the indemnity provisions in the Franchise Agreement.

You cannot open your Franchised Business until you have obtained all the required insurance coverages. You must maintain insurance at all times. If you fail to obtain and maintain this insurance coverage, we have the right to obtain it on your behalf and to charge you for the costs plus interest. We have the right to increase the minimum coverage, decrease the maximum deductible, or require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances with at least 30 days' prior written notice.

During the term of the Franchise Agreement, you must maintain in force at your sole expense the minimum types and amounts of insurance that we require as part of our System Standards, including:

- "All risk" property insurance coverage for the replacement value of the assets of your Franchised Business
- Workers' compensation insurance as required by state law and employer liability coverage with a minimum limit of $100,000 per incident and $500,000 for the policy limit
- Comprehensive general liability insurance with a minimum liability coverage of $1,000,000 per occurrence and an aggregate limit of $2,000,000
- Business interruption insurance with a minimum coverage of $100,000
- Automobile liability insurance of at least $1,000,000
- Errors and omissions coverage in the amount of $1,000,000

We may require that you obtain all or a portion of your insurance policies from a designated supplier and on the terms and according to the specifications we approve. We may require increased coverage if you wish to serve National Account Clients. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Franchised Business' operation or activities of you and your personnel. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher.

Each insurance policy for liability coverage must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved, and provide for 30 days' prior written notice to us of a policy's material modification, cancellation, or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must routinely furnish us with copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies including termination, we may (but are not required to) obtain such insurance for you and your Franchised Business on your behalf, in which event you must cooperate with us and reimburse us on demand for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee.

Revenue Derived from Franchisee Purchases and Leases
~~**Purchase Agreements**~~

We and/or our affiliates may derive compensation or other benefits based on your purchases or leases, including from designated or approved suppliers. We have the right to retain such compensation or benefits and you will have no interest in or claim to such compensation or benefit. We currently receive the following compensation from suppliers to franchisees: 3% of total purchases made by franchisees of computer and breakroom supplies. During our last fiscal year, we derived $1,004 on account of franchisee purchases and leases (0.08% of our total revenue of $1,305,603).

Other than the foregoing amounts, in our prior fiscal year neither we nor our affiliates: (a) received any compensation or benefits from suppliers on the basis of sales to franchisees, or (b) derived any revenue from the sale of products and services to our franchisees.

Purchasing Cooperatives and Arrangements

There are no purchasing or distribution cooperatives in existence for the System. We may negotiate ~~and enter into~~ purchase arrangements~~, which may~~ with suppliers, includeing ~~discounted~~ pricinge~~, special~~ terms, ~~rebates, or other incentives with vendors~~ for the benefit of ~~our~~ franchisees~~. We will try to negotiate relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices. If we succeed, you may purchase these items at the discounted prices we negotiate (less any rebates or other consideration paid to us). We also reserve the right to purchase the items in bulk and resell them to you at our cost plus a reasonable markup~~. As of the issuance date of this Disclosure Document, we have negotiated purchase agreements (including pricing terms) with suppliers for the following goods and services: (i) water heaters and plumbing suppliers, (ii) equipment rentals, (iii) uniforms, (iv) computer and breakroom supplies, and (v) contractor employment services. You may be required to purchase these items at a price or on other terms we have negotiated in advance.

~~• water heaters and plumbing supplies~~

We do not provide you with any material benefit (such as renewal rights or additional franchise rights) based on your purchase of particular products or services or use of particular suppliers.

~~• equipment rentals~~ **Call Center Program**

~~• uniforms~~

If we require, you will participate in the call center program we establish, which may include using and publishing a telephone number we designate, receiving calls from a call center established and operated by us, engaging a designated service provider (which may be us, our affiliate, or a third party) to answer calls, set customer appointments, and provide other related services, and acquiring, installing, and using related technology, and using designated service providers. You must pay all fees imposed by the service provider for these services and enter into any related user or service agreements. At any time that a call center program is not implemented, you must arrange for the answering of all incoming phone calls during regular business hours. In addition to our other remedies under your Franchise Agreement, if you fail to comply with this requirement on two or more occasions, then we may require you to engage the services of a professional call center services provider approved in advance by us, at your expense.

~~• computer and breakroom supplies~~

~~• contractor employment services~~

~~Currently there are no purchasing cooperatives, although we reserve the right to establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.~~

~~**Franchisor and Affiliates as Suppliers**~~

~~Currently, we are not a designated or approved supplier for any items purchased by franchisees other than Digital Marketing Assistance and the POS system. With respect to the POS system, we collect fees from you and remit them to third-party licensors or we reimburse ourselves for amounts we pay to the licensors on your behalf. We may designate ourselves as an approved or designated supplier for other items in the future and we may generate revenues from these purchases. Although we are not currently a supplier (except for Digital Marketing Assistance and the POS system), we do facilitate and coordinate the purchase of certain items on behalf of franchisees and we may collect the purchase price from franchisees and remit these sums to the appropriate suppliers. We do not retain any portion of these sums as profit.~~

~~No persons affiliated with us are currently an approved (or the only approved) supplier. There are no approved or designated suppliers in which any of our officers owns an interest.~~

~~**Revenue Derived from Franchisee Purchases and Leases**~~

~~We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. As of the issuance date of this Disclosure Document, we receive the following rebates from suppliers (the rebate begin to apply once a minimum annual dollar threshold is met, which was not met in 2021 for any of these suppliers):~~

- ~~a supplier pays us a rebate equal to 3% of the total purchases made by franchisees of computer and breakroom supplies~~

~~Our total revenues during the fiscal year ended December 31, 2021 were $776,797. During the fiscal year ended December 31, 2021, neither we nor our affiliates received any revenue as a result of franchisee purchases or leases of goods or services from designated or approved suppliers (including purchases from us or our affiliates).~~

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation		Section(s) in Agreement	Disclosure Document Item(s)
a.	Site selection and acquisition/lease	~~7~~Section 1	11 and 12
b.	Pre-opening purchases/leases	~~7~~Sections 4 and 10.3	7~~,~~ and 8~~, 11~~
c.	Site development and other pre-opening requirements	~~7~~Section 4	~~6,~~ 7, ~~8,11~~8, and 11
d.	Initial and ongoing training	~~6,~~Section 7	6, 7, and 11
e.	Opening	~~7~~Section 4.3	11
f.	Fees	~~5~~Section 2 and the Summary Page	5, 6, and 7~~, 11~~
g.	Compliance with standards and policies/ Operating Manuals	~~6~~Sections 5, ~~7~~6.1, 8 and 11	~~6,~~ 8, ~~11~~14, ~~12, 13, 15,~~and 16
h.	Trademarks and proprietary information	~~8~~Section 5, 6.1, 8.1 and 8.2	13~~,~~ and 14
i.	Restrictions on products/services offered	~~7~~Sections 8.1, 11.1, 11.2, 11.11 and 11.12	8~~, 11,~~ and 16
j.	Warranty and ~~client~~customer service requirements	~~7~~Sections 11.6 and 11.8	~~Not Applicable~~16
k.	Territorial development and sales quotas	~~4~~Sections 1.2 and 11.10	12
l.	Ongoing product/service purchases	~~7~~Section 11.1	8 and 11
m.	Maintenance, appearance~~,~~ and remodeling requirements	~~7~~Sections 4, 8.1, 8.3 and 11.3	~~8, 11~~6
n.	Insurance	~~11~~Section 11.14	6, 7, and 8
o.	Advertising	~~5, 6, 7~~Section 9	6, 7, ~~8,~~and 11
p.	Indemnification	~~11~~Section 16.2	6
q.	Owner's participation/management/staffing	~~7~~Sections 11.4 and 11.5	15

Obligation		Section(s) in Agreement	Disclosure Document Item(s)
r.	Records and reports	~~5, 10~~Sections 10.1 and 10.2	11
s.	Inspections and audits	~~18~~Sections 10.1, 10.2 and 10.4	6, 11, and 13
t.	Transfer	~~13~~Section 14	6 and 17
u.	Renewal	~~3~~Section 3.2	17
v.	Post-termination obligations	~~16~~Sections 6 and 13	17
w.	Non-competition covenants	~~14~~Sections 6.3 and 13.4	17
x.	Dispute resolution	~~21~~Section 18	17
y.	Unlimited Guaranty and Assumption of Obligations	~~7~~Section 15.3	15

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation~~s to third parties~~.

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

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

Before you begin operating ~~the~~your Franchised Business, we will:

1. Make available to you our System Standards for your Franchised Business Office, service vehicle, service tools, and equipment and other equipment and supplies necessary for the establishment and development of BlueFrog Businesses (Franchise Agreement, Sections 1.1, 4 and 11.1).

2. Make our Training Program available to you (or if you are a business entity, your Owners) and up to three employees or representatives (one of which must be your Designated Owner or Designated Manager, as applicable) (Franchise Agreement, Section 7.1).

~~1. Advise and assist you in selecting a location for your office and warehouse and approve the location of the Franchised Business. (Franchise Agreement, Section 6.3 & 7.1)~~

~~2. Provide initial training for you and your employees. We will train 2 individuals at no additional charge. You are solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws, including, without limitation, those related to hiring, firing, training, and wage and hour requirements. (Franchise Agreement, Section 6.1, 7.8.1 and 7.12)~~

~~3. Provide our written specifications for the goods and services you must purchase to establish your Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. We do not deliver or install any of the items that you are required to purchase. (Franchise Agreement, Section 6.2)~~

3. ~~4.~~ Provide you with access to ~~our~~the Confidential Operations Manual~~s, which contains mandatory and suggested specifications, standards, and procedures~~ (Franchise Agreement, Section ~~6.2) The Manuals are confidential and remain our property. You will receive a copy of the Manuals when you begin the initial training program. We may give you the Manuals in an electronic format on a~~

compact disk or downloaded from on our franchisee intranet. The total number of pages in the Manual is 102. The table of contents is listed on Exhibit E. (Franchise Agreement, Section 7.6) 8.2).

After you begin operating the Franchised Business, we will:

1. Consult with you regarding the operation of your Franchised Business and inform you of any new developments, techniques or improvements in the areas of advertising, management or operations. (Franchise Agreement, Section 6.3)

2. Review all advertising and promotional plans or materials you use. (Franchise Agreement, Section 6.4 and 7.13)

3. List your location on our website and provide the means for you to be contacted through our website. (Franchise Agreement, Section 6.4)

4. Review any request you make to approve products, services, or vendors. (Franchise Agreement, Section 7.5.3)

5. Train replacement or additional general managers during the term of the Franchise Agreement. We may charge a tuition or fee, commensurate with then-current published prices, for training. You must pay all travel and living expenses for your personnel during the training program. (Franchise Agreement, Section 7.8)

Site Selection and Opening

You must operate the Franchised Business from an approved location within your Territory, which may be leased or home based. The factors we will evaluate in considering approval of a leased facility include: the general location and neighborhood, visibility, ease of access to the proposed site; pedestrian and traffic patterns, parking; terms of the proposed lease, utilities, and zoning issues. We can indicate some things to look for and negotiate in this process. If we are unable to come to an agreement on a particular site, a different site will need to be found. We do not plan to own any of the sites where our Franchised Businesses will be located and do not lease retail space to franchisees. We do not provide assistance with conforming the Franchised Business to local ordinances and building codes. You are solely responsible for obtaining any required permits.

If you have not identified the site that will be your Franchised Business Office before you sign your Franchise Agreement, you will have a period of 90 days after signing to obtain our approval of the proposed site of your Franchised Business Office. Currently, we estimate that we will provide notice of our decision to accept or reject a proposed site within 30 days of receiving the request. The criteria we use to evaluate the selected site include visibility, size, layout, adjacent uses, parking, demographics, local competition, and other factors we determine periodically. Neither we nor our affiliates generally own the sites for your Franchised Business Office or lease those sites to franchisees.

The service tools and equipment for your Franchised Business may not be stored at the any location other than the Franchised Business' Office without our approval. You are solely responsible for obtaining occupancy rights to the Franchised Business Office, and for maintaining, insuring, and paying all associated costs for the Franchised Business Office. You must manage and administer your Franchised Business from the Franchised Business Office, including maintaining the books and records of your Franchised Business at the Franchised Business Office. We may periodically establish System Standards for the Franchised Business Office, including relating to size, safety, or insurance requirements, and you must comply with all System Standards.

If there is insufficient space at the Franchised Business Office to store your Franchised Business' service tools and equipment, then you may be permitted to store the same off-site within a leased storage unit, provided that you inform us in writing of the location of the storage unit. The storage unit may not display any signage reflecting the Marks. We may periodically establish other System Standards for off-site storage, including relating to size, safety, or insurance requirements, and you

must comply with all System Standards for such off-site storage. We may in the future make off-site storage mandatory if we determine that it is necessary to satisfy our System Standards, or that your Franchised Business Office does not offer sufficient storage, though we do not currently do so.

Opening of Franchised Business

~~The Franchised Business is designed mainly to operate from a leased or owned facility but can be operated from a home office. If the Franchised Business is operated from a leased facility, about 700 to 1,000 square feet of space will most likely be required. If local zoning laws and/or the covenants and restrictions of your housing development or neighborhood do not allow you to operate from a home office, you will be required to do business from leased space. Be sure to know the zoning laws and regulations, along with the restrictive covenants in your neighborhood.~~

We estimate that ~~Y~~you ~~are responsible for securing (either by leasing or purchasing the location) an approved site~~will begin operating your Franchised Business within ~~90~~150 days of signing the Franchise Agreement. ~~If you fail to open the franchise business by this date, we have the right to~~We may terminate the Franchise Agreement ~~without refunding any fees.~~

if you fail to begin operating your Franchised Business within this time period. The date you may begin operating your Franchised Business will depend on whether you have completed all of the following requirements, all of which are mandatory prior to commencing operations: (a) obtain and provided us copies of all certifications, permits and licenses required to operate your Franchised Business, including those specified as mandatory in the Confidential Operations Manual, including master or journey plumber requirements in some jurisdictions; (b) establish the Franchised Business Office; (c) acquire and set-up all required office equipment including broadband or high-speed internet service; (d) acquire and set up at least one telephone number dedicated to your Franchised Business; (e) acquire a service vehicle meeting our System Standards, and have it wrapped and lettered it in accordance with our System Standards; (f) acquire the service tools and equipment required for the operation of ~~We will use reasonable efforts to approve or disapprove the proposed site within 30 days after your request for our approval. If you operate your Franchised Business from a leased location, whether initially, or at any time during the term of this Franchise Agreement, the real estate and improvements must be to our specifications. The location site, layout, equipment, inventory assortment and quantity, signage, and lease must be approved by us. At your expense, you must also install the equipment, fixtures, signs and other items that we require.~~

~~Upon our approval of a site, and after you secure the site, we will identify the site as the "Premises" in the Franchise Agreement. A home office is automatically considered a Premises.~~

~~Once we approve a location to be the Premises, we will determine the portion of the geographic area that will constitute the Territory that you will be granted for the Franchised Business.~~

Training

Before your Franchised Business opens, you, (or, if an owner of a beneficial interest in you approved by us), and your manager (or assistant manager if an owner will be the manager) must attend and successfully complete to our satisfaction an initial training program. We will provide instruction and materials without charge for up to 2 people over a 1-week period. You must pay all personal expenses, such as lodging, transportation, and food, and the wages of yourself and employee(s).; (g) if necessary, secure off-site storage space for tools and equipment; (h) furnish us with copies of all insurance policies required by your Franchise Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as we may request; (i) complete Training Program to the our satisfaction; (j) hire and train the personnel necessary or required for the operation of your Franchised Business; and (k) pay in full all amounts due to us. You may not commence operations until you have met all of the conditions above and our System Standards, and you receive notice from us that you are authorized to open.

Our lead instructor is Travel Sewell.

Travis Sewell has been with us since June 2020. He teaches in the topics of Plumbing RESTORE and SHAPE. Prior to joining us, he was a Journeyman Plumber and has extensive experience in the service plumbing field. He has 11 years of experience in the field.

We may change or substitute training personnel, as necessary, and we may delegate our duties and share our responsibilities with regard to training. All instructors will have a minimum 1 year of experience in the relevant field.

Our instructional materials are based upon information in the Manual, and may include training videos, class exercises and handouts. Exhibit E lists our table of contents for our Manual.

We may occasionally also hold seminars, sales classes, conferences, refresher training and advanced training, which you may be required to attend up to once per year. You must also send one person, either you, your general manager or a key employee, to attend our annual conference. We may charge you a refresher or additional training fee of up to $500 per person per day for refresher or additional training programs. We may charge a conference registration fee of up to $1,000 per person per conference for each person attending or required to attend our annual conference.

We may conduct mandatory meetings, monthly phone conferences, conventions, and training sessions for franchisees for the purpose of ongoing training. So long as there is availability, you must stay at the hotel or resort where the event is hosted, unless the event is local for you. You must pay for your own travel and living expenses.

We intend to offer our initial training program on a monthly basis. We will use a schedule substantially similar to the following for initial training:

TRAINING PROGRAM
Confidential Operations Manual

Subject	Classroom/ Online Hours	On-the-Job Hours	Location*
Marketing	6	0	Dallas, Texas
Sales	7	0	Dallas, Texas
Hiring/Staffing	2	0	Dallas, Texas
Technology	7	0	Dallas, Texas

Subject	Classroom/ Online Hours	On-the-Job Hours	Location*
Scheduling/Dispatch	2	0	Dallas, Texas
Plumbing Basics	4	0	Dallas, Texas
Plumbing Field Work	4	0	Dallas, Texas
Memberships	1	0	Dallas, Texas
Business Operations	3	0	Dallas, Texas
Accounting / Financial / Budgeting	4	0	Dallas, Texas
Total	40	0	

*Training will be provided at our headquarters in Dallas, Texas, your place of business, or another location that we select.

In addition to the classroom training above, you must also attend and complete approximately 8 hours of virtual training covering the following areas: marketing (2 hours); technology (2 hours); business operations (2 hours); hiring/staffing (1 hour); and financial (1 hour). A portion of virtual training is completed prior to classroom training with the rest of virtual training taking place after completion of classroom training.

System Branding Fund

We will make information about the System Standards, and other suggestions and general guidance for operating a BlueFrog Business available to you, which may include one or more manuals, bulletins, publications, newsletters, memoranda, videos, and other communications from us and our representatives, in printed, electronic, audio/video, or other form (collectively, the "Confidential Operations Manual"). We may modify the Confidential Operations Manual periodically, including changing System Standards. If there is a dispute over its contents, our master copy of the Confidential Operations Manual will control. The Confidential Operations Manual's contents are considered Confidential Information and you will not disclose the Confidential Operations Manual to any person other than any employee who needs to know its contents to perform its duties. You may not copy, duplicate, record, or otherwise reproduce any part of the Confidential Operations Manual without our approval. We may make some or all of the Confidential Operations Manual available through an Online Presence (as defined below). If we do so, you must monitor and access that Online Presence for any updates to the Confidential Operations Manual. Any passwords or other digital identifications necessary to access the Confidential Operations Manual on any Online Presence will be deemed to be part of Confidential Information. The approximate total number of pages in the Confidential Operations Manual is 102. The Table of Contents of the Confidential Operations Manual, along with number of pages devoted to each section, is included as Exhibit D to this Disclosure Document

After you begin operating your Franchised Business, we will:

1. Make periodic visits to your Franchised Business (or any job site for services conducted by your Franchised Business) for the purpose of consultation, assistance, and guidance with respect to various aspects of the operation and management of your Franchised Business (Franchise Agreement, Section 10.4 and 11.13).
2. Indemnify you if anyone challenges your right to use the Marks, provided you have complied with your Franchise Agreement (Franchise Agreement, Section 5.4)

3. Continue to provide you with modifications to the Confidential Operations Manual (Franchise Agreement, Sections 8 and 11.1).

4. Administer the Brand Fund, as required by the terms of the Franchise Agreement (Franchise Agreement, Section 9.2).

5. Establish prices charged to National Account Clients and prices for products or services sold through any Franchise System Website (as defined below) (Franchise Agreement, Section 11.11 and 11.12).

Advertising and Promotion

Local Advertising. You are solely responsible for conducting all local advertising for your Franchised Business. You must advertise and market your Franchised Business in any advertising medium we determine, using forms of advertisement we approve. You must also list your Franchised Business with the online directories and subscriptions we periodically prescribe, and/or establish any other Online Presence we require. You must comply with all of our System Standards for your advertising. All advertising materials that you use and any advertising activities that you conduct must be factually accurate, conform to the highest standards of ethical advertising, and comply with all federal, state and local laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

You must submit to us, for our approval prior to use, all advertising and promotional materials that you wish to use to promote your Franchised Business and/or that display the Marks. You may not use any advertising, promotional, or marketing materials that we have not approved. We may revoke our approval of any advertising, promotional, or marketing materials at any time. You must promptly cease using any advertising, promotional, or marketing materials disapproved by us.

We may require you to spend a minimum of up to 2% of Invoiced Gross Revenue each month on advertising, promotions, and public relations for your Franchised Business in your Market Territory ("Local Advertising Expenditure"). We will determine what type of expenditures will count towards your Local Advertising Expenditure. Digital Marketing Fees paid to us will be counted towards your Local Advertising Expenditure. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of employees administering the campaigns, will not be counted towards your Local Advertising Expenditure. Additionally, any costs you incur for advertising conducted at the Franchised Business Office and/or on service vehicles (such as in-store signage or vehicle wraps), will not be counted towards your Local Advertising Expenditure. At our request, you must send us an accounting of your Local Advertising Expenditures. We may periodically require you to pay part or all of the Local Advertising Expenditure to the Brand Fund, in addition to the Brand Fund Contribution. We may at any time, with at least 30 days' notice to you, change the proportion of the Local Advertising Expenditure that you must spend directly, versus contribute to the Brand Fund.

Brand Fund. We have established ~~the System Branding Fund to support certain promotional programs~~and administer a marketing, advertising ~~campaigns and other~~, and promotion fund to facilitate advertising and marketing efforts~~. On a monthly basis, you must pay us an SBF Contribution equal to~~ for the BLUEFROG PLUMBING + DRAIN® brand, the franchise system, any products or services offered by BlueFrog Businesses, and/or any BlueFrog Businesses ("Brand Fund"). You must contribute monthly to the Brand Fund an amount specified below ("Brand Fund Contribution"). If we own any BlueFrog Businesses in the future, they may, but are not required to, contribute to the Brand Fund at the same rate required for franchisees. Currently, we require you to pay the greater of the ~~Percentage-Based SBF Contribution or the~~ Minimum ~~SBF~~Brand Fund Contribution~~, as listed in the~~ and Percentage-Based Brand Fund Contribution as your Brand Fund Contribution each month, as follow~~ings table~~:

Months ~~a~~After ~~Fee Commencement Date~~Opening	Percentage-Based Brand Fund Contribution	Minimum ~~SBF~~Brand Fund Contribution ~~(Per Month)~~	~~Percentage-Based SBF Contribution~~
~~1 through~~Initial 6 full/partial months	2% of monthly Invoiced Gross Revenue	$150	~~2% of monthly Gross Sales~~
~~7~~7th through ~~12~~12th month	2% of monthly Invoiced Gross Revenue	$300	~~2% of monthly Gross Sales~~
~~13~~13th month through ~~end~~remainder of term	2% of monthly Invoiced Gross Revenue	$450	~~2% of monthly Gross Sales~~

~~SBF Contributions are currently capped at a maximum annual contribution of $36,000. We reserve the right to adjust the maximum annual SBF Contribution upon 30 days' written notice. We reserve the right to terminate the System Branding Fund by providing you with 30 days' notice. If the System Branding Fund is terminated, any amounts then remaining in the System Branding Fund will be distributed pro rata based on all BLUEFROG PLUMBING + DRAIN businesses' contributions within the preceding 12-month period.~~

~~The marketing activities conducted by the System Branding Fund will primarily be national in coverage. We will administer the System Branding Fund as follows:~~

~~(a) We will use the System Branding Fund to promote and build the BLUEFROG PLUMBING + DRAIN brand. The System Branding Fund will not be used to develop materials and programs to solicit franchisees; however, the System Branding Fund may be used to create media, materials, and programs, including our website, which may describe our franchise program, reference the availability of franchises, and process franchise leads. Either we or an outside advertising agency will produce advertising and marketing materials.~~

~~(b) We plan (but are not obligated) to administer the System Branding Fund with non-binding input from a Leadership Council (the "Leadership Counsel") consisting of our Chief Executive Officer, and President, and certain franchisees elected by our franchisees (a "Council Member"), with each franchise owner having the opportunity to cast one vote for a Council Member. The Leadership Council, if formed, is intended to act as an advisory board on behalf of franchisees. We have the right to create, change, or dissolve the Leadership Council. Other than the advisory input from the Leadership Council, we will determine all System Branding Fund decisions, with sole control over the finances, creative concepts, graphics, materials, communication media, and endorsements used and their geographic, market, and media placement, and allocation of all marketing and advertising.~~

~~(c) We will account for the System Branding Fund separately from our other monies and not use the System Branding Fund for our general operating expenses. However, we may use the System Branding Fund to pay the reasonable salaries and benefits of personnel who manage, support, and administer the System Branding Fund; the System Branding Fund 's administrative costs; the travel expenses of personnel while they are on System Branding Fund business; meeting costs and overhead relating to System Branding Fund business; conducting market research; public relations; preparing advertising, promotion and marketing materials; maintaining our toll-free~~

number; creating and maintaining the website; Internet advertising, marketing and social media and collecting and accounting for SBF Contributions.

(d) Currently, the media primarily utilized is the Internet, including online marketing, our website and social media.

(e) Although we are not contractually required to do so, we anticipate that any BLUEFROG PLUMBING + DRAIN businesses owned by us or one of our affiliates will contribute to the System Branding Fund on the same basis as franchisees.

With no less than 30 days prior notice, we may increase the amount of the Minimum Brand Fund Contribution in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor's Consumer Price Index since the effective date of your Franchise Agreement, or such later date as we last adjusted the Minimum Brand Fund Contribution .

We have exclusive control over all programs and services administered by the Brand Fund, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. We do not guarantee that any particular franchisee will benefit directly from expenditures by the Brand Fund, or that any such expenditures will be in proportion to any franchisee's contributions. The program(s) may be local, regional, or national in scope. We do not guarantee the results of any Brand Fund programs, services, or expenditures in any manner. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining any Online Presences, software, applications or other technology solutions; administering advertising, marketing, and promotional campaigns and programs; using public relations and marketing agencies and other advisors to provide assistance; conducting customer surveys and programs; developing market research and other marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, the System, the BLUEFROG PLUMBING + DRAIN® brand, and/or BlueFrog Businesses. We may also use the Brand Fund to pay for the Brand Fund's other administrative and overhead costs, including the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, and any other expenses that we or our affiliates incur that are related to administering or directing the Brand Fund and its programs. We may modify Brand Fund programs, services, or expenditures at any time. We do not anticipate using any Brand Fund allocations to principally solicit new franchise sales, but we are not restricted from doing so. We may modify Brand Fund programs, services, or expenditures at any time.

(f) The System Branding Fund is not a trust and we assume no fiduciary obligation to you in administering the System Branding Fund or any other reason.

(g) We maywill keep a record of the Brand Fund separately from our other funds, though we are not required to hold such funds in a separate account. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund Contributions at the System Branding Fund's expense to collect SBF Contributions. We may also may forgive, waive, settle, and compromise all claims by or against the System Branding Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due, or other direct or indirect liability or obligation for maintaining, directing or administering the System Branding Fund.

The purpose of the System Branding Fund is to maximize recognition of the Marks and increase patronage of BLUEFROG PLUMBING + DRAIN businesses. Although we intend to use the System Branding Fund to develop marketing and advertising materials, programs and campaigns, and to execute advertising, marketing, and research activities, which will benefit most BLUEFROG PLUMBING + DRAIN businesses using our Marks, we do not warrant that System Branding Fund expenditures in or affecting any geographic area will be proportionate or equivalent to SBF Contributions paid by Franchised Businesses operating in that geographic area or that any Franchised Business using our Marks, will benefit directly or in proportion to its SBF Contributions.

An annual unaudited financial statement for the System Branding Fund will be available to you on written request. In any fiscal year we may spend an amount greater or less than the aggregate SBF Contributions of all BLUEFROG PLUMBING + DRAIN businesses in that year. The System Branding Fund may borrow from us or other lenders to cover deficits or cause the System Branding Fund to invest any surplus for future use. Any amounts remaining in the System Branding Fund at the end of each year accrue and we apply them toward the next year's System Branding Fund expenses. Materials provided to you by the System Branding Fund may include a standard version of a DVD of television commercials, a CD of radio commercials and a website template which may be required for brand consistency. Customization or duplication or other production and placement of the same is at your cost.

During our last fiscal year ended December 31, 2021, we spent the System Branding Fund in the following manner:

Allocation of Marketing Expenditures (2021)				
Use of Funds	**Production**	**Media Placement**	**Administrative Expenses**	**Other***
Percentage Allocation	12%	1%	2%	85%

*These funds were spent on lead generation.

We may at any time, on 30 days' prior written notice to you, reduce or suspend Brand Fund Contributions and/or operations of the Brand Fund for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund and associated Brand Fund Contributions. If we terminate the Brand Fund, we will first pay all outstanding invoices and debts incurred by the Brand Fund, and then we will return the remaining balance to franchisees in proportion to their Brand Fund Contributions in the 12 months prior to such termination.

We may elect to maintain multiple Brand Funds or the administration thereof, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Brand Funds or the administration thereof, in each case provided that each such Brand Fund will otherwise remain subject to the terms of the Franchise Agreement. The Brand Fund is not a trust, and we assume no fiduciary duty in administering the Brand Fund.

An accounting of the operation of the Brand Fund will be prepared annually and will be available to you upon request. We retain the right to have the Brand Fund reviewed or audited and reported on, at the expense of the Brand Fund, by an independent certified public accountant selected by us. We may also administer the Brand Fund through a separate entity whenever we deem appropriate, and such entity will have all of the rights and duties reserved to us. During our last fiscal year, we spent the Brand Fund Contributions in the following manner: 11% on production, 1% on media placement, 0% administrative expenses, and 88% on other expenses (including website, guest satisfaction, creative, and local store marketing). We did not spend any amounts principally to solicit franchise sales.

Franchisee Advertising Council. Currently, there is no franchisee advertising council that provides us with guidance or suggestions regarding advertising and marketing matters.

~~**Regional Cooperative Advertising**~~

~~We may approve the establishment of regional cooperative advertising associations consisting of all franchised and company-owned Businesses, if any, within a geographic area ("Cooperative") designated by us. We have the right to require Cooperatives to be changed, dissolved, or merged. You must participate in a regional Cooperative if one is formed in a geographic area which includes your Territory.~~

~~Each regional Cooperative must adopt its own written governing documents, with our participation and prior approval. If a Cooperative has been established for your Territory, a copy of the Cooperative's governing document is available on request. Each Cooperative must adopt voting procedures approved by us. We can require you to contribute up to 2% of Gross Sales. Members of the Cooperative may increase this amount by a two-thirds vote.~~

~~**Local Advertising By You**~~

~~You must use your best efforts to advertise and promote your Franchised Business at your own expense. Currently, we do not require that you spend any minimum amount of money (other than the SBF Contributions and Digital Marketing Fees you must pay to us) on advertising and marketing. However, we reserve the right to impose the Minimum Local Marketing Spending Requirement and require that you spend at least $40,000 on approved local advertising and marketing during the 12-month period after you sign the Franchise Agreement and 8% of your annual Collected Gross Revenue after the initial 12-month period.~~

~~Amounts paid to an Advertising Cooperative and certain other expenditures on local or regional advertising will be credited toward your Minimum Local Marketing Spending Requirement, so long as the advertising has been approved by us. Digital Marketing Fees paid to us are not credited towards your Minimum Local Marketing Spending Requirement. We will determine in our sole discretion what amounts will qualify for approved Minimum Local Marketing Spending; our standards and specifications in this regard may be included in our Manuals and may change in the future.~~

We may provide copyrighted advertising materials and other advertising materials for your use in local advertising.

We have a national advertising telephone number, 1-844-HOP-TO-IT. We may utilize this telephone number on the corporate website (www.BlueFrogplumbinganddrain.com) or for tracking purposes on national advertising campaigns. You may not use this telephone number for local marketing for any reason, without written permission from us in advance.

Should you need to modify any of our standard advertising and promotional materials, or create your own advertising and promotional material, you must first submit such material to us for approval before first publication or use. We will approve or disapprove proposed advertising or promotional materials that you submit to us, in writing, in our reasonable discretion, within 15 days of receipt. If we do not approve or disapprove any such material within this 15-day period, then the advertising materials will be deemed to be not approved in the form submitted. We are not required to spend any of our funds on marketing in your territory.

All marketing and promotion of your business must conform to our standards and specifications. You must submit to us samples of all advertising and promotional materials which have not been prepared or previously approved by us. Your business must participate in promotions and public relations campaigns (e.g., contributions to charitable events) we institute from time to time for all BLUEFROG PLUMBING + DRAIN businesses, or for all businesses within a particular geographic area. You must also participate in client service, community service programs, product promotions, client loyalty, gift card, and other promotional programs, that we may reasonably determine are needed in your particular business. We retain the right to develop and control all internet advertising and messages of any kind, including social media, using our Marks. We reserve the right, upon 30 days prior written notice to you, to require that you participate in electronic advertising. Although not contractually required, we anticipate that all BLUEFROG PLUMBING + DRAIN businesses that we own will participate in these programs or other promotions that we may adopt in the future on the same basis as our franchisees.

Internet Marketing Assistance

We currently provide Internet Marketing Assistance in exchange for the Digital Marketing Fee, including website design, search engine optimization, and social media services. We may provide these services directly or through one or more third-party suppliers of our choosing. In our sole discretion, we may modify, change, or discontinue any portion or portions of the Internet Marketing Assistance program. The current digital marketing fee is $299 per month ($3,588 per year). We may increase the digital marketing fee upon 30 days' prior notice, up to a maximum of $499 per month ($5,988 per year).

Computer System

You must purchase a computer system that meets our specifications (the "Computer System"). The Computer System must have adequate memory, speed, and storage to run our proprietary software (described below) when we developed it. We will provide you with our specifications for computer hardware and operating systems needed to support this software. In conjunction with your Computer System, you will also need hardware, software, communications equipment, telephone lines, high-speed internet access, and other equipment that we specify in the Manual, or otherwise in writing, for the efficient management and operation of the Franchised Business and the transmission of data between us and you. We estimate the cost of your Computer System will range from $400 to $2,000.

We may require you to purchase the Computer System (or components of the Computer System) from us, or our affiliates or designated vendors. We may require that you enter into a maintenance contract with affiliates of designated vendors so that there is uniformity in all locations. You are required to upgrade your software as necessary to ensure proper functioning of your system.

Franchise System Website. We may establish, acquire, or host any Online Presence (as defined below) to advertise, market, and promote BlueFrog Businesses and/or the BLUEFROG PLUMBING + DRAIN® brand, the products, and services that they offer and sell, and/or a franchise opportunity (a "Franchise System Website"). We may (but are not required to) provide information on any

Franchise System Website about your Franchised Business. You must: (i) provide us the information and materials we request to develop, update, and modify the description of your Franchised Business on any Franchise System Website; and (ii) notify us whenever any information on any Franchise System Website is not accurate. We will own all intellectual property and other rights in all Franchise System Websites, including as it relates to your Franchised Business, and including all information contained on any Franchise System Websites (including account information and preferences, login credentials, analytic data and reports, user submitted content and data, and all messages and other information or materials directed to or from other messaging platforms associated with any Franchise System Website).. We have the right to temporarily or permanently remove references to your Franchised Business from any or all Franchise System Websites if you or your Owners or affiliates are in default of any obligation under your Franchise Agreement or our System Standards, and/or upon the expiration or termination of your Franchise Agreement. We may require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current System Standards. We will have unrestricted access to all such email accounts, and all document, data, materials, and messages shared from or by such accounts.

Your Online Activities. Except as approved by us in writing or specified in the Confidential Operations Manual, you may not develop, maintain, or authorize any website, domain name, email address, social media account, other online, virtual, digital, or electronic presence of any kind ("Online Presence") that displays any of the Marks, promotes or advertises your Franchised Business, links to any Online Presence maintained by us for the brand, or engage in any promotional or similar activities, whether directly or indirectly, and/or offer any products or services for sale on any Online Presence. If we approve the use of any Online Presence, you must develop and maintain such Online Presence only in accordance with our guidelines, including guidelines for posting any messages or commentary on other third-party platforms, preparing and linking a privacy policy to such Online Presence, and other System Standards we may establish periodically. At our request, you must grant us or our designees access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to gain access, control, or ownership of such Online Presence.

Technology Systems

~~You must use the following hardware and software in the operation of the franchise:~~

You must acquire and use all hardware, software, and IT systems that we specify periodically, including computer, point-of-sale, financial, telecommunications, security and similar systems, together with the associated hardware, software, applications, integrations, and related equipment and services (collectively the "Technology Systems"). We may establish System Standards for the Technology Systems and/or require the use of designated Technology Systems for any purpose associated with your Franchised Business, including purchasing, estimating, pricing, scheduling, accounting, order entry, inventory control, security, data management, information storage, retrieval and transmission, customer information, customer programs, marketing, communications, or any other business purpose. We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice.

- ~~•~~ Currently, the Technology Systems are comprised of: (i) 800MHz Pentium IV, Dual Core, or Xeon based processor~~*~~, (ii) 32GB RAM, (iii) 60GB hard disk, (iv) VGA Monitor (minimum 1024x768 Graphics display), (v) secure internet connection;
- ~~•~~ (vi) Windows compatible plotter or wide-format printer to print pages 24"~~+~~; (~~must be approved, by us, in advance of purchase;~~
- ~~•~~ vii) Windows compatible printer for standard paper size;

- (viii) Landline telephone with at least three separate lines and a voice message system;
- (ix) Digital Cameras;
- (x) Two 23" monitors; (xi) Quickbooks and Qvincii financial accounting software; and (xii) Two 23" monitors; and
- One iPad for each service expert. We estimate the total start-up costs for your Technology Systems will range from $400 to $2,000. Additionally, we charge a $399 per month Technology Fee to each franchisee to help cover the costs associated with certain technology that we make available to our franchisees (plus, an additional $10 per month per email address, if you request more than 10 email addresses).

* Equivalent processors from other manufacturers such as AMD are also acceptable, as long as we first approve them.

You may acquire your computer hardware from any source. Currently, you must have a computer supporting Microsoft XP Professional, Vista, or Windows 7 with the latest Windows service pack installed in order to meet our requirements.

You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating, and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from designated or approved third party suppliers, which may be us or our affiliates. We may also enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use.

You must also have a Window supported printer (currently, we believe LASER printers provide the best performance and quality); and high-speed business class internet service that meets our specifications.

You must have a digital camera for use on job sites to measure and take photos as needed. You must also have a camera on your computer in order to participate in online training classes and video conferences. The minimum requirements are listed in the Manuals.

All Computer Systems, hardware and software is at your own expenseYou do not have to enter into any ongoing maintenance or support agreements for the maintenance of your computer or the various software programs, but you may find it advantageous to do so. The annual costs of entering into maintenance, update, upgrading, or support contracts may range from $250 to $750 per year, depending on your area and which maintenance provider you employ. You may periodically be required to update or upgrade computer hardware and software, if we believe it is necessary. We may introduce new requirements or modify our specifications and requirements for Ccomputer Systems, components, hardware, and softwareand point-of-sale systems. There are no limitations on our rights to do so. Your computer system will collect and store data regarding your project details, sales, scheduling, employee data, customer data, pricing and services. We have the right to independently access all information you collect or compile at any time without first notifying you and there are no contractual limitations on our right to do so.

Point-of-Sale System

You must take all steps necessary to enable us to have independent and unlimited access to the data collected through the Technology Systems, including information regarding your Invoiced Gross Revenue, relating to customers and jobs completed, and any other information relating to your Franchised Business. You must provide us, upon request, with all user IDs and passwords for your Technology Systems, including upon termination or expiration of the Franchise Agreement.

We have designated a point-of-sale ("POS") system, SERA, that you must use in the operation of your Franchised Business. In addition to providing traditional payment processing services, the POS system is a turn-key client relationship management system that manages the process from initial call through completion of the project. The POS system monitors and measures key performance metrics and is used for scheduling, reporting, sales, operations, invoicing and payment collection. The POS system will

~~provide most functions needed to operate your Franchised Business, other than accounting functions. The POS system is utilized in conjunction with the iPads used by your service experts. The POS system will collect and store client data (including client history) and all operational data (other than accounting data).~~

~~You must sign the form of SERA Participation Agreement attached to the Franchise Agreement as Exhibit 7. You will pay us an initial license fee of $1,495 and a monthly technology fee of $399 per month ($4,788 per year) for 1 plumber/technician user license to the POS software. In addition, you must pay an additional monthly fee of $200 plus sales tax per user license ($2,400 per year) directly to the licensor for each additional plumber/technician that works for you. We estimate most franchisees will need between 1 to 2 plumber/technician user licenses during the initial phase of operations, which translates to monthly licensing fees paid the licensor that range from $0 to $200 per month ($0 to $2,400 per year). Other employees who are not plumbers/technicians may be issued additional user licenses at no additional charge. We will provide (or contract with a third-party to provide) all ongoing maintenance, support, upgrades and updates in exchange for the technology fee. Except as described in this paragraph neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your Computer System, hardware, software, or any components of the aforementioned.~~

~~You may periodically be required to update or upgrade your POS system, if we believe it is necessary. We may introduce new requirements or modify our specifications and requirements for your POS system. There are no limitations on our rights to do so. We have the right to independently access all information you collect or compile at any time without first notifying you and there are no contractual limitations on our right to do so.~~

You are solely responsible for protecting the Technology Systems against computer viruses, bugs, power disruptions, disruptions, internet access failures, internet content failures, data-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

~~We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. We also reserve the right to enter into master agreements with third party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The "technology fee" includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems. As noted above, our current technology fee is $399 per month for 1 user license to our designated POS software.~~

You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information in accordance with applicable law and industry best practices, including, where required, obtaining necessary consents and making required disclosures. It is entirely your responsibility (even if we provide you any assistance or guidance) to confirm that the safeguards you use to protect such information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure. If you become aware of a suspected or actual breach of security or unauthorized access involving any such information, you must notify us immediately and specify the extent to which such information was compromised or disclosed. You must follow our instructions regarding curative actions and public statements relating to the breach.

You must comply with our website privacy policy, as it may be amended. You must comply with any requests to return or delete customer's personal information, whether requested by us or directly by the customer, as required by applicable data sharing and privacy laws.

Training

Training Program. We will provide a training program on the material aspects of operating a BlueFrog Business (the "Training Program") to you (or your Owners) and up to three additional employees or representatives (one of which must be your Designated Owner or Designated Manager, as applicable) (together, your "Key Personnel"). You may invite additional employees to attend the Training Program if space allows. If we approve such requests, we may charge our then-current training fee (currently, $1,000 per day, per trainee, plus expenses) for each additional individual attending the Training Program, and/or for any portion of the Training Program conducted more than one time to accommodate the schedules of your attendees. We will determine the identity and composition of the trainer(s) conducting all portions of the Training Program. We will also determine the length and content of the Training Program. We may vary the Training Program based on the experience and skill level of the individual(s) attending. Scheduling of the Training Program is based on your and our availability and the projected commencement of operations of your Franchised Business.

Your Key Personnel must complete the Training Program to our satisfaction before beginning to operate your Franchised Business. If any of your Key Personnel fail to satisfactorily complete the Training Program, we may require such person(s) to attend additional training at a time and location of our choice, and we will charge you our then-current training fee (currently, $1,000 per day, per trainee, plus expenses) for such additional training. If you and your Key Personnel complete the Training Program to our satisfaction and have not expressly informed us at the end of the Training Program that they do not feel sufficiently trained in the operation of your Franchised Business, then you and your trainees will be deemed to have been trained sufficiently.

If you hire a new Designated Manager or your Designated Owner changes at any time, the new Designated Manager or Designated Owner must attend and successfully complete our then-current Training Program before providing services to your Franchised Business.

The Training Program is offered on an as needed basis at our training location in Dallas, Texas, or another location we designate, which may include conducting any portion of the Training Program virtually. The time frames provided in the chart below are an estimate of the time it will take to complete training. Our Training Program is currently supervised by Travis Sewell who has 3 years of experience with us, and approximately 12 years of experience in the plumbing industry. Currently, the Training Program is comprised of the following training modules:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Marketing	8	0	Dallas, Texas, or virtually
Sales	7	0	Dallas, Texas, or virtually
Hiring/Staffing	3	0	Dallas, Texas, or virtually
Technology	9	0	Dallas, Texas, or virtually
Scheduling/Dispatch	2	0	Dallas, Texas, or virtually
Plumbing Basics	4	0	Dallas, Texas, or virtually

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Plumbing Field Work	4	0	Dallas, Texas, or virtually
Memberships	1	0	Dallas, Texas, or virtually
Business Operations	5	0	Dallas, Texas, or virtually
Accounting / Financial / Budgeting	5	0	Dallas, Texas, or virtually
Total	**40**	**0**	

Personnel Training. You are responsible for training all of your employees, contractors, and other personnel that have not attended the Training Program, at your sole cost and expense. We may periodically require you to disclose to us the training curriculum and materials that you use to train your personnel, and/or set System Standards relating to the training that you offer, to ensure that all personnel receive appropriate training to conduct your Franchised Business to satisfy our System Standards. If we at any time determine that any of your personnel are unable to satisfactorily supervise and fulfill their duties in accordance with our System Standards, we may require those persons to cease providing services at your Franchised Business until they complete additional training with you or with us. If we provide any such training to such personnel, you must pay our then-current training fee (currently, $1,000 per day, per trainee, plus expenses) for such additional training we provide.

Additional Training. Subject to limitations on scheduling, availability, and similar resources, we may provide you with advice periodically regarding your Franchised Business. Our advice and guidance will be furnished in the formats we periodically designate, which may include updates to our Confidential Operations Manual, written bulletins and newsletters, via telephone or electronic meetings, and/or consultation at our offices. We may modify or discontinue any ongoing training or advice we provide at any time. You may request additional training for you, your Owners, or your personnel periodically. If we agree to provide you such additional training, we and you will jointly determine the duration of this additional training, and we may charge you our then-current training fee for such additional training (currently, $1,000 per day, per trainee, plus expenses).

We may require you and your Key Personnel and/or certain other employees of your Franchised Business attend various training courses, trade shows, ongoing education programs, and/or webinars at the times and locations designated by us, which may be offered by us or our affiliates, vendors, or other designees of ours. In addition to these training courses, programs, and events, we may additionally require you and/or any of your Key Personnel to attend periodic meetings of franchise owners or managers. These meetings will be held at the times and locations we designate, and we may charge meeting or conference fees up to $1,000 (currently, $300 per attendee, per conference).

If we determine that you are not operating your Franchised Business in full compliance with your Franchise Agreement and/or the Confidential Operations Manual, we may require that your Key Personnel attend additional training that is relevant to your operational deficiencies, and we reserve the right to charge you our then-current training fee for such additional training (currently, $1,000 per day, per trainee, plus expenses). We may periodically establish System Standards that will require you, your Owners, and/or other personnel of your Franchised Business to attend third-party training or certification courses or obtain certain technical certificates or licenses. You must comply and ensure that your personnel comply with all training and certification requirements that we establish.

Training Expenses. You must pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you and your Key Personnel or any other employee incurs during any and all meetings and/or training courses and programs. If we or our representatives travel to your area to conduct any training of any kind, you are also responsible for the travel and living expenses and out-of-pocket costs that we and such representatives incur to provide you and your personnel with any training.

ITEM 12
TERRITORY

You will operate the Franchised Business within a defined area that will be identified by ZIP codes or on a map attached to the Summary Pages of the Franchise Agreement ("Territory"). The Territory will most likely be identified before the Franchise Agreement is signed. A franchise territory has a minimum population of 250,000, but it may have up to 500,000, determined by publicly available population information (such as that produced by the U.S. Census Bureau or other governmental agencies and commercial sources).

Your Market Territory

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You and we will agree on a geographic area to act as your Market Territory. The Market Territory may be defined by ZIP codes, political boundaries, geographic boundaries, or roads. A Market Territory for a standard franchise will have a minimum population of 250,000, but may have up to 500,000. The source of the data for determining population is our territory mapping program, GbBIS. You may not relocate your Franchised Business' Market Territory and/or the Franchised Business Office without our prior written consent.

Without our prior authorization, you and your Owners may not, and each of you will cause your respective affiliates, representatives, and personnel not to: (i) conduct any marketing, advertising, or promotional activities for your Franchised Business and/or using the Marks or the System outside of your Market Territory, and/or (ii) solicit orders, jobs, or projects from customers outside of your Market Territory and/or that would be conducted outside of your Market Territory. If these territorial limitations are violated, in addition to our right to terminate your Franchise Agreement for your breach, we have the right to require you to pay damages equal to: (i) $5,000 per incident for any marketing, advertising, or promotional activities conducted outside of your Market Territory, or (ii) 100% of the job value for any work obtained in breach of the territorial limitations.

Although we do not grant exclusive territories, we do provide you with certain territorial protections. During the franchise term, we will not operate or permit a third party to operate a BLUEFROG PLUMBING + DRAIN business in the Territory, except with respect to "System Accounts" (defined as any business, organization, or other business entity that conducts operations in three or more states and that has entered into a "System Account Relationship" with us). If we or our affiliates enter into a System Account that requires services in your Territory, we will contact you and provide you with an opportunity to provide the services and products in the Territory under the terms and conditions that we have established with the System Account client. If you fail or elect not to provide the services or products, we may provide them ourselves or require a third party to provide them.

We reserve to ourselves all other rights in and outside the Territory. These rights include the right to offer and provide, and grant others the right to offer and provide, similar services under a different trademark in and outside the Territory. They also include the right to distribute products and services identified by the Marks and other trademarks through alternate channels of distribution in and outside the Territory, such as via the internet, catalog sales, and direct marketing. We are not required to compensate you for soliciting or accepting orders from inside the Territory.

~~You may not offer or sell services or products through any other means, including without limitation, through mail order, Internet, or other electronic media, telemarketing, or wholesale, within your Territory, without our prior written approval.~~

~~You must refer, without charge, client orders for BLUEFROG PLUMBING + DRAIN business services and products for homes located in the Territory of another BLUEFROG PLUMBING + DRAIN franchise or a business owned by us or our affiliates to such other franchisee or to us or our affiliate, as applicable. With our prior written consent, which consent may be refused or withdrawn in our sole discretion, you may provide BLUEFROG PLUMBING + DRAIN business services and products to homes which are located within a limited area outside your territory if no other BLUEFROG PLUMBING + DRAIN franchise has been granted or company-owned Business retained the right to operate a business in such geographic area and if such services and products can be provided substantially in accordance with our minimum standards and specifications. If we withdraw our consent, you must immediately cease providing the BLUEFROG PLUMBING + DRAIN business services and products to clients located outside your territory and cooperate in the transfer of these homes or leads on projects to us, our affiliates or a franchisee, without compensation. Our consent is automatically withdrawn for an area upon notice to you of a new Franchise granted or other BLUEFROG PLUMBING + DRAIN business commencing operations in such area. At that time, if you are using any domain names, directory listings, or other advertising indicating or implying that you service the area outside of your territory, then those uses must be cancelled, withdrawn, or transferred. Except with our prior written consent, and in our sole discretion and based on our standards and policies, you do not have the right to use other channels of distribution, such as the Internet, telemarketing or other direct marketing, to make sales outside of your Territory.~~During the term of your Franchise Agreement, if you and your Owners and affiliates are in full compliance with your Franchise Agreement and all other agreements with us and our affiliates, we will not establish or operate, or grant any other person the right to establish or operate, a BlueFrog Business with an office located in your Market Territory. Otherwise, nothing will restrict or limit our or our affiliates' rights to conduct any other business activities in any location whatsoever, including in your Market Territory, including that we and our affiliates expressly reserve the right to: (i) conduct marketing, advertising, or promotional activities of any kind and/or solicit or accept customers of any kind, in any location whatsoever, including in your Market Territory; and/or (ii) conduct services and perform jobs and/or grant other parties the right to conduct services and perform jobs, including services to National Accounts Clients, in any location whatsoever, including in your Market Territory. We do not have to pay you any compensation to conduct these activities.

You ~~do not have~~may not engage in any promotional or similar activities, or sell any products or services, whether directly or indirectly, through any Online Presence, without our prior approval. You are not granted any options, rights ~~or~~of first refusal~~,~~ or similar rights to acquire additional territories or franchises. ~~The boundaries of your territory may be modified only by mutual agreement. You may not relocate your office or storage facility without our prior written approval. You may not relocate to a new territory. The continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration or other contingency. However, to qualify for successor franchise rights, we may require that you meet or exceed a Performance Threshold that we have established. Specifically, during the 5-year period that begins on January 1st immediately following the 3rd anniversary of the Effective Date and ends 5 years later, your average annual Gross Sales must equal or exceed the average annual Gross Sales of the lowest 25% of all Franchises Business that were in operation throughout the 5-year measuring period. If you do not qualify for renewal then we may, but are not required to, offer to enter into a Franchise Agreement with you for a smaller Territory. There are no other circumstances that would permit us to modify your territorial rights.~~

~~Neither we, nor an affiliate, operates, franchises, or has plans to operate or franchise a business under a different trademark that will sell similar goods or services to those that you will offer.~~

Minimum Performance Criteria

Under the terms of your Franchise Agreement, you are required to achieve the following minimum performance criteria: beginning with the 25th month of operation, your Franchised Business must achieve average Invoiced Gross Revenue of at least $30,000 per month (total Invoiced Gross Revenue during the prior trailing six-month period, divided by six). There is no minimum performance criteria during the first 2 years of operations of your Franchised Business. With no less than 30 days prior notice, we may increase the amount of the minimum average monthly Invoiced Gross Revenue in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor's Consumer Price Index since the date of your Franchise Agreement, or such later date as we last adjusted the minimum average monthly Invoiced Gross Revenue. If you fail to achieve the minimum average monthly Invoiced Gross Revenue, we may terminate your rights in your Market Territory and/or terminate your Franchise Agreement.

Affiliated Franchised Programs

As described further in Item 1, we are under common control with entities that operate other franchised brands. Currently none of our affiliated brands offers plumbing services. These affiliate franchises may be located within close proximity to your Franchised Business, including within your Market Territory, and they may solicit or accept orders from customers near your Franchised Business. If a conflict should arise between any BlueFrog Business and any other business operated or franchised by an affiliate of ours, we will analyze the conflict and take any action or no action as we deem appropriate. We currently maintain each franchise offering from the same corporate offices and training facilities.

ITEM 13
TRADEMARKS

We currently own ~~and have registered the following Marks with~~our principal Marks, which have been registered on the Principal Register of the U.S. Patent and Trademark Office (~~the~~ "USPTO"). ~~All required affidavits have been filed and we intend to file all renewals by the required renewal date.~~Our principal Marks are currently as follows:

Mark	Registration / Application No.	Registration / Application Date ~~(Renewal Date)~~
BLUEFROG PLUMBING + DRAIN	Reg. No. 4622467	October 14, 2014
bluefrog (Stylized)	Reg. No. 4803877	September 1, 2015
BLUEFROG (Stylized)	Reg. No. 4803874	September 1, 2015
~~FROGFILTER~~	~~4837945~~	~~October 20, 2015~~
~~FROGFRESH~~	~~4837943~~	~~October 20, 2015~~

Mark	Registration / Application No.	Registration / Application Date ~~(Renewal Date)~~
~~FROGRENEW~~	~~4837946~~	~~October 20, 2015~~
~~FROGFLOW~~	~~4837944~~	~~October 20, 2015~~
~~FROGFLOWC~~	~~4837942~~	~~October 20, 2015~~
HOP TO IT	Reg. No. 4786727	August 4, 2015
	Reg. No. 4898478	February 9, 2016
bluefrog PLUMBING + DRAIN	App. No. 97908852	April 26, 2023

~~There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks, service marks, trade names, logotypes, or other commercial symbols in any manner material to the franchise.~~

We do not have a federal registration for each of our principal trademarks. Therefore, such unregistered trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use an unregistered trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

~~There are no currently~~All required affidavits of use will have been filed in a timely manner. There is presently no effective ~~material~~ determination~~s~~ of the ~~USPTO~~U.S. Patent and Trademark Office, the Trademark Trial ~~and~~& Appeal Board, the trademark administrator of ~~this~~any state or any court~~;~~, nor any pending infringement~~s~~, opposition~~s~~ or cancellation~~s;~~ proceeding or and~~y~~ ~~no~~ pending material litigation involving ~~any~~our principal Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise. We ~~do not~~ know of ~~any~~no infringing or prior superior uses that could materially affect ~~your~~the use of the Marks.

We are the sole and exclusive owners of the Marks and the System. Your use of the Marks and the System and any goodwill created thereby will inure to our benefit. You will not at any time acquire an ownership interest in the Marks or the System by virtue of any use and/or by virtue of your Franchise Agreement. You may not at any time contest the validity or ownership of any of the Marks or the System, or assist any other person in contesting the validity or ownership of any of the Marks or the System. Any unauthorized use of the Marks or the System by you or your Owners or affiliates is a breach of your Franchise Agreement and an infringement on the intellectual property rights of us and our affiliates. All provisions of the Franchise Agreement relating to the Marks and the System apply to any changes and/or additions to the Marks or the System that we authorize periodically.

You~~r right~~are permitted to use the Marks ~~is derived only from the Franchise Agreement and limited to your operation of~~and the System solely to conduct the Franchised Business ~~according to the~~in compliance with your Franchise Agreement ~~and all System standards we prescribe during its term. You~~

must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the Franchised Business. You cannot use a name or Mark as part of a corporate name or with modifying words, designs, or symbols except for those which we license to you. You may not use any Marktrademarks, service marks or commercial symbols other than the Marks to identify or operate your Franchised Business. You may not use any Mark or portion of any Mark as part of any business entity name. You may not use any Mark or the System in connection with the sale of any unauthorized servicesproduct or products,service or in any other manner that we do not expressly authorized in writing by us. You must obtain agive such notices of trademark and service mark registrations as we specify and obtain such fictitious or assumed name registrations if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.as may be required under applicable law to do business as a BlueFrog Business. You may not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to us. You must identify yourself as the independent owner of your Franchised Business in connection with all of your dealings with customers, employees, and the public, and in accordance with any System Standards established by us.

You must immediately notify us of any apparent or threatened: (i) infringement of the Marks or any component of the System, (ii) challenge to your use of any of the Marks or any component of the System, and/or (iii) claim by any person of any rights in any of the Marks or any component of the System. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim; provided, you may communicate with your counsel at your expense. We may take such action as we deem appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks and/or the System. You must execute any and all instruments and documents, render such assistance, and do such acts and things as we require to protect and maintain our interests or to otherwise protect and maintain our interest in the Marks and/or the System.

While we are not required to defend you against a claim arising from your use of our Marks, weWe will reimburse you for all of your expenses reasonably incurred by you in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner andprovided that you have complied with your Franchise Agreement and our directions with regard to thein responding to such proceeding. We have the right toAt our option, we or our designee may defend and control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing arising directly from your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark. and/or any component of the System. This indemnification will not include the expense to you of removing signage or discontinuance of the use of the Marks and/or any component of the System. This indemnification will not apply to litigation between us and you wherein your use of the Marks or System is disputed or challenged by us. This indemnification will not apply to any separate legal fees or costs incurred by you if you obtain independent counsel after we have appointed counsel to represent you and us.

If we decide that it is advisable at any time for you to modify or discontinue the use of any of the Marks, or to use one or more additional or substitute trade or service marks, you must comply with our directions to modify or discontinue the use of the mark or use one or more additional or substitute trade or service marks within a reasonable time after notice. We will not reimburse you for any expenses you incur to implement such modifications or substitutions. We are not obligated to reimburse you for any loss of

goodwill or revenue associated with any modified or discontinued mark, nor are we responsible for any other damages or costs.

Except as disclosed above, we are not required under the Franchise Agreement to: (i) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (ii) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.
If we deem it necessary for you to modify or discontinue use of any of the Marks or components of the System, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols to identify BlueFrog Businesses, you must comply with our directions promptly after notice to you by us. We are not required to reimburse you for your expenses derived from update, addition, or modification to, or discontinuance of any Marks or any components of the System or any loss of goodwill associated therewith or for any expenditures made by you to promote any modified or substitute Mark or modified System.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

There areWe do not own any patents orthat are material to the franchise. We do not have any pending patent applications that are material to the franchise. We claim copyright protection covering various materials used in our business and the development, management and operation of BLUEFROG PLUMBING + DRAIN, including advertising and promotional materials, the Manual, website and similar materialsown copyrights in the Confidential Operations Manual, our website, our marketing materials, and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these materialscopyrights with the United States Registrarer of Copyrights, and we are not required to do so. You may use these items only as we specify as while operating theyour Franchised Business and you must stop using them if we direct you to do so.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a BLUEFROG PLUMBING + DRAIN business. We will provide our trade secrets and other confidential information to you during training, in the Confidential Operations Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your Franchised Business. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company, or other business entity, and your managers, executives, employees, and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce those agreements.
We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items or Confidential Information (defined below) is not materially limited by any agreement or known infringing use.

Confidential Information

In connection with your Franchised Business, you and your Owners and personnel may be provided and/or have access to non-public information about the System and the operation of BlueFrog Businesses (the "Confidential Information"), including: (1) training programs and operations materials (including the Confidential Operations Manual); (2) the System Standards and methods and techniques for operating BlueFrog Businesses; (3) market research and strategies, customer service techniques, and other practices for generating and maintaining customers; (4) specifications for, suppliers of, and methods of ordering, products and services; (5) any software, technology, or Online Presences which are proprietary to us or the System, including digital passwords and identifications and any source code of, and data and reports generated by the software or similar technology; (6) the operating results and financial performance of BlueFrog Businesses, including your Franchised Business; (7) customer and client lists, terms, job pricing and history, preferences, demographic information and related information; and (8) any other information designated as confidential or proprietary by us. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

All Confidential Information will be owned by us and our affiliates. You will not acquire any interest in the Confidential Information, other than the right to use it to develop and operate your Franchised Business in compliance with your Franchise Agreement. The Confidential Information includes our trade secrets and other information that is proprietary to us and our affiliates, derives value from not being known to the public and our competitors, has been developed by us and our affiliates at significant cost and effort, and is critical to the competitive advantage of us and our affiliates and franchisees. Any unauthorized use or disclosure of the Confidential Information would be an unfair method of competition and will result in irreparable harm to us and our affiliates.

You and your Owners agree that during and after the term of your Franchise Agreement you will, and you will cause each of your respective spouses, immediate family members, affiliates, and assigns: (a) not use the Confidential Information for any purpose other than the development and operation of your Franchised Business under your Franchise Agreement; (b) keep confidential and not disclose the Confidential Information to any person other than those of your employees and representatives who need to know such Confidential Information for the purpose of assisting you in operating your Franchised Business under your Franchise Agreement (and you will be responsible for any violation of this requirement by any such representatives or employees); (c) not make unauthorized copies of any Confidential Information; (d) adopt and maintain reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to Key Personnel, and/or by requiring persons who have access to the Confidential Information to execute a non-disclosure agreement on terms no less favorable than the terms applicable to Confidential Information under your Franchise Agreement; and (e) at our request, destroy or return any of the Confidential Information.

Innovations

~~Any and a~~All ideas, concepts, techniques~~,~~ or materials concerning ~~the Franchised~~any BlueFrog Business and/or the System or developed, in whole or in part, using Confidential Information, whether or not protectable intellectual property and whether created by or for you or your ~~o~~Owners or employees, must be promptly disclosed to us and ~~will~~shall be deemed our sole and exclusive property and ~~a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to~~work made-for-hire for us, automatically and without compensation to you, your Owners, or any of your employees or representatives. We have the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign to us, all right, title, and interest in ~~any intellectual property so developed without compensation. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining~~that item. You must sign any documents required by us to memorialize such assignment. You must take all actions to assist our efforts to obtain or maintain intellectual property rights in any ~~concept or development if requested~~item related to the System, whether developed by you or not.

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

~~If the franchisee is an individual, the individual must directly supervise the Franchised Business on its premises on a full-time basis. If the franchisee is a business entity, such as a corporation or limited liability company, an individual with at least a one-third ownership in the business must provide direct, on-site supervision. We call this individual your "Operating Principal." Any exception to this requirement must be approved in writing by us.~~

Designated Owner

If you operate your Franchised Business through a legal entity, you must identify one of your Owners who is a natural person with at least a 10% direct or indirect ownership interest and voting power in that entity (your "Designated Owner"). We must approve the person that will act as your Designated Owner. Your Designated Owner will be authorized to deal with us on your behalf for all matters that may arise with respect to your Franchise Agreement. Any decision made by the Designed Owner will be final and binding on you and we will be entitled to rely solely on the decision of the Designated Owner without discussing the matter with any other party. The person acting as your Designated Owner must have full corporate power and authority to enter into the Franchise Agreement and any other documents to which you are a party, and to make binding decisions on your behalf.

Designated Manager

Subject to the terms and conditions of your Franchise Agreement, you (or if you operate through a legal entity, your Designated Owner) will be solely responsible for the management, direction and control of your Franchised Business you (or your Designated Owner). If you (or your Designated Owner) do not wish to supervise the day-to-day operations of your Franchised Business, then you may request that we approve an alternative person to supervise the day-to-day affairs of your Franchised Business (your "Designated Manager"). We may establish conditions for approving any such Designated Manager or Designated Owner, as applicable, which may include the completion of training, confirmation that such individual will have no competitive businesses activities, and/or execution of a non-disclosure agreement or other covenants we require. You (or your Designated Owner) or your Designated Manager, as applicable, must supervise the management and day-to-day operations of your Franchised Business on a full-time basis and continuously exert best efforts to promote and enhance your Franchised Business and the goodwill associated with the Marks.

Obligations of Owners and Other Key Personnel

~~Your Operating Principal must attend and satisfactorily complete our initial training program before opening your BLUEFROG PLUMBING + DRAIN business.~~

~~Each person with an ownership interest in the franchisee must sign an unlimited guaranty and personal undertaking substantially in the form attached as Exhibit 2 to the Franchise Agreement. Any owner who does not sign a Guaranty, and each governing person and person with management responsibility concerning the franchise and their immediate family members must sign a confidentiality and non-competition Agreement substantially in the form of attached as Exhibit 1 to the Franchise Agreement. We may require that you send us a copy of each signed agreement.~~

If you enter into your Franchise Agreement as a legal business entity, each person who holds a direct or indirect ownership, voting, or beneficial interest in you (an "Owner") must execute a guaranty, agreeing to be personally bound, jointly and severally, by all provisions of the Franchise Agreement and any ancillary agreements between you and us and/or our affiliates. Our current form of Guaranty and Assumption of Obligations is attached as an exhibit to the current form of Franchise Agreement.

We also have the right to require certain of your Owners, Key Personnel, management level employees and officers, and other representatives and owners of you that will have access to Confidential Information to sign certain covenants we designate. You must ensure that we and our affiliates are named as third-party beneficiaries with the right to enforce covenants contained in such agreements. Upon our request, you must provide us with copies of all such executed nondisclosure and non-competition agreements. We may modify our decisions regarding which persons will be required to sign such covenants periodically. You must notify us, upon request, of all employees, representatives, and other individuals to whom you have granted access to Confidential Information, and/or who are involved in the management and supervision of your Franchised Business.

Assumption of Management

We may assume management of your Franchised Business, or to appoint a designee to assume its management if: (1) you abandon or fail actively to operate your Franchised Business; (2) you fail to comply with any provision of the Franchise Agreement or any System Standard and do not cure the failure within the time period we specify; or (3) the Franchise Agreement expires or is terminated and we are transitioning your Franchised Business' operations to us or another person we designate, or determining whether to do so. All funds from your Franchised Business' operation while it is under our or our designee's management will be kept in a separate account, and all expenses will be charged to this account. If we or our designee assume your Franchised Business' management, you must pay us (in addition to the Royalty Fee, Brand Fund Contributions, and other amounts due to us or our affiliates) our then-current fee for such management services (currently, 5% of Invoiced Gross Revenue), plus our and our designees' direct out-of-pocket costs and expenses.

Subcontractors

You must obtain our prior written approval of any subcontractor that will be used to provide services of any kind for your Franchised Business. You will remain fully liable for all obligations under your Franchise Agreement for all operations from your Franchised Business, including those performed by any approved subcontractors. You will also be fully liable for the actions, omissions, and performance of any and all subcontractors and their personnel. Your obligation to indemnify us against liability from your Franchised Business will apply to operations by your subcontractors.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Authorized Products and Services

~~The use of your premises is limited to the operation of the Franchised Business, according to the standards, policies, methods, and techniques of our System. We must approve all goods and services that~~

~~you sell as part of your Franchised Business. You must offer all goods and services that we require which conform to our standards and specifications described in this Disclosure Document, Agreement and/or Manual. You may not sell any goods or services that we have disapproved. We have the unrestricted right to change the goods and/or services that you are required to sell as part of your Business at any time in our sole discretion, and you must comply with any such change.~~

You must provide or offer for sale or use at your Franchised Business all of the services, products, supplies, equipment, and other items that we periodically designate. You may not offer or provide any other services, products, supplies, equipment , or other items as part of your Franchised Business without our express approval. You may not offer or provide any other products and services, and/or permit any of your affiliates, employees, Owners, or other representatives to offer or provide any other products and services, related to or arising in connection with any project conducted by your Franchised Business, without our approval.

You may not offer or sell any products or services from your Franchised Business at wholesale, for resale, or through other alternative distribution channels, including any Online Presence, or to other franchisees, without our prior written approval.

All products, supplies, equipment, and other items provided by your Franchised Business must comply in all respects with our System Standards. We are under no obligation to authorize every BlueFrog Business to offer the same services, products, supplies, equipment, and other items. We may condition our approval for you to offer any services, products, supplies, equipment, and other items on our then-current criteria, including your compliance with your Franchise Agreement.

As described in Item 12, you and your Owners may not, and each of you will cause your respective affiliates, representatives, and personnel not to: (i) conduct any marketing, advertising, or promotional activities for your Franchised Business and/or using the Marks or the System outside of your Market Territory, and/or (ii) solicit orders, jobs, or projects from customers outside of your Market Territory and/or that would be conducted outside of your Market Territory.

Pricing

You will have the sole right to determine the prices to be charged by your Franchised Business for services offered to customers, other than: (i) prices charged National Accounts Clients, which we will negotiate in advance with our National Accounts Clients; and (ii) we will have the sole right to determine the prices to be charged for products sold through any Franchise System Website, even if such sales are to persons identified as customers of your Franchised Business.

National Accounts Clients

We or our affiliates may periodically enter into agreements with clients that require service (the "National Account Clients"). We may provide these services ourselves or through our affiliates or designees, and/or may subcontract servicing rights to one or more third parties or franchisees, in our discretion. We may establish criteria or qualifications for franchisees that wish to service National Accounts Clients, including different service standards, requirements for accepting or declining jobs, insurance requirements, or other conditions we establish. If we offer you the right to provide services to a National Account Client, you must provide the services in accordance with all of our System Standards, plus the terms, fees, and conditions that we have negotiated with the National Account Client. We may invoice the National Account Client and collect payment directly. We may also charge our then-current fees for participation in the program, including dispatch, management, declined job fees, or other processing or administrative fees. In such cases, we will deduct from the payment any applicable fees and any amounts calculated under the Franchise Agreement on the basis of such Invoiced Gross Revenue, and remit to you the balance within a reasonable time following receipt.

Service Warranties

~~You are required to operate the~~Certain products and services offered to customers by your Franchised Business ~~a minimum of 8 hours during each weekday, Monday through Friday, and a minimum of 7 hours each weekend, unless the Franchised Business is in a mall or other similar shopping area that requires greater hours of operation, in which case, your hours of operation may be the minimum that is required by the mall or shopping area per your lease agreement. Your telephone must be answered as "BLUEFROG PLUMBING + DRAIN" by a live person (i.e., answering service or employee) 24 hours a day, 7 days a week.~~ may be subject to one or more customer warranties, guarantees, commitments and/or similar customer service programs, including those offered by you and your affiliates and/or third-party service providers and manufacturers that offer products and services used by your Franchised Business (collectively, "Service Warranties"). During and after the term of your Franchise Agreement, you must honor all Service Warranties made to customers of your Franchised Business, including using your best efforts to assist customer of your Franchised Business tendering claims to any third-party serviced providers and manufacturers. You must obtain our approval of all Service Warranties before you offer them to customers of your Franchised Business. We may establish System Standards for any such Service Warranties periodically. All Service Warranties offered by your Franchised Business are strictly your obligation and responsibility and are not offered or guaranteed in any manner by us.

~~We do not place restrictions on you with respect to who may be a customer of~~If you fail to honor any Service Warranties to your customers, we may take any action we deem appropriate to honor such Service Warranties, including by providing any services or products or support ourselves, or through our designees, affiliates, or other franchisees, and you must reimburse us any and all costs incurred by us, our designees, affiliates, representatives, or other franchisees. We may require you to pay us a reasonable deposit, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business.

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

This table lists certain important provisions of the ~~f~~Franchise Agreement and related agreements. You should read these provisions in the agreement~~s~~ attached to this ~~d~~Disclosure ~~d~~Document.

Provision	Section in ~~Franchise~~ Agreement	Summary
a. Length of ~~the~~ franchise term	~~3~~Section 3.1, Summary Page	The initial term is 10 years.
b. Renewal or extension of the term	~~3~~Section 3.2	You ~~have the right to be considered for one individual renewal term of 10 years~~may renew for one successive 10-year term if you satisfy the conditions described below.

Provision	Section in ~~Franchise~~ Agreement	Summary
c. Requirements for ~~you~~franchisee to renew or extend	~~3~~Section 3.2	~~Requirements to renew include:~~ ~~– having complied with all your obligations during the term~~ ~~– not being in default~~ ~~– at our request, having renovated or modernized your location to comply with our then-current standards for new locations~~ ~~– having no past material and repeated defaults~~ ~~– being in good financial standing, having continued right of possession to the approved location~~ ~~– signing the~~You must have: substantially complied with the Franchise Agreement and all other agreements with us and our affiliates; updated the Franchised Business Office and your service vehicle and equipment; satisfied all monetary obligations owed to us or our affiliates; not been in default of any provision of the Franchise Agreement or any other agreement between you and us; notified us of your intent to renew no less than 9 months and more than 12 months prior to the end of the term; signed a then-current Franchise Agreement, which may have materially different terms and conditions – (including higher Royalty Fee, higher Brand Fund Contributions and a different or modified Market Territory); reimburse us for our costs in processing the renewal; complied with then-current qualifications for new franchisees; ~~pay the required Renewal fee~~ ~~– paying a refresher training fee~~ and ~~signing~~signed a general release (subject to state law) –. We must be offering franchises for BlueFrog Businesses in the geographic area of your Market Territory at the time you request a renewal.~~meeting minimum performance threshold for average Gross Sales~~ ~~If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.~~
d. Termination by ~~you~~Franchisee	~~15.5~~Section 12.3	~~Subject to state law.~~ You ~~may not~~can terminate ~~the~~if you are in full compliance with all of the terms of your Franchise Agreement~~ prior to the expiration of its term except through legal process resulting from our~~, we materially breach ~~of this~~your Franchise Agreement~~ or otherwise with our consent~~, and we fail to make reasonable efforts to cure such breach within 60 days after receiving written notice from you.

Provision	Section in ~~Franchise~~ Agreement	Summary
e. Termination by ~~us~~franchisor without cause	~~15~~No provision	We may ~~N~~not ~~applicable~~ terminate the Franchise Agreement without cause.
f. Termination by ~~us~~franchisor with cause	~~15~~Sections 12.1 and 12.2	~~Except for termination upon expiration, you can be~~We may terminate~~d~~ the Franchise Agreement only if you default.
g. "Cause" defined – curable defaults	~~15~~Section 12.2	~~10 days to cure non-payment of sums due to us; 30 days to cure other defaults except as noted in h. below~~We can terminate the Franchise Agreement, after a cure period as follows: 72 hours to cure violations of health or safety laws; 5 days to cure failure to maintain certifications and permits; 5 days to cure failure to pay any monies due under the Franchise Agreement; 10 days to cure failure to maintain the required insurance coverage; 10 days to cure failure to comply with applicable laws or regulations; 30 days to cure any other breach of the Franchise Agreement (that does not provide for sooner termination) (subject to state law).

Provision	Section in ~~Franchise~~ Agreement	Summary
h. "Cause" defined – non-curable defaults ~~which cannot be cured~~	~~15~~Section 12.1	~~Abandonment,~~The Franchise Agreement will terminate automatically without notice upon the occurrence of certain bankruptcy ~~and~~or insolvency-related~~, failure to timely submit required~~ events. We may also terminate without an opportunity to cure if you: fail to begin operations by the specified deadline; fail to have your Key Personnel satisfactorily complete the Training Program; make a material misrepresentation or omission in the franchise application; are convicted of or plead no contest to a felony or other crime; activities, behavior or conduct likely to adversely affect your Franchised Business; abandonment; unauthorized transfer; fail to maintain your Franchised Business under the supervision of an approved manager; submit reports on ~~three~~two or more ~~occasions in a 12-month period, unauthorized assignment, underreporting Gross Sales by~~separate occasions understating any amounts due by more than 5% ~~or more~~; fail on two or more occasions~~,~~ within any 12 months to submit reports or records or to pay any fees due us or any affiliate; repeatedly ~~defaults of~~breach the Franchise Agreement~~, failure to complete training or open in timely manner, misrepresentation, violation of law, breach of nondisclosure or noncompetition covenant, conviction of certain types of crimes or offenses, uncured default under any mortgage, deed of trust or lease relating to the Franchised Business, uncured default under any other agreement with us or our affiliate, health or safety hazards, excessive number of customer complaints, loss of required permit or license, failure to comply with procedures/standards for System Account or terms of System Account Relationship, insufficient funds in account for electronic debits, or violation of Social Media Guidelines, as further described in our manual~~ or comply with specifications; misuse or make unauthorized use of the Confidential Operations Manual, the Marks, trade secrets or other Confidential Information.

Provision	Section in ~~Franchise~~ Agreement	Summary
~~i. Your~~i. Franchisee's obligations on termination/non-renewal	~~16~~Section 13	~~Upon termination or early expiration of the Franchise Agreement, your obligations include:~~ ~~– immediately discontinuing the use of the Marks~~ ~~– ceasing doing business in a form or manner that may give the general public the impression that you are operating a business as one of our franchisees~~ ~~– returning the Manual~~ ~~– assignment of telephone numbers and all telephone directory listings to us~~ ~~– payment of liquidated damages (if applicable)~~ ~~See also "r" below.~~You must stop operating your Franchised Business and cease representing yourself as a present or former BLUEFROG PLUMBING + DRAIN® franchisee; deidentify your Franchised Business; stop using any trade secrets, Confidential Information, the System and the Marks; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; return the Confidential Operations Manual, trade secrets, and all other Confidential Information; assign your email addresses, any websites and telephone numbers, and other Online Presences to us; comply with all System Standards regarding closure and de-identification; pay us a reasonable a deposit, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business until such time as the Service Warranties are satisfied or have expired; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement; and pay us the final payment on Accounts Receivable. If the Franchise Agreement terminates because you have closed or abandoned your Franchised Business or expires, you must pay us liquidated damages.
j. Assignment of contract by ~~us~~franchisor	~~13.1~~Section 14.1	~~No~~There are no restrictions on our right to assign our interest in the Franchise Agreement.

Provision	Section in ~~Franchise~~ Agreement	Summary
k. "Transfer" by ~~you – defined~~franchisee-definition	~~13~~Section 14.2	"Transfer" ~~t~~includes ~~transfer of~~voluntarily or involuntarily, directly or indirectly, selling, assigning, conveying, gifting, giving away, pledging, mortgaging, sublicensing, or otherwise transferring or encumbering, whether by operation of law or otherwise: (a) the Franchise Agreement or any interest in the Franchise Agreement, ~~assets, or ownership change~~(b) the franchise granted to you, (c) all or substantially all of the assets of your Franchised Business, or (d) any direct or indirect ownership interest in you, your franchise rights, or your Franchised Business, including any right to share in the governance or profits thereof.
l. ~~Our~~ Franchisor's approval of transfer by ~~you~~franchisee	~~13~~Section 14.2	~~We must approve all transfers, but may not unreasonably withhold approval~~You may not transfer your interest in any of the items listed in (k) above without our prior written consent.

Provision	Section in ~~Franchise~~ Agreement	Summary
m. Conditions for ~~our~~franchisor approval of transfer	~~13~~Section 14.2	~~– We have the right to impose the following conditions on any transfer by you:~~ ~~– all of your obligations under the Franchise Agreement have been satisfied~~ ~~– the new franchisee must meet our qualifications~~ ~~– must assume all of your obligations under the Franchise Agreement or at our option sign our then-current form of Franchise Agreement for remainder of term~~ ~~– must complete our training program~~ ~~– you or the new franchisee must pay us a transfer fee and a training fee~~We decline to exercise our right of first refusal; all obligations owed to us are paid and satisfied; you and the transferee have signed a general release (subject to state law) in the form that we prescribe, as well as all other documents we then require in connection with a transfer; you have materially complied with your Franchise Agreement; you and transferee comply with our then-current transfer procedures, including submission of documents we require; the prospective transferee and terms of the transfer meet our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then-current Franchise Agreement for the existing Market Territory; you provide us with a copy of all contracts and agreements related to the transfer; we determine that the terms of the transfer are not detrimental or unfavorable to your Franchised Business or our rights; the transferee expressly assumes in writing all outstanding Service Warranties; you or the transferee pay us a transfer fee; the transferee has obtained all necessary consents and approvals of third parties; you or all of your Owners have signed a confidentiality and non-competition agreement; and the transferee's key personnel have agreed to complete the Training Program before assuming management of your Franchised Business.
n. ~~Our~~ Franchisor's right of first refusal to acquire ~~your~~franchisee's Franchised ~~b~~Business	~~13~~Section 14.3	~~30 days to negotiate,~~We may match an~~y~~ offer ~~on same terms and conditions~~for your Franchised Business or an ownership interest you propose to sell.

Provision	Section in ~~Franchise~~ Agreement	Summary
o. ~~Our~~ Franchisor's option to purchase ~~your~~franchisee's Franchised ~~b~~Business	~~Not Applicable~~ None	Not ~~A~~applicable.
p. ~~Your~~ ~~d~~Death or disability of franchisee	~~13~~Section 14.2	~~Franchise must be assigned to an approved buyer within 6 months after death or onset of disability. All transfer provisions of Article 13 apply~~After the death or incapacity of an Owner of the franchise, his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchise within 180 days of death or incapacity or we may terminate the Franchise Agreement. We must approve the transferee prior to transfer.
q. Non-competition covenants during the term of the franchise	~~14~~Section 6.3	~~Non-competition provisions are subject to state law. No involvement in the same or similar business anywhere without our consent~~You and your Owners each agree not to, and to cause each of your respective spouses, immediate family members, affiliates, and assigns not to, directly or indirectly: (i) own, maintain, or acquire any direct or indirect interest in or relationship with any Competitive Business, whether as record or beneficial owner, investor, employee, partner, director, officer, representative, agent, lessor, lender, or otherwise, and/or (ii) advise, operate, or provide assistance or services of any kind or nature to any Competitive Business, during the term of the Franchise Agreement, in any location.

Provision	Section in ~~Franchise~~ Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	~~14~~Section 6.3	For a period of 2 years from and after the date of termination or expiration of the Franchise Agreement, in your Market Territory or any location that is within a 25-mile radius of your Market Territory or the market territory of any other BlueFrog Business, you, your owners, and your officers, governing persons, executive personnel and each individual's immediate family members are prohibited from owning or working for a Competitive Business, or soliciting or influencing any of our customers to terminate their relationship with us. ~~Non-competition provisions are subject to state law. No involvement in a competing business for 2 years within your Territory, within 25 miles of the perimeter of your Territory, or within the territory of any other BLUEFROG PLUMBING + DRAIN business.~~"Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides: (1) plumbing inspection, installation, repairs and maintenance, (2) drain cleaning, (3) leak detection and repair, (4) hot water heater sale, installation, maintenance, and repair, (5) water softener and filtration system sale, installation, maintenance, and repair, (6) gas leak detection and repair, (7) tree root removal, and sewer line repair and replacement, and/or (8) any other line of business, products, or services that are substantially similar to those offered by BlueFrog Businesses; provided, that the definition of Competitive Business will not include: (i) any business operated under a franchise agreement with us or our affiliates; or (ii) the ownership of less than 5% of the equity interest in a Competitive Business whose stock is publicly traded on a recognized United States stock exchange.
s. Modification of the ~~A~~agreement	~~22.8~~Sections 8.3 and 17.3	~~No modifications unless mutually agreed to in writing by us and you~~The Franchise Agreement can be modified only by written agreement between you and us. We may modify the System Standards and Confidential Operations Manual during the term of your Franchise Agreement.
t. Integration/merger clause	~~22.7~~Section 17.4	Only the terms of the ~~Franchise Agreement and attachments to~~ Franchise Agreement are binding (subject to state law). Any representations or promises ~~made~~ outside of the Disclosure Document and Franchise Agreement may not be enforceable.

Provision	Section in ~~Franchise~~ Agreement	Summary
u. Dispute resolution by arbitration or mediation	~~21~~Section 18	Subject to ~~state law.~~our rights to seek injunctive relief, all ~~C~~claims, controversies, or disputes from or relating to the Franchise Agreement must be ~~mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information~~arbitrated.
v. Choice of forum	~~21.2 – 21.3~~Sections 18.1 and 18.5	~~Mediation at the AAA offices~~Arbitration in the city in which we maintain our principal business address~~,~~ (currently Dallas, Texas). ~~Venue~~ The venue for any other proceeding is exclusively the courts located in the county in which we maintain our principal business address, currently Dallas County, Texas (subject to applicable state law). See the State Specific Addenda attached to this ~~d~~Disclosure ~~d~~Document.
w. Choice of law	~~21.1~~Section 18.4	~~Texas law applies~~All matters relating to arbitration will be governed by the Federal Arbitration Act. Except to the extent governed by the Federal Arbitration Act, the U.S. Trademark Act of 1946, or other federal law, any agreement between us and our affiliates and you and your affiliates, will be governed by the laws of the State of Texas (subject to applicable state law). See the State Specific Addenda attached to this ~~d~~Disclosure ~~d~~Document.

ITEM 18
PUBLIC FIGURES

We do not presently use any public figures 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~~this 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.

As of December 31, 2022, there were a total of 35 franchised BlueFrog Businesses. Some franchisees operate multiple franchised territories (each franchised territory is a separate BlueFrog Business). Most franchisees that operate multiple franchised territories do not separately report Invoiced Gross Revenue for each franchised territory. As a result, we have provided Invoiced Gross Revenue data on a "per franchisee" basis (not on a "per territory" basis). The financial performance

data below is provided in separate tables based on the number of franchised territories each franchisee operates.

~~For purposes of this financial performance representation ("FPR"), each individual territory is referred to as an "outlet." Franchisees that operate multiple territories do not separately report Gross Sales for each outlet. Instead, these franchisees operate the outlets as a single Franchised Business and report combined Gross Sales from multiple outlets. As a result, we have provided Gross Sales data on a "per franchisee" basis (not on a "per outlet" basis). There are no affiliate or company-owned outlets. Therefore, this FPR is limited to franchisee data. There are no material differences between the outlets whose data has been provided and the Franchised Business offered under this Disclosure Document.~~

~~**2021 Gross Sales**~~

~~The table below includes operating results from 11 franchisees that operated a total of 21 territories (as of December 31, 2021). This includes (a) 6 franchisees operating 1 territory, (b) 3 franchisees operating 2 territories, (c) 1 franchisee operating 4 territories and (d) 1 franchisee operating 5 territories. We excluded data from 8 outlets that opened after January 1, 2021, since these outlets were new territories opened by franchisees that were in operation less than one full year. We have also excluded data from 1 outlet that was opened and terminated during the 2021 calendar year. Of the 5 multi-territory franchisees whose data is included, only 1 of those franchisees had more than 1 territory open all of 2021.~~

~~The~~This financial performance representations presented below includes ~~2021~~2022 Invoiced Gross ~~Sales~~Revenue data for the ~~21 franchised outlets operated by the 11~~12 franchisees ~~described above. We have broken the~~operating a total of 27 franchised territories during the full 2022 calendar year. We excluded data ~~down into~~for the following ~~5 subsets~~franchisees:

~~Subset 1: All 11 franchisees (regardless of number of franchised outlets operated)~~

~~Subset 2: Franchisee operating 5 franchised outlets (1 franchisee)~~

~~Subset 3: Franchisee operating 4 franchised outlets (1 franchisee)~~

~~Subset 4: Franchisees operating 2 franchised outlet (3 franchisees)~~

~~Subset 5: Franchisees operating 1 franchised outlet (6 franchisees)~~

(i) 1 franchised territory that operated during the entire 2022 calendar year but failed to report its 2022 Invoiced Gross Revenue to us;

(ii) 7 franchised territories that were not operating during the entire 2022 calendar year because they opened after January 1, 2022;

(iii) 1 franchised territory that was not operating during the entire 2022 calendar year because it was terminated or permanently closed prior to December 31, 2022.

The following table breaks down the remaining 12 franchisees and 27 franchised territories into subsets based on the total number of franchised territories operated by the franchisee:

Number of Territories Operated by Franchisee	**Total Number of Franchisees in Subset**	**Total Number of Franchised Territories in Subset**
1	6	6
2	3	6
4	1	4
5	1	5
6	1	6
TOTAL	**12**	**27**

The following tables list the 2022 Invoiced Gross Revenue data for the franchisees in each subset above. Tables 1 and 2 also list the Invoiced Gross Revenue data for the top 33% and top 66% of franchisees as well as the corresponding bottom 33% and bottom 66% of franchisees. Tables 3, 4 and 5 do not include these subsets due to the small number of franchisees.

2021Table 1: Invoiced Gross SalesRevenue - Franchisees Operating 1 Territory (6 Franchisees)					
Subset (Number of franchisees in subset)	**LowestNumber of Franchisees**	**Average Highest(# & % Meeting or Exceeding Average)**	**Median**	**AverageLowest**	**Number & Percent that Achieved/Surpassed AverageHighest**
Subset 1 (11 franchisees)Top 33%	$116,884.04 2	$3,139,563.46 928,856 (1 of 2 – 50%)	$815,912.85 928,856	$1,058,929.34 837,625	5 of 11 (45%)$1,020,087
Subset 2 (1 franchisee)Top 66%	$3,139,563.46 4	$3,139,563.46 742,379 (2 of 4 – 50%)	$3,139,563.46 722,266	$3,139,563.46 504,897	1 of 1 (100%)$1,020,087
Bottom 33%	2	$225,062 (1 of 2 – 50%)	$225,062	$220,597	$229,526
Bottom 66%	4	$390,482 (2 of 4 – 50%)	$367,212	$220,597	$606,906
Total	6	$569,940 (3 of 6 - 50%)	$555,902	$220,597	$1,020,087

Table 2: Invoiced Gross Revenue - Franchisees Operating 2 Territories (3 Franchisees)					
Subset	**Number of Franchisees**	**Average (# & % Meeting or Exceeding Average)**	**Median**	**Lowest**	**Highest**
Subset 3 (1 franchisee)Top 33%	$2,032,085.70 1	$2,032,085.70 2,942,012 (1 of 1 – 100%)	$2,032,085.70 2,942,012	$2,032,085.702,942,012	1 of 1 (100%)$2,942,012
Subset 4 (3 franchisees)Top 66%	$638,176.93 2	$1,406,680.23 2,149,974 (1 of 2 – 50%)	$1,350,783.08 2,149,974	$1,131,880.081,357,936	2 of 3 (66%)$2,942,012
Subset 5 (6 franchisees)Bottom 33% $116,884.04	1 $345,031.29 $513,488.90	$1,034,931 (1 of 6 (331 – 100%)	$1,034,931	$1,034,931	$1,034,931

Table 2: Invoiced Gross Revenue - Franchisees Operating 2 Territories (3 Franchisees)					
Subset	**Number of Franchisees**	**Average (# & % Meeting or Exceeding Average)**	**Median**	**Lowest**	**Highest**
Bottom 66% ~~$1,240,687.59~~	2	$1,196,434 (1 of 2 – 50%)	$1,196,432	$1,034,931	$1,357,936
Total	3	$1,778,293	$1,357,936	$1,034,931	$2,942,012

Table 3: Invoiced Gross Revenue - Franchisees Operating 4 Territories (1 Franchisee)					
Subset	**Number of Franchisees**	**Invoiced Gross Revenue**	**Median**	**Lowest**	**Highest**
Total	1	$2,041,290	N/A	N/A	N/A

Table 4: Invoiced Gross Revenue - Franchisees Operating 5 Territories (1 Franchisee)					
Subset	**Number of Franchisees**	**Invoiced Gross Revenue**	**Median**	**Lowest**	**Highest**
Total	1	$3,391,828	N/A	N/A	N/A

Table 5: Invoiced Gross Revenue - Franchisees Operating 6 Territories (1 Franchisee)					
Subset	**Number of Franchisees**	**Invoiced Gross Revenue**	**Median**	**Lowest**	**Highest**
Total	1	$681,420	N/A	N/A	N/A

NOTES

"Invoiced Gross Revenue" means the aggregate invoiced sale price of all goods, products, labor, parts, merchandise, and services performed by or sold from your Franchised Business, including all proceeds from any business interruption insurance, and without deduction for any fees that we our any other vendor charges from sch amounts, but excluding (a) all refunds actually made to customers in good faith; and (b) any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid thereto. If any Accounts Receivable remains outstanding for more than 1 year after the date of service, the amount of that Accounts Receivable is deducted from the calculation of Invoiced Gros Revenue, in an amount not to exceed the original Invoiced Gross Revenue (excluding any late fees, interest, or other amounts accruing on the basis of the late payment).

The figures in the chart do not reflect the operating costs and expenses that you will incur in operating your Franchised Business, such as royalties, advertising and marketing fees and costs, payroll, vehicle finance or lease payments, insurance, telephone, utilities, and central telephone number fees. These figures also do not include depreciation or amortization or taxes.

***

Some outlets have ~~sold~~earned this amount. Your individual results may differ. There is no assurance ~~you'll sell~~you will earn as much. Written substantiation ~~for this financial performance~~

representationof the data used in preparing this information will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance representationsor 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 Sherry Rose, our Chief Executive Officer, atBlueFrog Plumbing and Drain, LLC, 2929 Carlisle St., Suite 100, Dallas, Texas 75204 and (866) 749-1135,, (800) 933-0803; the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 20192020 TO 20212022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	11	14	+3
Franchised	2020	14	14	0
	2021	14	29	+15
Company-Owned	20192022	029	035	0+6
Company-Owned	2020	0	0	0
	2021	0	0	0
Total Outlets	20192020	110	140	+30
Total Outlets	**2020**	**14**	**14**	**0**
	2021	**14**	**29**	**+15**
	2022	**29**	**35**	**+6**

TABLE 2 – TRANSFERS OFOF OUTLETS FROM FRANCHISEES TOTO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR YEARS 2020 TO 2022FOR YEARS 2019 TO 2021

State	Year	Number of Transfers
Colorado	20192020	0
	2021	2
	2022	0
Total	**2020**	**0**
	2021	**2**
Total	20192022	**0**
	2020	0
	2021	2

TABLE 3 – STATUS OFOF FRANCHISED OUTLETS FOR YEARS 2019 TO 20212020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Alabama	2019	1	0	0	0	0	0	1
Alabama	2020	1	0	1	0	0	0	0

TABLE 3 – STATUS ~~OF~~OF FRANCHISED OUTLETS FOR YEARS ~~2019 TO 2021~~2020 TO 2022								
State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations ~~– Other Reasons~~	Outlets at End of Year
	2021	0	0	0	0	0	0	0
~~Arkansas~~	~~2019~~ 2022	~~1~~0	0	~~1~~0	0	0	0	0
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
~~California~~	~~2019~~ 2022	~~1~~0	~~1~~0	0	0	0	0	~~2~~0
California	2020	2	0	1	0	0	0	1
	2021	1	1	0	0	0	0	2
~~Colorado~~	~~2019~~ 2022	~~0~~2	~~1~~0	~~0~~1	0	0	0	1
Colorado	2020	1	1	0	0	0	0	2
	2021	2	5	1	0	0	0	6
~~Connecticut~~	~~2019~~ 2022	~~1~~6	0	0	0	0	0	~~1~~6
Connecticut	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
~~Florida~~	~~2019~~ 2022	1	0	0	0	0	0	1
Florida	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
~~Georgia~~	~~2019~~ 2022	~~0~~1	0	0	0	0	0	~~0~~1
Georgia	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
~~Indiana~~	~~2019~~ 2022	1	0	0	0	0	0	1
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
~~Louisiana~~	~~2019~~ 2022	1	0	0	0	0	0	1
Kentucky	2020	~~1~~0	0	0	0	0	0	~~1~~0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Massachusetts	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
~~North Carolina~~	~~2019~~ 2022	0	1	0	0	0	0	1
North Carolina	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
~~Texas~~	~~2019~~ 2022	~~4~~0	~~1~~2	0	0	0	0	~~5~~2
Texas	2020	5	1	0	0	0	0	6

TABLE 3 – STATUS ~~OF~~OF FRANCHISED OUTLETS FOR YEARS ~~2019 TO 2021~~2020 TO 2022								
State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2021	6	8	0	0	0	0	14
~~Virginia~~	~~2019~~ 2022	~~0~~14	~~0~~3	0	0	0	0	~~0~~17
Virginia	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
~~Totals~~	~~2019~~ 2022	~~11~~1	~~4~~0	~~1~~0	0	0	0	~~14~~1
Totals	**2020**	**14**	**3**	**3**	**0**	**0**	**0**	**14**
	2021	**14**	**16**	**1**	**0**	**0**	**0**	**29**
	2022	**29**	**7**	**1**	**0**	**0**	**0**	**35**

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ~~2019~~2020 TO ~~2021~~2022							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired ~~f~~From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	~~2019~~2020	0	0	0	0	0	0
	~~2020~~2021	0	0	0	0	0	0
	~~2021~~2022	0	0	0	0	0	0

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, ~~2021~~2022			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
~~Alabama~~Arizona	0	1	0
~~Arkansas~~California	0	1	0
~~Connecticut~~Florida	0	1	0
~~Indiana~~Georgia	~~0~~2	~~1~~2	0
Kansas	~~0~~1	1	0
~~Michigan~~Massachusetts	~~0~~1	1	0
~~Mississippi~~ Missouri	~~0~~1	1	0
~~North Carolina~~Ohio	~~3~~0	~~3~~1	0

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, ~~2021~~2022			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
~~Pennsylvania~~Oklahoma	0	~~0~~1	0
~~South Carolina~~Tennessee	~~0~~1	~~1~~2	0
Texas	2	2	0
Utah	2	3	0
~~Tennessee~~Virginia	0	1	0
TOTALS	~~3~~**10**	~~12~~**18**	**0**

Notes:

1. During 2020, a single franchisee in Texas combined its 2 separate territories into 1 territory for operational purposes. However, we have continued to list 2 separate outlets in Table 3 since each of the combined franchised territories exceeds our minimum territory size. Another franchisee in Texas had a franchise agreement for a 2nd outlet terminated in 2020 prior to opening.
2. During 2021, one franchisee in Colorado transferred a franchise agreement for an unopened outlet to a purchaser. The Colorado transfers listed for 2021 in Table 2 relate to the transfer of the franchisee's 2 outlets that were open and operating as of the date of transfer.

~~Exhibit G shows the name, address, and telephone numbers of the Franchised Businesses as of December 31, 2021, as well as the name, address, and telephone number of franchisees who have signed a franchise agreement but have not begun to operate their Franchised Business.~~

Exhibit ~~G also shows~~F contains a list of the names of all current franchisees and the address and telephone number of each of their outlets as of December 31, 2022. Exhibit F also contains a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of ~~each~~every franchisee who~~se Franchised Business was~~had an outlet terminated, transferred, canceled, ~~or~~ not renewed ~~in our last fiscal year, December 31, 2021; who~~, or otherwise voluntarily or involuntarily ceased to do business under ~~a~~the franchise agreement during our ~~last~~most recently completed fiscal year~~;~~ ending December 31, 2022, or who ~~did~~have not communicated with us within 10 weeks of the Issuance ~~d~~Date of this ~~d~~Disclosure ~~d~~Document~~.~~

~~.~~If you buy this franchise, your contact information may be disclosed to other buyers when you leave ~~our~~the franchise ~~S~~system.

~~In~~Within the last three ~~fiscal~~ years, ~~some~~ franchisees have signed confidentiality ~~agreements with us~~clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with ~~us~~our franchise system. You may wish to speak with current and former franchisees~~s,~~ but be aware that not all such franchisees will be able to communicate with you.

~~There~~We are not aware of: (i) any trademark-specific franchisee organizations associated with the franchise system being offered ~~that we have created, sponsored or endorsed~~; or (ii) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

~~Exhibit F contains: (i) our~~Attached to this Disclosure Document as Exhibit F is our: (i) unaudited interim balance sheet as of March 31, 2023, and the statements of operations and cash flow for the three-month period then ended; (ii) audited balance sheets as of December 31, ~~2021;~~2022 and December 31, ~~2020; and April 24, 2020;~~2021 and the related statements ~~of~~ operations ~~and~~, members' equity, and cash flow~~s~~ for the ~~periods from January 1, 2021 to December 31, 2021; April~~fiscal years then-ended; and (ii) audited balance sheets as of December 31, 2020 and April 25, 2020, and the related statements of operations, members' equity, retained earnings, and cash flow for the period from Aril 25, 2020 to December 31, 2020~~;~~, and from January 1, 2020 to April 24, 2020~~; and the~~. Our fiscal year end~~ed~~ is December 31~~, 2019; and (ii) our unaudited balance sheet and statement of operations as of November 30, 2022~~.

ITEM 22
CONTRACTS

~~The following contracts are attached as Exhibits to this Disclosure Document:~~

Exhibit ~~C –~~B-1 — Franchise Agreement

~~Exhibit 1 – Nondisclosure and Non-Competition Agreement~~

Exhibit ~~2 –~~1 — Unlimited Guaranty and Personal Undertaking

Exhibit ~~3 –~~2 — Holders of Legal or Beneficial Interest in Franchisee; Governing Persons

Exhibit ~~4 –~~3 — Electronic Funds Transfer Authorization

~~Exhibit 5 – Conversion Addendum~~

Exhibit ~~6 –~~4 — State ~~Franchise Agreement Addenda~~Specific Riders

~~Exhibit 7 – SERA Participation Agreement~~

~~Exhibit D – Telephone Number and Website URL Assignment Agreement~~

Exhibit ~~H –~~5 — Franchise Disclosure Questionnaire

Exhibit ~~I –~~B-2 — Sample General Release ~~(Sample Form)~~

Exhibit B-3 — Consent to Transfer

ITEM 23
RECEIPTS

Exhibit G contains ~~T~~two ~~copies of~~documents that serve as a receipt of this ~~d~~Disclosure ~~d~~Document ~~appear as the last two pages of this disclosure document~~. Please sign and date each copy, return one copy to us, and retain the other for your records.

EXHIBIT A~~-2 TO THE DISCLOSURE DOCUMENT~~

~~LIST OF~~ STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

California

Department of Financial Protection & Innovation
Commissioner of Department of Financial Protection & Innovation
~~Toll Free:~~ 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013
(213) 576-7505

Sacramento

2101 Arena Blvd.
Sacramento, California 95834
(916) 445-7205

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 610-2093

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104
(415) 972-8559

Hawaii

~~(state administrator)~~
Business Registration Division
Securities Compliance Branch
Department of Commerce
and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

~~(agent for service of process)~~
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
~~(808) 586-2722~~

Illinois

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

Indiana

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

(agent for service of process)
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Maryland

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

Michigan

(state administrator)
Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
(517) ~~373-7117~~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

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

New York

(state administrator)
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212)- 416-8236

(agent for service of process)
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, ~~Fifth~~5th Floor
Bismarck, ~~ND 58505-0510~~North Dakota 58505
(701) 328-4712

Oregon

Department of Business Services
Division of Finance & Corporate Securities
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

Rhode Island

Department of Business Regulation
Division of Securities
John O. Pastore Complex
~~Bldg.~~Building 69-1
~~1511~~ 1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

South Dakota

Division of Insurance
Securities Regulation
124 ~~S.~~South Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

(state administrator)

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, ~~9th~~Ninth Floor
Richmond, Virginia 23219
(804) 371-9051
(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

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, S.W.
Tumwater, Washington 98501

Wisconsin

(state administrator)
Securities and Franchise Registration
Wisconsin Department of Financial Institutions
4022 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-1064

(agent for service of process)
Office of the Secretary
Wisconsin Department of Financial Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

EXHIBIT B-1

FRANCHISE AGREEMENT

~~EXHIBIT C TO THE DISCLOSURE DOCUMENT~~

~~FRANCHISE AGREEMENT~~

BLUE FROG PLUMBING AND DRAIN~~G~~, LLC

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT
SUMMARY PAGE

~~EFFECTIVE~~EXPIRATION DATE: _____

~~EXPIRATION DATE:~~ ~~10th anniversary of the Effective Date~~

FRANCHISEE(S): _____

TYPE OF BUSINESS ENTITY: _____

STATE OF FORMATION: _____

~~FRANCHISEE'S~~ AUTHORIZED ~~BUSINESS~~ TRADE NAME: BlueFrog Plumbing + Drain of _____

FRANCHISED BUSINESS OFFICE: _____

TELEPHONE NUMBER: _____

~~FACSIMILE NUMBER:~~ _____

E-MAIL ADDRESS: _____

MARKET TERRITORY: ~~Franchise's authorized non-exclusive Territory is~~ ~~t~~The area identified ~~within the boundaries shown~~ on the attached map.

POPULATION: Market _____ Territory population: _____~~__~~.

TYPE OF FRANCHISE~~:~~ ~~__~~ ☐ Standard Franchise

~~__~~ ☐ Conversion Franchise ~~(see Conversion Addendum)~~

STORAGE: ☐ on-site (same site as Franchised Business Office)

☐ off-site

FRANCHISE FEE: $ _____

VETERAN'S DISCOUNT: ~~Franchisee does~~ ☐ You do qualify for a ~~v~~Veteran's ~~d~~Discount

~~Franchisee does~~ ☐ You do not qualify for a ~~v~~Veteran's ~~d~~Discount

~~ADDITIONAL FRANCHISE DISCOUNT:~~ ~~Franchisee does qualify for additional franchise discount~~
~~Franchisee does not qualify for additional franchise discount~~

MINIMUM AVERAGE MONTHLY REVENUE: $30,000 per month (trailing 6 months) beginning on 25th month

ROYALTY FEE: Greater of "Percentage-Based Royalty Fee" or "Minimum Royalty Fee," as listed in table below, measured monthly:

Months ~~a~~After ~~Fee~~	**~~Minimum Royalty Fee (per~~**	**Percentage-Based Royalty Fee**	**Minimum**

_____ _____
Franchisor Initial Franchisee Initial

~~Commencement Date~~Opening	~~month)~~		Royalty Fee
Initial 6 full/partial months		**Conversion**: Sum of following amounts: (i) 3% of initial $150,000 in monthly Invoiced Gross Revenue; (ii) 2.5% of monthly Invoiced Gross Revenue between $150,000 and $300,000; and (iii) 2% of monthly Invoiced Gross Revenue above $300,000	$500
1.1.1. ~~through 6~~	~~$500~~	**Standard**: Sum of following amounts: (i) 6% of initial $150,000 in monthly Invoiced Gross ~~Sales~~Revenue; (ii) 5% of monthly Invoiced Gross ~~Sales~~Revenue between $150,000 and $300,000; and (iii) 4% of monthly Invoiced Gross ~~Sales~~Revenue above $300,000	
~~7~~7th through ~~12~~12th month	~~$1,000~~	~~Same as above~~2% of monthly Invoiced Gross Revenue	$1,000
~~13~~13th month through ~~end~~remainder of term	~~$1,500~~	~~Sane as above~~2% of monthly Invoiced Gross Revenue	$1,500

Franchisor Initial

Franchisee Initial

~~SYSTEM BRANDING~~
BRAND FUND CONTRIBUTION:

Greater of "Percentage-Based ~~SBF~~Brand Fund Contribution" or "Minimum ~~SBF~~Brand Fund Contribution," as listed in table below, measured monthly~~, subject to any then-current annual "cap" that we specify for annual SBF Contributions (currently $36,000 per year)~~:

Months ~~a~~After ~~Fee Commencement Date~~Opening	**Percentage-Based Brand Fund Contribution**	**Minimum ~~SBF~~Brand Fund Contribution ~~(per month)~~**	~~**Percentage-Based SBF Contribution**~~
~~1 through~~Initial 6 full/partial months	2% of Invoiced Gross Revenue	$150	~~2% of monthly Gross Sales~~
~~7~~7th through ~~12~~12th month	2% of Invoiced Gross Revenue	$300	~~2% of monthly Gross Sales~~
~~13~~13th month through ~~end~~remainder of term	2% of Invoiced Gross Revenue	$450	~~2% of monthly Gross Sales~~

TRANSFER FEE:

~~Greater of~~ $5,000 ~~or 5% of the total consideration paid by transferee to transferor for an amount up to $50,000; plus the then-current training fee for two persons to attend one week of training (refer to Section 13.4.5.2.)~~

~~**RENEWAL FEE:** $5,000~~

FRANCHISOR ADDRESS~~:~~ ~~BlueFrog~~

FOR NOTICES:
~~**FOR NOTICES:**~~

Blue Frog Plumbing and Drain, LLC
Attn: Chief Executive Officer
2929 Carlisle St., Suite 100
Dallas, Texas 75204

~~**OTHER BUSINESS(ES)**~~
~~**(for purposes of Section 7.9.)**~~**ADDITIONAL COMMENTS:** None

Franchisor Initial

Franchisee Initial

~~FRANCHISE AGREEMENT~~

TABLE OF CONTENTS

SECTION		PAGE
~~Articles~~		~~Page~~
~~1.~~	~~DEFINITIONS~~	~~1~~
~~2~~1.	GRANT AND SCOPE OF FRANCHISE	~~4~~1
1.1.	Grant	1
1.2.	Market Territory.	1
2.	FEES	2
2.1.	Franchise Fee	2
2.2.	Royalty Fee	2
2.3.	Digital Marketing Fee	3
2.4.	Taxes	3
2.5.	Technology Fee.	3
2.6.	Transfer Account and Payment Method.	3
2.7.	Interest on Past Due Amounts.	3
2.8.	Undisclosed Sales.	3
2.9.	Application of Payments.	4
3.	TERM AND RENEWAL	~~5~~4
3.1.	Initial Term	4
3.2.	Successor Term	4
4.	DEVELOPMENT OF FRANCHISED BUSINESS	5
4.1.	Franchised Business Office	5
4.2.	Storage Space.	5
4.3.	Service Vehicles.	5
~~4~~4.4.	~~TERRITORY~~Opening of Franchised Business.	6
~~5.~~	~~FEES AND PAYMENTS~~	~~8~~
~~6.~~	~~RIGHTS AND DUTIES OF FRANCHISOR~~	~~10~~
~~7.~~	~~DUTIES OF FRANCHISEE~~	~~12~~
~~8~~5.	INTELLECTUAL PROPERTY	~~18~~6
5.1.	Ownership	6
5.2.	Limitations on Use	6
5.3.	Notification of Infringements and Claims	7
5.4.	Indemnification for Use of Marks	7
5.5.	Changes to the Marks and System	7
5.6.	Online Activities	7
6.	COVENANTS	8
6.1.	Confidential Information	8
6.2.	Additional Developments	8
6.3.	Exclusive Relationship	9
6.4.	Covenants of Other Individuals	10
6.5.	Non-Interference	10
6.6.	Non-Disparagement	10
7.	TRAINING AND ASSISTANCE	10

7.1. Initial Training 10
7.2. Personnel Training 11
7.3. Additional Training 11
7.4. Training Expenses 12
8. SYSTEM STANDARDS 12
8.1. System Standards 12
8.2. Confidential Operations Manual 12
8.3. Modification to the System 13
8.4. Variance 13
9. ADVERTISING AND PROMOTIONAL ACTIVITIES 13
9.1. Your Local Advertising 13
9.2. Brand Fund 14
9.3. Franchise System Websites and Data 15
9.4. Contact Information 16
10. RECORDS, REPORTING, AND TECHNOLOGY SYSTEMS 16
10.1. Books and Records 16
10.2. Financial Statements and Reports 16
10.3. Technology Systems 16
10.4. Right to Audit 17
11. OPERATION OF YOUR FRANCHISED BUSINESS 18
11.1. Authorized Products, Services and Suppliers 18
11.2. Conversion Franchise 19
11.3. Condition of your Franchised Business 19
11.4. Management 19
11.5. Your Personnel 19
11.6. Compliance with Applicable Laws 20
11.7. Notification of Proceedings and Breaches 20
11.8. Compliance with Good Business Practices 20
~~9~~11.9. ~~CONFIDENTIALITY~~Call Center Program 21
11.10. Minimum Performance Criteria 21
11.11. National Account Clients 21
~~10. ACCOUNTING AND RECORDS~~11.12. Pricing 21
11.13. Periodic Visits and Inspections 22
11.14. Insurance Coverage 22
~~11. INSURANCE AND INDEMNIFICATION~~11.15. Service Warranties. 23
~~12. INDEPENDENT CONTRACTOR 25~~
~~13. TRANSFER AND ASSIGNMENT 25~~
~~14. COVENANTS NOT TO COMPETE 28~~
~~15~~12. DEFAULT AND TERMINATION ~~30~~23
12.1. Automatic Termination 23
12.2. Termination by Franchisor 23
12.3. Termination by Franchisee 25
12.4. Additional Remedies 25
~~16~~13. RIGHTS AND DUTIES UPON EXPIRATION OR ~~POST-~~TERMINATION ~~OBLIGATIONS~~ ~~33~~ 25

13.1. Actions to be Taken 25
13.2. Final Payments 26
13.3. Our Option to Purchase Certain Business Assets 27
13.4. Assumption of Management 27
13.5. Survival of Certain Provisions 27
1714. WRITTEN APPROVALS, WAIVERS, AND FORMSTRANSFERABILITY OF AGREEMENTINTEREST 3428
14.1. Transfer by Franchisor 28
14.2. Transfer by Franchisee 28
14.3. Right of First Refusal 30
15. OWNERS OF FRANCHISEE 31
15.1. Your Ownership Information 31
15.2. Your Business Entity 31
15.3. Guaranty by Owners 31
16. RELATIONSHIP AND INDEMNIFICATION 31
16.1. Relationship 31
16.2. Indemnification 32
17. GENERAL CONDITIONS AND PROVISIONS 32
17.1. No Waiver 32
17.2. Notices 32
17.3. Entire Agreement 33
17.4. Severability 33
17.5. Construction 33
17.6. Third-Party Beneficiaries 34
17.7. Execution 34
18. INSPECTIONSDISPUTE RESOLUTION 34
1918.1.NOTICEArbitration 34
20. RELATIONSHIP18.2. Injunctive Relief 35
18.3. Cost of Enforcement or Defense 35
18.4. Choice of Law 35
21. DISPUTE RESOLUTION AND GOVERNING LAW18.5. Consent to Jurisdiction 36
22. MISCELLANEOUS 38
23. ACKNOWLEDGEMENTS 39
18.6. Cumulative Rights and Remedies 36
18.7. Limitations of Claims 36
18.8. Limitation of Damages 36
18.9. Waiver of Jury Trial and Punitive Damages 36
18.10. Class Action Waiver 36

EXHIBITS:

1. NONDISCLOSURE AND NON-COMPETITION AGREEMENT
21. UNLIMITED GUARANTY AND PERSONAL UNDERTAKING
3. HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; GOVERNING PERSONS
2. FRANCHISE OWNERS
43. ELECTRONIC FUNDS TRANSFER AUTHORIZATION

~~5. CONVERSION ADDENDUM~~

~~6~~4. STATE SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT ~~ADDENDA~~

~~7~~5. ~~FORM OF SERA PARTICIPATION AGREEMENT~~ FRANCHISE DISCLOSURE QUESTIONNAIRE

BLUEFROG PLUMBING AND DRAIN, LLC
FRANCHISE AGREEMENT

This Franchise Agreement (including all exhibits hereto, as amended, restated, supplemented, or otherwise modified from time to time, this "**Agreement**") is entered into on the Effective Date by and between BlueFrog Plumbing and Drain, LLC, a Delaware limited liability company, withhaving its principal place of business at 2929 Carlisle St., Suite 100, Dallas, Texas 75204 ("**Franchisor**" or "**we**" "**us**" and "**our**"), and the Ffranchisee identified in the Summary Page ("**Franchisee**" or "**you**" and "**your**").

WITNESSETHBACKGROUND:

WHEREAS, we have developed and will further develop distinctive and proprietary business systems, methods, designs, layouts, standards, and specifications, all of which we may improve, substitute, further develop, or otherwise modify from time to time (together, the "**System**") identified by the name "BlueFrog Plumbing + Drain®" and other trademarks, service marks, graphics, trade names, trade dress, slogans, and other commercial symbols as we may approve from time to time ("**Marks**"), to establish and operate a business providing plumbing services, drain cleaning services, water and gas leak detection and repair services, and water heater, water softener, water filtration system services and additional products and services authorized by us ("**BlueFrog Business**");

WHEREAS, we grant to qualified persons and business entities the right to own and operate a BlueFrog Business using the System and the Marks; and

WHEREAS, you wish to operate a BlueFrog Business, have applied for a franchise, and have been approved by us in reliance upon the representations made herein and therein to operate a BlueFrog Business under the terms of this Agreement.

WHEREAS, Franchisor has developed and may continue to develop and modify a distinctive business format and set of specifications and operating procedures (collectively, the "**System**") for the establishment and operation of businesses under the Marks and System, described below.

WHEREAS, the distinguishing characteristics of the System include, without limitation, specifications for equipment, inventory, fixtures, and techniques; software and computer programs; the accumulated experience reflected in training programs, operating procedures, customer service standards methods, and marketing techniques; policies, procedures, standards, and specifications; and inventory purchasing sources. Franchisor may change, improve, and further develop the elements of the System from time to time.

WHEREAS, Franchisor has the right to use, and to sublicense to others the right to use the Marks.

WHEREAS, Franchisor is in the business of franchising the operation of BLUEFROG PLUMBING + DRAIN Businesses;

WHEREAS, Franchisee, recognizing the benefits to be derived from having the right to use the System and the Marks, desires to a Franchised Business, and Franchisor is willing to grant a license to Franchisee to operate a Franchised Business on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"**Affiliate**" means any business entity that controls, is controlled by, or is under common control with Franchisor;

"**Agreement**" means this franchise agreement and all exhibits hereto and amendments hereof;

"**BLUEFROG PLUMBING + DRAIN Business**" means a business operating under the Marks and System;

"**Business Entity**" means a corporation, limited liability company, limited partnership or other entity created pursuant to statutory authority.

"**Client Data**" has the meaning given to such term in Section 10.2.3;

"Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) Competitive Services; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a 5% legal or beneficial interest;

"Competitive Services" means services the same as or similar to those provided by BLUEFORG PLUMBING + DRAIN Businesses or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees. "Competitive Services" include, without limitation (1) plumbing inspection, installation, repairs and maintenance, (2) drain cleaning, (3) leak detection and repair, (4) hot water heater sale, installation, maintenance, and repair, (5) water softener and filtration system sale, installation, maintenance, and repair, (6) gas leak detection and repair, (7) tree root removal, and sewer line repair and replacement.

"Confidential Information" means technical and non-technical information used in or related to BLUEFROG PLUMBING + DRAIN Businesses and not commonly known by or available to the public, including, without limitation, Trade Secrets, methods and products, customer service techniques and other techniques and methodologies not generally known to the industry or public, and any other information identified or labeled as confidential when delivered by Franchisor. Confidential Information does not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third-party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

"**Cooperative"** has the meaning given to such term in Section 5.5;

"**Copyright**" has the meaning given to such term in Section 8.2;

"**Digital Marketing Fee**" has the meaning given to such term in Section 5.3;

"**Effective Date"** means the effective reflected on the Summary Page;

"Fee Commencement Date" means the first (1st) day of the month that immediately follows the earlier to occur of: (i) the month following Franchisee's completion of the first (1st) week of training when Franchisee either issues an invoice for the first (1st) job conducted by Franchisee or receives the first (1st) payment for a job conducted by Franchisee; or (ii) the month that includes the date that is 90 days after the Effective Date.

"**Franchise**" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"**Franchise Fee**" has the meaning given to such term in 5.1;

"**Franchised Business**" means the BLUEFROG PLUMBING + DRAIN Business to be established and operated by Franchisee pursuant to this Agreement;

"**Franchised Business Office**" means the site for the operation of the Franchised Business;

"**Franchisee**" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"**Franchisor**" means BlueFrog Plumbing + Drain, LLC and its successors and assigns;

"**Gross Sales**" means all revenues of the Franchised Business, including, without limitation, the aggregate dollar amount of the sales price on all goods, products, labor, parts, merchandise, and services performed or sold by Franchisee, either on a prepaid or as-provided basis, whether sold for cash, for payment by check, on credit, barter, or otherwise, without reserve or deduction for the inability or failure to collect for the same from Franchisee's client. Gross Sales shall include all other things, including services, of value received by Franchisee as payment in the course of such operations. Gross Sales does not include: (a) authorized cash or credit refunds or any uncollected accounts receivables within the last year made upon transactions that were previously included with Gross Sales and accepted by Franchisee, not exceeding the selling price of the original transaction, which may be deducted from Gross Sales in the month made or within one calendar year from services performed; (b) the amount of any separately collected and stated city, county, state, or federal sales, luxury, or excise tax on such sales, which Franchisee actually pays to the taxing authorities; provided however, that no franchise, capital-stock, or any similar tax based income or profits on Gross Sales shall be deducted from Gross Sales; or (c) any promotional allowances or rebates paid to Franchisee in connection with its purchase of products or supplies;

"**Intellectual Property**" has the meaning given to such term in Section 8.5;

"**Manual**" means Franchisor's confidential operations manual (which may be in paper or electronic form) and includes other publications, materials, drawings, memoranda, videos, CDs, DVDs, MP3s and other electronic media containing proprietary information about the System that Franchisor from time to time may loan to Franchisee. The Confidential Operations Manual may be supplemented or amended from time to time online or by letter, electronic mail, bulletin, videotape, CD, DVD, MP3 or other communications concerning the System to reflect changes in the image, specifications and standards relating to the management, operation and promotion of a Franchised Business;

"**Marks**" means the service mark "BLUEFROG PLUMBING + DRAIN" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings, and other commercial symbols as Franchisor may designate to be used in connection with BlueFrog Plumbing + Drain Businesses;

"**Minimum Local Marketing Spending Requirement**" has the meaning given to such term in Section 7.13;

"**Minimum Royalty Fee**" means the amount specified on the Summary Page;

"**Minimum SBF Contribution**" means the amount specified on the Summary Page;

"**Opening Deadline**" has the meaning given to such term in Section 7.4;

"**Operating Principal**" means the individual responsible for the direct, on-site supervision of the Franchised Business. If Franchisee is a "Business Entity," the Operating Principal must own at least one-third of the Business Entity;

"Owner" means (a) each person who signs this Agreement as "Franchisee", if the franchisee is a sole proprietorship; (b) each person who holds voting securities, if the franchisee is a corporation; (c) each member and manager, if the franchisee is a limited liability company; (d) each general and limited partner, if the franchisee is a partnership; and (e) each trustee and trust beneficiary, if the franchisee is a trust. If any Owner is a "Business Entity," the term "Owner" also includes the Owners of the Business Entity;

"**Other Business**" has the meaning given to such term in the Summary Page and Section 7.9.2;

"**Percentage-Based Royalty**" means the amount specified on the Summary Page;

"**Percentage-Based SBF Contribution**" means the amount specified on the Summary Page;

"**Royalty Fee**" has the meaning given to such term in Section 5.2;

"SBF Contribution" has the meaning given to such term in Section 5.3;

"**Software Technology Fee**" has the meaning given to such term in Section 7.7;

"System" means the standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn, or otherwise revised by Franchisor for the operation of BlueFrog Plumbing + Drain Businesses;

"**System Account**" has the meaning given to such term in Section 4.4;

"**System Account Relationship**" has the meaning given to such term in Section 4.4;

"**System Branding Fund**" or "**SBF**" has the meaning given to such term in Section 6.5;

"**Technology System**" has the meaning given to such term in Section 7.7;

"Territory" has the meaning given to such term in Section 7.7;

"Trade Secrets" means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in BlueFrog Plumbing + Drain Businesses that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

1. 2. GRANT AND SCOPE OF FRANCHISE

2. 2.1 Grant; Non-Exclusive License

2.1.1 Franchisor hereby grants to Franchisee, subject to the terms and conditions of this Agreement, a revocable, limited, and non-exclusive Franchise to use the Marks and the System in connection with the operation of one Franchised Business in the territory defined on the Summary Page (the "**Territory**"). Franchisee hereby accepts the Franchise and agrees to operate the Franchised Business in accordance with the provisions of this Agreement for the entire Term, as defined in Section 3.2.

We hereby grant to you, and you undertake and accept, upon the terms and conditions herein contained, a limited and non-exclusive license to operate one BlueFrog Business using the System and Marks on the terms described in this Agreement (your "**Franchised Business**"). You may not sublicense the use of the System or Marks to any person, or delegate the operation or supervision of your Franchised Business, without our prior written approval.

3. Market Territory

3.1.1. You and we have agreed on a geographic area described on the Summary Page of this Agreement (the "**Summary Page**") to act as your territory for conducting marketing activities and soliciting customers (the "**Market Territory**"). You hereby agree that, without our prior authorization, you and your Owners will not, and each of you will cause your respective affiliates, representatives, an personnel not to: (i) conduct any marketing, advertising, or promotional activities for your Franchised Business and/or using the Marks or the System outside of your Market Territory, and/or (ii) solicit orders, jobs, or projects from customers outside of your Market Territory and/or that would be conducted outside of your Market Territory.

3.1.2. You acknowledge and agree that it is integral to the franchise system that you respect the territorial restrictions contained in this Agreement, and that your failure to respect such boundaries affects not only other franchisees but also our relationship with our other franchisees and the integrity of the franchise system itself. You further acknowledge and agree that the harm caused by such failure would be difficult to calculate. Therefore, you agree that if you breach the terms of Section 1.2.1, without limiting our other rights including our right of termination under Section 12.2, you must pay us liquidated damages in an amount equal to the greater of: (i) $5,000 per incident for any marketing, advertising, or promotional activities conducted outside of your Market Territory in breach of Section 1.2, or (ii) 100% of the job value for any work obtained in breach of Section 1.2. You acknowledge and agree that the foregoing amount represents a reasonable forecast of just compensation for the breach.

3.1.3. During the term of this Agreement, provided that you and your Owners and each of your and their respective affiliates are in full compliance with this Agreement and all other agreements with us and our affiliates, we agree that we will not establish or operate, or grant any other person the right to establish or operate, a BlueFrog Business with an office located in your Market Territory. You acknowledge and agree that the foregoing provides your sole territorial protection of any kind, and nothing in this Agreement or otherwise will restrict or limit, in any manner, our or our affiliates' rights to conduct any other business activities in any location whatsoever, including in your Market Territory, including that we and our affiliates expressly reserve the right to: (i) conduct marketing, advertising, or promotional activities of any kind and/or solicit or accept customers of any kind, in any location whatsoever, including in your Market Territory; and/or (ii) conduct services and perform jobs and/or grant other parties the right to conduct services and perform jobs, including services to National Accounts Clients, in any location whatsoever, including in your Market Territory.

4. FEES

5. ~~2.2 Scope of~~ Franchise Fee

~~2.2.1 The Franchise relates solely to the Territory. Except as provided in Section 4.1 (Unlicensed Territory), Franchisee has no rights regarding any other territories or franchises and no option to purchase additional territories or franchises. Franchisee shall not have the right to sub-franchise or sub-license any of its rights under this Agreement.~~

2.2.2 Except as provided in this Agreement, Franchisor shall not operate, or permit a third-party to operate, a BLUEFROG PLUMBING + DRAIN Business within the Territory during the Term.

2.3 Reservation of Rights by Franchisor; Non-Exclusive License

Franchisee expressly acknowledges and agrees that this license is non-exclusive and that Franchisor and its affiliates retain, among other and all rights not specifically granted to Franchisee in this Agreement, the right, in its sole discretion, to:

2.3.1 establish and operate, and grant to other franchisees or licensees the right to operate, businesses anywhere selling similar or identical products and services to those offered in Franchised Businesses under names, symbols, or marks other than the Marks, including, without limitation, through alternative distribution channels such as the Internet, telemarketing, or direct marketing; establish and operate, and grant to other franchisees or licensees the right to establish operate, Franchised Businesses using the System and the Marks anywhere outside of the Territory;

2.3.2 establish and operate, and grant to other franchisees or licensees the right to establish operate, Franchised Businesses using the System and the Marks anywhere outside of the Territory;

2.3.3 enter into Agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement, without having any impact on the rights and obligations set forth in this Agreement and Franchisee's duty to comply with the terms of this Agreement;

2.3.4 advertise, or authorize others to advertise, anywhere, using the Marks;

2.3.5 enter into agreements with, and provide services and products to, System Accounts anywhere, including inside the Territory, subject to Franchisee's rights as described in Section 4.5 (System Accounts);

2.3.6 be acquired by or merge with other companies, including companies with similar businesses in the Territory, without any obligation to Franchisee; and

2.3.7 engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement.

Upon execution of this Agreement, you must pay us an initial fee ("**Franchise Fee**") in the amount stated on the Summary Page. The Franchise Fee is deemed fully earned upon execution of this Agreement and is non-refundable under any circumstances.

6. Royalty Fee

6.1.1. You must pay us a monthly royalty fee calculated in the manner described on the Summary Page ("**Royalty Fee**"). The due date and intervals of the Royalty Fee will be provided in the Confidential Operations Manual, and remain subject to change from time to time, provided that they will not be changed without at least 30 days prior notice to you. With no less than 30 days prior notice, we may increase the amount of the Minimum Royalty Fees reflected on the Summary Page in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor's Consumer Price Index since the Effective Date, or such later date as we last adjusted the Minimum Royalty Fees.

6.1.2. For the purposes of this Agreement, "**Invoiced Gross Revenue**" means the aggregate invoiced sale price of all goods, products, labor, parts, merchandise, and services performed by or sold from your Franchised Business, including all proceeds from any business interruption insurance, and without deduction for any fees that we or any other vendor charges from such

amounts, but excluding (a) all refunds actually made to customers in good faith; and (b) any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid thereto.

6.1.3. If any Invoiced Gross Revenue due to you ("**Accounts Receivable**") remains outstanding for more than 1 year after the date of service, the amount of the Royalty Fee that you paid to us on the basis of such Accounts Receivable will be deducted from the subsequent Royalty Fee you owe us, in an amount not to exceed the original Invoiced Gross Revenue (excluding any late fees, interest, or other amounts accruing on the basis of the late payment).

7. Digital Marketing Fee

Upon execution of this Agreement, and continuing during the term of this Agreement, you must pay to us a monthly digital marketing fee in the amount specified by us from time to time (the "**Digital Marketing Fee**"). The Digital Marketing Fee must be paid at intervals and on the due dates we specify. We may periodically modify the amount of the Digital Marketing Fee and/or the method or timing for payment. The Digital Marketing Fee is in addition to all direct out-of-pocket costs you must otherwise incur to conduct marketing for your Franchise Business, provided that such amount will count towards your Local Marketing Expenditure (defined in Section 9.1.3).

8. Taxes

If any taxes, fees, or assessments are imposed on your payment of any fees (except taxes imposed on your net taxable income), you must also pay the amount of those taxes, fees, or assessments. If we for any reason pay any such taxes on your behalf, such amounts will be indemnified by you under Section 16.2 of this Agreement.

9. Technology Fee

We may require you to pay a fee from time to time for technology related services (the "**Technology Fee**"). We may periodically modify the amount of the Technology Fee and the method or timing for payment. The Technology Fee is in addition to all direct out-of-pocket costs you must otherwise incur to acquire, maintain, or service the Technology Systems as described in Section 10.3. The amount of the Technology Fee may also be determined in part by factors that are unique to your Franchised Business (such as the number of email addresses provided to you and your representatives).

10. Transfer Account and Payment Method

You must open and maintain a single commercial deposit account for your Franchised Business (the "**Transfer Account**"). All Invoiced Gross Revenue from your Franchised Business must be deposited in the Transfer Account immediately upon receipt. You must ensure that there are sufficient funds in the Transfer Account to cover amounts owed to us prior to the date such amounts are due. You agree to execute such documents required by us to authorize us to directly debit amounts owed under this Agreement from the Transfer Account. The current form of Electronic Depository Transfer Authorization is attached to this Agreement as Exhibit 3. You may not close the Transfer Account without our prior written approval. You may periodically designate an alternative method of payment for any payment due hereunder and you agree to comply with our payment instructions. All amounts payable to us or our affiliates must be in United States Dollars ($USD).

11. Interest on Past Due Amounts

All amounts owed under this Agreement to us that are not received by us on the due date, will bear interest at a rate of 1.5% per month (or the maximum rate permitted by law, if less) from

the date payment is due to the date payment is received by us. In addition, you must pay us for all costs we incur in the collection of any unpaid and past due amounts, including reasonable attorney fees.

12. Undisclosed Sales

If you fail to report your Invoiced Gross Revenue when due, then for each payment under this Agreement calculated based on Invoiced Gross Revenue, we may debit the Transfer Account 110% of the average of the last three applicable payments. If the amounts that we debit from the Transfer Account are less than the amounts actually owed (once the Invoiced Gross Revenue is accurately determined), we will debit the Transfer Account for the balance. If the amounts that we debit from the Transfer Account are greater than the amounts actually owed, we will credit the excess against the amounts we otherwise would debit from the Transfer Account on the next payment due date.

13. Application of Payments

Notwithstanding any designation, we have the right to apply any payments by you or your Owners to any past due amounts that you or your affiliates owe us or our affiliates, including for Royalty Fees, Brand Fund Contributions, purchases of products or services, license fees for proprietary software and platforms, or any other amount owed to us or our affiliates in any proportion or priority. You may not withhold payment of any amounts owed to us or our affiliates for any reason, including for any alleged nonperformance by us or off-set such amounts in any manner.

14. ~~3.~~ TERM AND RENEWAL

15. ~~3.1~~ Initial Term

~~The Initial Term of the Franchise begins on the Effective Date stated on the Summary Page and expires 10 years from that date.~~

This Agreement will begin on the date that we sign this Agreement (the "**Effective Date**") and will expire on the Expiration Date stated on the Summary Page. If no Expiration Date is specified on the Summary Page, this Agreement will expire on the 10th anniversary of the Effective Date.

16. ~~3.2 Renewal~~Successor Term

~~Upon the expiration of the Initial Term, Franchisee may, at its option, obtain one additional renewal term of 10 years (the "**Renewal Term**" and collectively, with the Initial Term, the "**Term**") if Franchisee satisfies the following conditions to Franchisor's reasonable satisfaction:~~

Subject to the conditions below, you have the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new franchise agreement with us. Your right to a successor franchise is limited to one successive term of 10 years. To qualify for a successor franchise, each of the following pre-conditions must have been fulfilled and remain true as of the last day of the term of this Agreement:

(a) You and your affiliates and Owners have, during the entire term of this Agreement, substantially complied with this Agreement, and all other agreements with us and our affiliates;

(b) You have updated the Franchised Business Office, service vehicle(s), and equipment, to reflect our then-current System Standards applicable to new franchisees;

(c) You and your affiliates and Owners have satisfied all monetary obligations owed by to us and our affiliates, and have timely met these obligations throughout the term of this Agreement;

(d) You and your affiliates and Owners are not in default of any provision of this Agreement or any other agreement between you and us;

(e) ~~3.2.1 Franchisee provides Franchisor~~You have given written notice of ~~a request for the Renewal Term~~your intent to operate a successor franchise to us not less than ~~six~~nine months ~~and no~~tr more than ~~12~~twelve months prior to the end of ~~Initial Term. Failure to give notice of Franchisee's intention to enter into a Renewal Term shall be considered an election not to extend Franchisee's rights to operate the Franchised Business~~the term of this Agreement;

(f) You and your Owners have executed our then-current form of franchise agreement and associated documents, agreements, and guarantees, which franchise agreement will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee, or Brand Fund Contribution, or a different or modified Market Territory;

(g) You reimburse us for our direct out-of-pocket costs for processing the renewal (including legal fees);

(h) You and your Owners satisfy our then-current qualifications for new franchisees;

(i) We are then offering franchises for BlueFrog Businesses in the geographic market area of your Market Territory; and

~~3.2.2 Franchisee has substantially and timely complied with the provisions of this Agreement or any other agreement with Franchisor or its Affiliates throughout the Initial Term;~~

~~3.2.3 Franchisee has no Event of Default (as defined in Article 15 (Default and Termination)), or event which with the giving of notice and/or passage of time would constitute an Event of Default, in existence as of the expiration of the Initial Term;~~

~~3.2.4 Franchisee executes Franchisor's then-current franchise agreement in use with respect to new franchisees, which may contain terms and conditions substantially different from those set forth in this Agreement, including, without limitation, the then-current rate for royalties, advertising, and other payments to Franchisor as such Agreement may provide. In Franchisor's sole determination, the Franchisee may be deemed to have irrevocably declined enter into a Successor Term (and its option shall then terminate) if it fails to execute and return to the Franchisor the then-current franchise agreement and any other documents required by Franchisor within 30 days after their delivery to the Franchisee;~~

~~3.2.5 Franchisee pays the Renewal Fee in the amount stated on the Summary Pages at least 90 days prior to the renewal date. Franchisee shall not be required to pay an additional Franchisee Fee in order to enter into the Renewal Term;~~

~~3.2.6 Franchisee and/or the designated manager completes to Franchisor's reasonable satisfaction a prescribed training refresher course at least 30 days before the expiration of the term of the Agreement and pays the then-current training fee for the training course at the time of training;~~

(j) ~~3.2.7 Franchisee~~You and your Owners have executes~~d~~ a general release, in a form ~~satisfactory to Franchisor~~prescribed by us, of any and all claims ~~it may have~~ against ~~Franchisor, its~~us, any ~~A~~affiliates~~,~~ and ~~its past, present, and future~~against their officers, directors, shareholders, managers, members, partners, owners, ~~agents~~employees, and

~~employees~~ agents (in their corporate and individual capacities), except to the extent prohibited by the applicable laws ~~of the state where the~~ .

17. DEVELOPMENT OF FRANCHISED BUSINESS

18. Franchised Business ~~is located.~~**Office**

~~3.2.8 Franchisee has participated in and supported the training procedures, purchasing, marketing, inventory sourcing, advertising, promotional, and other operational, training, and marketing programs recommended or provided by Franchisor to the reasonable satisfaction of Franchisor;~~

~~3.2.9 Franchisee's average annual Gross Sales in the five-year period which begins on January 1 that immediately follows the third anniversary of the Effective Date and ends five years later (the "Performance Period") is equal to or greater than the average annual Gross Sales of the lowest 25% of all Franchised Businesses that are in operation during the entire Performance Period (the "**Performance Threshold**"). If Franchisee does not satisfy these conditions to Franchisor's satisfaction, Franchisor is not obligated to offer Franchisee a Successor Term. If Franchisee does not meet the Performance Threshold, Franchisor may, in its sole discretion, offer a Successor Term with a smaller Territory; and~~

~~3.2.10 Franchisee, at its expense, updates, refurbishes, and replaces the Franchised Business Office, vehicles, equipment, furniture, and fixtures used in the Franchised Business to meet Franchisor's then-current standards and specifications applicable to new franchisees.~~

~~**3.3 Operation after Expiration of Term**~~The street address or description of the premises of the location from which you will operate your Franchised Business (your "**Franchised Business Office**") is described on the Summary Page. If you have not identified the site that will be your Franchised Business Office as of the Effective Date, you will have a period of 90 days from and after the Effective Date to obtain our approval of the proposed site of your Franchised Business Office. After the Franchised Business Office is approved, you agree that we have the right to enter the address into the Summary Page without that change being deemed an amendment to this Agreement. The service tools and equipment for your Franchised Business may not be stored at the any location other than the Franchised Business Office, other than pursuant to Section 4.2 below. You are solely responsible for obtaining occupancy rights to the Franchised Business Office, and for maintaining, insuring, and paying all associated costs for the Franchised Business Office. You must manage and administer your Franchised Business from the Franchised Business Office, including maintaining the books and records of your Franchised Business at the Franchised Business Office. We may from time to time establish System Standards for the Franchised Business Office, including relating to size, safety, or insurance requirements, and you agree to comply with all System Standards. You may not relocate the Franchised Business Office without our prior written consent.

~~If Franchisee does not enter into an agreement for a Renewal Term prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the sole option of Franchisor, this Agreement may be treated as (i) expired as of the date of expiration with Franchisee then operating without a license to do so, in violation of Franchisor's rights; or (ii) continued until one party provides the other with 30 days' advance written notice of such party's intent to terminate this Agreement. In the latter case, all obligations of Franchisee shall remain in full force and effect until termination, and all obligations and restrictions imposed on Franchisee upon expiration of the Agreement shall take effect upon termination of the Interim Period.~~

19. ~~4. TERRITORY~~Storage Space

4.1 Unlicensed Territory

4.1.1 Franchisee may not accept business from clients whose location is outside the Territory unless Franchisee receives prior written approval from Franchisor, which Franchisor may withhold or withdraw in its sole discretion. If Franchisee receives an inquiry for services to be performed inside another franchisee's territory or market area, Franchisee shall comply with Franchisor's then-current policies concerning client referrals and performance of interterritorial services. Franchisee may not use any domain names, social media accounts, or directory listings related to areas outside of its Territory or conduct any advertising or marketing campaign outside of its Territory unless it receives Franchisor's prior written consent.

4.1.2 If Franchisor withdraws its consent, for no reason or any reason at all, Franchisee must immediately cease providing products and services to clients located outside its Territory and transfer any clients or prospective clients located outside the Territory to Franchisor, its affiliates, or another franchisee, without any compensation to Franchisee. In addition, if Franchisee is using any domain names, social media accounts, directory listings, or other advertising indicating or implying that it services such area outside of its Territory, then those uses must be cancelled, withdrawn, or transferred at Franchisor's directive. Franchisor's consent to servicing clients in an area shall automatically be withdrawn upon notice to Franchisee of a new Franchise granted or Franchisor-owned business commencing operations in such area outside of its Territory.

4.2 Lead Referrals and Territory Disputes

Franchisee must limit its solicitation of clients to locations within its Territory. If Franchisee receives a request for services or products from a client located outside of the Territory, Franchisee must refer that request to Franchisor or any franchisee that owns and operates in the applicable territory, without charge.

4.3 No Alternative Distribution Channels

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We reserve the right to use other channels of distribution, including the Internet, to solicit and accept orders from consumers inside your territory using our principal trademarks. Franchisee may not offer or sell services or products authorized under the Agreement through any means, other than those described in the Agreement and the Manuals. Franchisee may not sell products through other channels of distribution channels, without Franchisor's prior written approval. Additionally, Franchisee may only sell products within their territory unless they receive Franchisor's prior written approval.

4.4 System Accounts

4.4.1 Franchisor reserves the right, on behalf of itself and its affiliates, to contract with or enter into a strategic alliance or similar relationship with "System Accounts" to provide the services and products offered by Franchised Businesses inside and outside the Territory. A "**System Account**" is any business, organization, or other Business Entity that conducts operations, either directly or indirectly through agents, affiliates, dealerships, independent contractors, subsidiaries, franchisees, licensees, members or agencies (each, a "**SA Affiliate**"), in three or more states and that has entered into a System Account Relationship with Franchisor or its affiliates. A "**System Account Relationship**" shall include any contractual relationship, strategic alliance, or similar relationship with Franchisor or its affiliates for the Franchisor, its affiliates, or the Franchised Businesses to provide services and products to the System Account's locations or its SA Affiliate's locations (the "**Account Locations**").

4.4.2 If Franchisor or its affiliates enter into a System Account Relationship, Franchisor will contact Franchisee and provide Franchisee with an opportunity to provide the services and products to the System Account at the Account Locations within the Territory, under the terms and conditions established by the System Account Relationship (e.g., qualifications, conditions for availability, price, discounts and other requirements), provided that Franchisor determines, in its sole discretion, that Franchisee is qualified to provide the required products and services. If within 10 days of Franchisor's contacting Franchisee, Franchisee is unable to provide the services and products offered to the System Account for any reason or does not elect to provide the services and products in accordance with the agreed terms and conditions established by the System Account Relationship, (i) Franchisor, its affiliates, or its designees, including other franchisees, will have the right to provide the services and products offered to Account Locations within the Territory and (ii) Franchisee will have no right, and will be deemed to have waived any and all rights, to provide the services and products to the Account Locations within the Territory during the System Account Relationship and to receive any compensation or proceeds from the provision of such services and products to such locations within its Territory.

4.4.3 If Franchisee fails to comply with the operating procedures and standards established by Franchisor for any System Account or with the terms of any System Account Relationship, including operating procedures and standards established by any System Account, Franchisor may, in its sole discretion, (i) terminate Franchisee's right to service any and all System Accounts, and Franchisor, its designees, affiliates, or other franchisees having the sole right to provide services and products to any Account Locations within the Territory, or (ii) terminate this Agreement in accordance with Article 15 (Default and Termination).

5. FEES AND PAYMENTS

5.1 Franchise Fee At the time that this Agreement is executed, Franchisee shall pay to Franchisor the Franchise Fee stated on the Summary Page (the "**Franchise Fee**"). If the amount of the Franchise Fee is not known as of the Effective Date, it shall be calculated as follows: $59,900 for a standard franchise with a territory that includes up to 250,000 people plus an additional amount equal to $0.12 multiplied by the population in the Territory in excess of 250,000. Franchisor does not award territories with more than 500,000 people under a single franchise agreement. The Franchise Fee is deemed fully earned upon execution of this Agreement and is non-refundable.

5.2 Monthly Royalty Fee

Beginning on the Fee Commencement Date, and continuing during the Term, Franchisee shall pay to Franchisor a continuing monthly royalty fee (the "**Royalty Fee**") equal to the greater of: (i) the Percentage-Based Royalty (calculated according to the formula stated on the Summary Page); or (ii) the applicable Minimum Royalty Fee (as stated on the Summary Page). The Royalty Fee shall be payable in accordance with Section 5.6.1. If this Agreement is for the renewal of an existing franchise, the maximum Minimum Royalty Fee on the Summary Page shall apply immediately as of the Effective Date.

5.3 System Branding Fund and Digital Marketing Fee

Beginning on the Fee Commencement Date, and continuing during the Term, Franchisee shall pay to Franchisor:

i. a monthly contribution to the System Branding Fund (the "**SBF Contribution**") equal to the greater of: (i) the Percentage-Based SBF Contribution (calculated according to the formula stated on the Summary Page); or (ii) the applicable Minimum SBF Contribution (as stated on the Summary Page); and

ii. a monthly digital marketing fee (the "**Digital Marketing Fee**") in the amount specified by Franchisor from time to time (currently, $299 per month).

The SBF Contribution shall be payable in accordance with Section 5.6.1. Franchisor shall use the SBF Contribution in accordance with Section 6.5. The Digital Marketing Fee shall be due on the 1st day of each month and may be increased by Franchisor (not to exceed $499 per month) upon 30 days' prior notice to Franchisee. Franchisor shall use the Digital Marketing Fee for purposes of providing Internet marketing services (either directly or through a third-party supplier), including website design, search engine optimization, and social media services ("**Internet Marketing Assistance**").

5.4 Technology Fee

Beginning on the Fee Commencement Date, and continuing during the Term, Franchisee shall pay to Franchisor a monthly technology fee in the amount specified by Franchisor from time to time (currently $399 per month, which covers the license fee for our designated point-of-sale system for a single user). This fee shall be paid on the 1st day of each month by electronic funds transfer. Franchisee shall also pay to Franchisor a one-time initial license fee of $1,495 for the designated point-of-sale system. The initial license fee is due on the date specified by Franchisor, but in all events prior to opening. Franchisee shall also pay all other software and technology fees and applicable sales taxes that must be paid directly to third-party licensors, including any additional monthly fees for additional plumber/technician user licenses.

5.5 Cooperative Contribution

If a regional advertising cooperative (a "**Cooperative**") is established in the area in which the Territory is located, Franchisee must contribute at least 2% of its Gross Sales to the Cooperative, unless Franchisor approves in writing a lesser contribution. Franchisor-owned businesses located in the Cooperative's region will contribute on the same basis as franchisees. Annual contributions averaging in excess of 2% of annual Gross Sales may be approved by a two-thirds vote of the Cooperative's members. This contribution is in addition to the System Branding Fund contribution and will usually be made on a monthly basis or as determined by Franchisor, after consulting with the Cooperative. Any contribution made by Franchisee to the Cooperative will count towards Franchisee's Minimum Local Marketing Spending Requirement (if imposed).

5.6 Reports and Payments

5.6.1 The monthly Royalty Fee and SBF Contribution will be paid on the first (1st) and 15th day of each month as follows: (i) the Minimum Royalty Fee and the Minimum SBF Contribution shall be due on the first (1st) day of each month; and (ii) if the Percentage-Based Royalty and/or Percentage-Based SBF Contribution exceed the Minimum Royalty Fee and/or Minimum SBF Contribution, as applicable, then the balance of the monthly Royalty Fee and/or SBF Contribution (i.e., the amount by which the percentage-based fee exceeds the minimum fee paid on the first (1st) of the month) shall be due on the 15th day of such month. All payments due to Franchisor for merchandise, inventory, displays, special programs, equipment, training, or other such purchases shall be paid by the dates and in accordance with the terms established by Franchisor in writing.

5.6.2 Franchisor may deduct all payments due from Franchisee from a checking account designated by Franchisee via Electronic Funds Transfer ("**EFT**") on the applicable due date. Franchisee hereby authorizes Franchisor to process EFTs against Franchisee's checking account(s) for the monthly Royalty Fees, SBF Contributions, Digital Marketing Fees, Technology Fees and other fees that are due to Franchisor on the date that payments are due. Franchisee agrees to complete, sign, and provide Franchisor the ACH Authorization Form attached as Exhibit 4 to this Agreement at the same time it

executes this Agreement. This authorization shall remain in effect during the term of the Agreement. Franchisee agrees to promptly notify Franchisor of any changes in account information within five days of any such change. Franchisee agrees to ensure that adequate funds will be available for deduction on the due date each month.

5.6.3 If any payment is not received by Franchisor by the scheduled date due, Franchisee shall be in default under this Agreement. If any payment is overdue, Franchisee shall pay interest to the Franchisor, in addition to the overdue amount, at a rate of the lesser of one and one-half percent (1.5%) per month or the maximum amount permitted under applicable law, beginning from the date of non-payment or underpayment, until the debt is fully paid. In addition, Franchisee must pay Franchisor an insufficient funds fee of $125 for each check given or electronic transfer made to Franchisor that is dishonored, fails to process, or is returned. Franchisor is entitled to collect interest and late fees in addition to any and all other remedies Franchisor may have.

5.6.4 Franchisee shall promptly pay when due any and all federal, state, and local taxes, assessments, or charges, including, without limitation, unemployment, workers' compensation, and sales taxes, which are levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business. Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business. No payments to be made to Franchisor by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment. In addition, as part of the Royalty Fee and System Branding Fund contributions, Franchisee will pay to Franchisor the amount of any taxes imposed on Franchisor or its affiliates (and any taxes imposed on Franchisor or its affiliates as a result of such imposition) by federal, state, or local taxing authorities as a result of Franchisor's receipt of any Royalty Fee or other payments, not including any tax measured on Franchisor's income.

5.6.5 If Franchisee fails to provide to Franchisor any sales, financial statement, or other report which Franchisee is obligated to provide when such report is due and this failure continues for a period of 10 days after the due date, Franchisee shall pay to Franchisor a late fee with respect to each such report in the amount of $10 per day beginning with the 11th day after the date the report was due. The imposition of late reporting fees shall be in addition to, and not in lieu of, any other remedy available to Franchisor for such default. Franchisor shall be entitled to draft from Franchisee's account Franchisee's average monthly Royalty Fees and SBF Contributions over the previous four (4) months until the correct report is received. Once the report is received, Franchisor will credit or debit any amounts due.

5.7 No Withholding Payment

Franchisee agrees that it will not withhold or set-off payments or amounts of any kind due to Franchisor on the premise of alleged nonperformance by Franchisor of any of its obligations under this Agreement.

5.8 Taxes If any taxes, fees, or assessments are imposed on Franchisee's payment of any fees (except taxes imposed on Franchisor's net taxable income), Franchisee shall also pay the amount of those taxes, fees, or assessments within 15 days after receipt of Franchisor's written notice to Franchisee.

6. RIGHTS AND DUTIES OF FRANCHISOR

6.1 Training

Franchisor shall offer and make available an initial operations training program for two (2) persons designated by Franchisee, who must include the Owners and/or Operating Principal or managers

of the Franchised Business. The initial training program will be conducted at a location designated by Franchisor and will last one week. A portion of initial training will be conducted virtually, both before and after the classroom portion of the initial training program. The training shall be held prior to commencing business unless Franchisor has specifically permitted, in writing, the same to be held at another time. The cost of the instruction and required materials shall be borne by Franchisor. Franchisor reserves the right to charge a reasonable fee for training persons who are repeating the course or replacing a person who did not pass and for subsequent managers or employees who attend the course. Franchisee is responsible for any travel and living expenses, wages, and other expenses incurred by its trainees. If Franchisee is unable to successfully complete initial training for any reason, Franchisor will not refund any fees paid by Franchisee. Franchisor may make available to Franchisee or to Franchisee's employees, if any, from time to time such additional training programs as Franchisor, in its sole discretion, may choose to conduct. Attendance at said training programs may be made mandatory by Franchisor.

6.2 Manuals and Specifications

Franchisor will furnish Franchisee with one copy of, or electronic access to, the Manuals, on loan for as long as this Agreement or a successor franchise agreement remains in effect. Within the Manuals, Franchisor will provide a list of necessary equipment, supplies, and vendors that Franchisee will be required to use.

6.3 Advice and Assistance

Franchisor shall provide general guidance in selecting a location for the Franchised Business Office and a warehouse and provide prototypical information. Franchisor will provide to Franchisee additional consulting services with respect to the operation of the Franchised Business upon Franchisee's reasonable request and subject to the availability of Franchisor's personnel. Franchisor will make available to Franchisee information about new developments, techniques, and improvements in the areas of advertising, management, and operations. Franchisee may provide such additional consulting services through the distribution of printed or filmed material, an Intranet or other electronic forum, meetings or seminars, teleconferences, or in person.

Upon Franchisee's written request, Franchisor may, but need not, send a representative to Franchisee's Territory for purposes of providing on-site guidance or assistance. If Franchisor provides such assistance, Franchisee must pay Franchisor's then-current on-site assistance fee, which currently ranges from $100 to $1,000 per day (inclusive of travel and living expenses incurred by the representative).

6.4 Advertising and Websites

Franchisor shall review and shall have the right to approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to Section 7.13. Franchisor shall maintain a website for the BLUEFROG PLUMBING + DRAIN concept and list Franchisee's location and contact information on such website.

6.5 System Branding Fund

6.5.1 Franchisor has established the System Branding Fund for the benefit of the BLUEFROG PLUMBING + DRAIN franchise system. In no event will Franchisor be deemed a fiduciary with respect to any SBF contributions it receives or administers. The SBF need not be audited. Franchisor will prepare an unaudited statement of contributions and expenditures for the SBF and make it available within 60 days after the close of its fiscal year upon Franchisee's written request. If any monies in the SBF remain at the end of a fiscal year, they will carry-over to the next fiscal year.

6.5.2 Franchisor may use monies in the SBF and any earnings on the SBF account for any costs associated with advertising (media and production), branding, marketing, public relations and promotional programs and materials, and any other activities Franchisor believes would benefit BLUEFROG PLUMBING + DRAIN Businesses generally, including advertising campaigns in various media; creation and maintenance of a website; direct mail advertising; market research, including, without limitation, secret shoppers and customer satisfaction surveys; branding studies; employing advertising and/or public relations agencies; purchasing promotional items; conducting and administering promotions, contests, giveaways, public relations events, and community involvement activities; and providing promotional and other marketing materials and services to franchisees. If Franchisor chooses to have an independent audit of the SBF, it may use SBF monies to pay the costs of the audit.

6.5.3 Franchisor will not use the SBF for anything whose sole purpose is the marketing of franchises; however, Franchisee acknowledges that the BLUEFROG PLUMBING + DRAIN website, public relations activities, community involvement activities, and other activities supported by the SBF may contain information about franchising opportunities.

6.5.4 Franchisor will not use any contributions to the SBF to defray its general operating expenses, except for reasonable administrative costs and overhead it incurs in activities reasonably related to the administration of the SBF or the management of SBF-supported programs (including the pro-rata amount of salaries of Franchisor's personnel who devote time to SBF activities and retainers and fees for outside agencies).

6.5.5 Franchisor has the right to direct all marketing programs, with the final decision over creative concepts, materials, and media used in the programs and their placement. Franchisor does not guarantee that Franchisee will benefit from the SBF in proportion to its contributions to the SBF.

6.5.6 Franchisor or its affiliates may make or otherwise arrange loans to the SBF in any year in which the balance of the SBF is negative and charge a reasonable rate of interest. The amounts loaned to the SBF will be repaid from future contributions to the SBF in the year the loan is made or in subsequent years.

6.5.7 Any sales and other materials produced with SBF monies will be made available to Franchisee without charge or at a reasonable cost.

6.6 Limited Liability

Franchisor shall not, by virtue of any approvals or advice provided to Franchisee, assume responsibility or liability to Franchisee or to any third-party to which it would not otherwise be responsible or liable.

6.7 Delegation of Duty

Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may delegate.

7. DUTIES OF FRANCHISEE

7.1 Franchised Business Office

The Franchised Business Office shall be located within a leased or owned facility within the Territory, unless otherwise approved in writing by Franchisor. Franchisee must submit information about the proposed Franchised Business Office location to Franchisor and must receive Franchisor's written approval for the location of the Franchised Business Office, which shall not be unreasonably withheld, prior to signing a lease or purchase agreement. If the location for the Franchised Business Office is not

known at the time of signing this Agreement, a general location or area shall be entered and the exact location added to this Agreement at a later date when it is known. If franchisee wishes to relocate the Franchised Business Office, Franchisee must receive Franchisor's prior written consent to a new location, which approval shall not be unreasonably withheld.

7.2 Vehicles

Franchisor may establish in the Manuals specifications for any vehicles used in connection with the operation of the Franchised Business, which Franchisee must follow. Franchisee shall cause all company owned or leased vehicles used in connection with the operation of the Franchised Business to be professionally and fully wrapped using graphics approved by the Franchisor, by no later than the opening of the Franchised Business. Franchisee shall maintain the interior, exterior and mechanical parts of the vehicle in good repair and condition and shall regularly service and maintain the vehicle so as to keep it clean and in good working order.

7.3 Operating License and Compliance with Laws

Franchisee will be solely responsible for determining the applicability of any federal, state, and local laws, ordinances, and regulations to the Franchised Business and must at all times conduct and operate the Franchised Business in accordance with all applicable federal, state, and local laws, ordinances, and regulations. Franchisee must apply for all required operating permits, certificates, and licenses within 30 calendar days after Franchisee signs this Agreement and must maintain all required operating permits, certificates, and licenses throughout the Term.

7.4 Opening Deadline

Franchisee must begin operating If there is insufficient space at the Franchised Business within 90 days of the Effective Date (the "**Opening Deadline**"), unless Franchisor, in its sole discretion, grants an extension to the Opening Deadline in writing. If Franchisee fails to begin operating the Franchised Business by the Opening Deadline, this Agreement may be terminated upon written notice from Franchisor to Franchisee, without the necessity of further action or documentation by either party and without the refund of any fees paid to Office to store your Franchised Business' service tools and equipment, then you may be permitted to store the same off-site within a leased storage unit, provided that you inform us in writing of the location of the storage unit. The storage unit may not display any signage reflecting the Marks. We may from time to time establish other System Standards for off-site storage, including relating to size, safety, or insurance requirements, and you agree to comply with all System Standards for such off-site storage. We reserve the right to make off-site storage mandatory if we determine that it is necessary to satisfy our System Standards, or that your Franchisored. Business Office does not offer sufficient storage.

7.5 Products and Services

7.5.1 Franchisee shall offer and sell only approved products and services in the manner Franchisor has prescribed in the Manuals and otherwise in writing. Franchisee agrees not to deviate from these standards and specifications, unless Franchisor has provided written consent. Franchisee agrees to promptly cease to offer any product or service Franchisor disapproves in writing. Franchisor has the right, in its sole discretion, to add, remove, or modify approved products or services from time to time in the Manuals and otherwise in writing.

20. Service Vehicles

You must purchase one or more service vehicles that meet our System Standards to conduct your Franchised Business. You must wrap all service vehicles and any associated trailer according to

our System Standards. You may not use your service vehicle(s) for any purpose unrelated to your Franchised Business. You and your staff must exclusively use the service vehicle(s) we have approved and meeting our System Standards to travel to and from job sites. You must keep your vehicle in good maintenance and repair and ensure that it is consistently washed and kept in clean and safe condition. Each person that drives your vehicle must: (a) be appropriately licensed and insured; and (b) drive in a safe manner in compliance with all applicable laws.

21. Opening of Franchised Business

We will provide you our System Standards for the service vehicle, service tools and equipment and other equipment and supplies necessary to establish and operate a Blue Frog Business. Within 150 days after the Effective Date, you must have: (a) obtained and provided us copies of all certifications, permits and licenses required to operate your Franchised Business, including those specified as mandatory in the Confidential Operations Manual; (b) established the Franchised Business Office; (c) acquired and set-up all required office equipment including broadband or high-speed internet service; (d) acquired and set up at least one telephone number dedicated to your Franchised Business; (e) acquired a service vehicle meeting our System Standards, and have it wrapped and lettered it in accordance with our System Standards; (f) acquired the service tools, equipment, and initial inventory required for the operation of your Franchised Business; (g) if necessary, secure off-site storage space for tools and equipment; (h) furnished us with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as we may request; (i) completed the Training Program to our satisfaction; (j) hired and trained the personnel necessary or required for the operation of your Franchised Business; and (k) paid in full all amounts due to us. You may not commence operations until you have met all of the conditions above and our System Standards, and you receive notice from us that you are authorized to open.

22. INTELLECTUAL PROPERTY

23. Ownership

We and our affiliates are the sole and exclusive owners of the Marks and the System. Your use of the Marks and the System, and any goodwill created thereby, will inure to the benefit of us and our affiliates. You will not at any time acquire an ownership interest in the Marks or the System by virtue of any use and/or by virtue of this Agreement. You may not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or the System, or assist any other person in contesting the validity or ownership of any of the Marks or the System. Any unauthorized use of the Marks or the System by you or your Owners or affiliates is a breach of this Agreement and an infringement on the intellectual property rights of us and our affiliates. All provisions of this Agreement relating to the Marks and the System apply to any changes and/or additions to the Marks or the System that we authorize from time to time.

24. Limitations on Use

You are permitted to use the Marks and the System solely to conduct the Franchised Business in compliance with this Agreement. You may not use any trademarks, service marks or commercial symbols other than the Marks to identify or operate your Franchised Business. You may not use any Mark or portion of any Mark as part of any Business Entity name. You may not use any Mark or the System in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by us. You must give such notices of trademark and service mark registrations as we specify and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a BlueFrog Business. You may not

register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to us. You must identify yourself as the independent owner of your Franchised Business in connection with all of your dealings with customers, employees, and the public, and in accordance with any System Standards established by us.

25. Notification of Infringements and Claims

You must immediately notify us of any apparent or threatened: (i) infringement of the Marks or any component of the System, (ii) challenge to your use of any of the Marks or any component of the System, and/or (iii) claim by any person of any rights in any of the Marks or any component of the System. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim; provided, you may communicate with your counsel at your expense. We have the right to take such action as we deem appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks and/or the System. You must execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, are necessary or advisable to protect and maintain our interests in any such litigation or other proceeding or to otherwise protect and maintain our interest in the Marks and/or the System.

26. Indemnification for Use of Marks

We will reimburse you for all expenses reasonably incurred by you in any trademark or similar proceeding disputing your authorized use of any Mark, provided that you have complied with the provisions of Section 5.3 and have complied with this Agreement and our directions in responding to such proceeding. At our option, we or our designee may defend and control the defense of any proceeding arising directly from your use of any Mark and/or any component of the System. This indemnification will not include the expense to you of removing signage or discontinuance of the use of the Marks and/or any component of the System. This indemnification will not apply to litigation between us and you wherein your use of the Marks or System is disputed or challenged by us. This indemnification will not apply to any separate legal fees or costs incurred by you if you obtain independent counsel after we have appointed counsel to represent you and us.

27. Changes to the Marks and System

If we deem it necessary for you to modify or discontinue use of any of the Marks or components of the System, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols to identify BlueFrog Businesses, you must comply with our directions promptly after notice to you by us. We will not be required to reimburse you for your expenses derived from update, addition, or modification to, or discontinuance of any Marks or any components of the System or any loss of goodwill associated therewith or for any expenditures made by you to promote any modified or substitute Mark or modified System.

28. Online Activities

Except as approved by us in writing or specified in the Confidential Operations Manual, you may not develop, maintain, or authorize any website, domain name, email address, social media account, or other online, virtual, digital presence of any kind ("**Online Presence**") that displays any of the Marks, promotes or advertises your Franchised Business, links to any Online Presence maintained by us for the brand, or engage in any promotional or similar activities, whether directly or indirectly, and/or offer any products or services for sale on any Online Presence. If we approve

the use of any such Online Presence, you will develop and maintain such Online Presence only in accordance with our guidelines, including guidelines for posting any messages or commentary on other third-party platforms, preparing and linking a privacy policy to such Online Presence, and other System Standards we may establish from time to time. At our request, you agree to grant us or our designees access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to gain access, control, or ownership of such Online Presence.

29. COVENANTS

30. Confidential Information

30.1.1. In connection with your franchise under this Agreement, you and your Owners and personnel may from time to time be provided and/or have access to non-public information about the System and the operation of BlueFrog Businesses (the "**Confidential Information**"), including: (1) training programs and operations materials (including the Confidential Operations Manual); (2) the System Standards and methods and techniques for operating BlueFrog Businesses; (3) market research and strategies, customer service techniques, and other practices for generating and maintaining customers; (4) specifications for, suppliers of, and methods of ordering, products and services; (5) any software, technology, or Online Presences which are proprietary to us or the System, including digital passwords and identifications and any source code of, and data and reports generated by the software or similar technology; (6) the operating results and financial performance of BlueFrog Businesses, including your Franchised Business; (7) customer and client lists, terms, job pricing and history, preferences, demographic information and related information; and (8) any other information designated as confidential or proprietary by us. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

30.1.2. All Confidential Information will be owned by us and our affiliates. You will not acquire any interest in the Confidential Information, other than the right to use it to develop and operate your Franchised Business in compliance with this Agreement. You acknowledge that the Confidential Information includes our trade secrets and other information that is proprietary to us and our affiliates, derives value from not being known to the public and our competitors, has been developed by us and our affiliates at significant cost and effort, and is critical to the competitive advantage of us and our affiliates and franchisees. You acknowledge that any unauthorized use or disclosure of the Confidential Information would be an unfair method of competition and will result in irreparable harm to us and our affiliates. You and your Owners therefore agree that during and after the term of this Agreement you will, and you will cause each of your respective spouses, immediate family members, affiliates, and assigns to: (a) not use the Confidential Information for any purpose other than the development and operation of your Franchised Business in accordance with this Agreement; (b) keep confidential and not disclose the Confidential Information to any person other than those of your employees and representatives who need to know such Confidential Information for the purpose of assisting you in operating your Franchised Business in accordance with this Agreement (and you agree that you will be responsible for any violation of this requirement by any such representatives or employees); (c) not make unauthorized copies of any Confidential Information; (d) adopt and maintain reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to Key Personnel, and/or by requiring persons who have access to the Confidential Information to execute a non-disclosure agreement on terms no less favorable than the

terms applicable to Confidential Information under this Agreement; and (e) at our request, destroy or return any of the Confidential Information.

30.1.3. We are not making any representations or warranties, express or implied, with respect to the Confidential Information. We and our affiliates have no liability to you and your affiliates for any errors or omissions from the Confidential Information.

31. Additional Developments

All ideas, concepts, techniques or materials concerning any BlueFrog Business and/or the System or developed, in whole or in part, using Confidential Information, whether or not protectable intellectual property and whether created by or for you or your Owners or employees, shall be promptly disclosed to us and shall be deemed our sole and exclusive property and work made-for-hire for us, automatically and without compensation to you, your Owners, or any of your employees or representatives. We have the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for us, you shall assign, and by this Agreement, do hereby assign to us, all right, title, and interest in that item. You shall sign any documents required by us to memorialize such assignment. You agree to take all actions to assist our efforts to obtain or maintain intellectual property rights in any item related to the System, whether developed by you or not.

32. Exclusive Relationship

32.1.1. You acknowledge that we granted you a franchise in consideration of your agreement to deal exclusively with us. You further acknowledge that we would be unable to protect the System and our Confidential Information against unauthorized use or disclosure if you or your Owners were involved in any manner in any Competitive Business (defined below). Therefore, you and your Owners each agree not to, and to cause each of your respective spouses, immediate family members, affiliates, and assigns not to, directly or indirectly: (i) own, maintain, or acquire any direct or indirect interest in or relationship with any Competitive Business, whether as record or beneficial owner, investor, employee, partner, director, officer, representative, agent, lessor, lender, or otherwise; and/or (ii) advise, operate, or provide assistance or services of any kind or nature to any Competitive Business:

(a) during the term of this Agreement, in any location; and

(b) for a period of 2 years from and after the date of termination or expiration of this Agreement, in your Market Territory or any location that is within a 25 mile radius of your Market Territory.

32.1.2. "**Competitive Business**" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides): (1) plumbing inspection, installation, repairs and maintenance, (2) drain cleaning, (3) leak detection and repair, (4) hot water heater sale, installation, maintenance, and repair, (5) water softener and filtration system sale, installation, maintenance, and repair, (6) gas leak detection and repair, (7) tree root removal, and sewer line repair and replacement, and/or (8) any other line of business, products, or services that are substantially similar to those offered by BlueFrog Businesses; provided, that the definition of Competitive Business will not include: (a) any business operated under a franchise agreement with us or our affiliates; or (b) the ownership of less than 5% of the equity interest in a Competitive Business whose stock is publicly traded on a recognized United States stock exchange.

32.1.3. If any person fails to comply with these obligations after the termination or expiration of this Agreement, the 2 year restricted period for that person will commence on the date the person begins to comply, which may be the date a court order is entered enforcing this provision.

32.1.4. The foregoing covenants will apply to the transferor and its owners for a period of 2 years following the date of such transfer, with the force and effect as if this Agreement had been terminated for such parties as of such date.

32.1.5. You and your Owners acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in these covenants will not deprive any of you of your personal goodwill or ability to earn a living.

33. Covenants of Other Individuals

You agree that we will have the right to require certain of your Owners, Key Personnel, management-level employees and officers, and other representatives and owners of you that will have access to Confidential Information to sign certain covenants we designate, including those that are similar to those contained in this Section. You must ensure that we and our affiliates are named as third-party beneficiaries with the right to enforce covenants contained in such agreements. Upon our request, you must provide us with copies of all such executed nondisclosure and non-competition agreements. We may modify our decisions on which persons will be required to sign such covenants from time to time. You must notify us, upon request, of all employees, representatives, and other individuals to whom you have granted access to Confidential Information, and/or who are involved in the management and supervision of your Franchised Business.

34. Non-Interference

During and after the term of this Agreement, you and your Owners each agree not to, and to cause each of your respective your respective spouses, immediate family members, affiliates, and assigns not to, directly or indirectly interfere or attempt to interfere with our or our affiliates' relationships with any customers, franchisees, lenders, investors, suppliers, consultants, or other business partners, and/or otherwise induce or attempt to induce any such persons to terminate, reduce or modify any relationship with us or our affiliates.

35. Non-Disparagement

During and after the term of this Agreement, you and your Owners each agree not to, and to cause each of your respective your respective spouses, immediate family members, affiliates, and assigns not to, directly or indirectly: (i) disparage or otherwise speak or write negatively of us, our affiliates, any of our or our affiliates' directors, officers, employees, or representatives, the "BLUEFROG PLUMBING + DRAIN®" brand, the System, any BlueFrog Business, any business using the Marks, or any other brand concept operated or franchised by us or our affiliates; and/or (ii) take any other action which would subject any of the foregoing to ridicule, scandal, reproach, scorn, disrepute, or indignity, or which would negatively impact or injure the goodwill of the System and/or the Marks.

36. TRAINING AND ASSISTANCE

37. Initial Training

37.1.1. We will provide a training program on the material aspects of operating a BlueFrog Business (the "**Training Program**") to you (or if you are a Business Entity, your Owners) and up to three additional employees or representatives (one of which must be your Designated Owner or

Designated Manager, as applicable under Section 11.4) (together, your "**Key Personnel**"). You may invite additional employees to attend the Training Program if space allows; provided, that if we approve such requests, we may charge our then-current training fee, plus all expenses, for each additional individual attending the Training Program, and/or for any portion of the Training Program conducted more than one time to accommodate the schedules of your attendees.

37.1.2. We will determine the identity and composition of the trainer(s) conducting all portions of the Training Program in our discretion. We will provide the Training Program at the times and locations we determine, which may include conducting any portion of the Training Program virtually. We will also determine the length and content of the Training Program. We may vary the Training Program based on the experience and skill level of the individual(s) attending. Scheduling of the Training Program is based on your and our availability and the projected opening of your Franchised Business.

37.1.3. Your Key Personnel must complete the Training Program to our satisfaction before beginning to operate your Franchised Business. If any of your Key Personnel fail to satisfactorily complete the Training Program, then we reserve the right to require such person(s) to attend additional training at a time and location of our choice, and we will charge you our then-current training fee, plus all expenses, for such additional training. If you and your Key Personnel complete the Training Program to our satisfaction and have not expressly informed us at the end of the Training Program that they do not feel sufficiently trained in the operation of your Franchised Business, then you and your Key Personnel will be deemed to have been trained sufficiently.

37.1.4. If you hire a new Designated Manager or your Designated Owner changes at any time, the new Designated Manager or Designated Owner must attend and successfully complete our then-current Training Program before providing services to your Franchised Business.

38. Personnel Training

You are solely responsible for training all of your employees, contractors, and other personnel that have not attended the Training Program, at your sole cost and expense. We may periodically require you to disclose to us the training curriculum and materials that you use to train your personnel, and/or set System Standards relating to the training that you offer, to ensure that all personnel receive appropriate training to conduct your Franchised Business in accordance with our System Standards. If we at any time during the term of this Agreement determine that any of your personnel are unable to satisfactorily supervise and fulfill their duties in accordance with our System Standards, we may require such persons to cease providing services at your Franchised Business until they complete additional training with you or with us, and if we provide any such training to such personnel, you must pay our then-current training fee, plus expenses, for such additional training we provide.

39. Additional Training

39.1.1. Subject to limitations on scheduling, availability and similar resources, we may provide you with advice from time to time regarding your Franchised Business. Our advice and guidance will be furnished in the formats we periodically designate, which may include updates to our Confidential Operations Manual, written bulletins and newsletters, via telephone or electronic meetings, and/or consultation at our offices. You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

39.1.2. You may request additional training for you, your Owners, or your personnel from time to time during the term of this Agreement. If we agree to provide you such additional training, we and you will jointly determine the duration of this additional training, and we reserve the right to charge you our then-current training fee for such additional training, plus expenses.

39.1.3. We may require you and your Key Personnel and/or certain other employees of your Franchised Business attend various training courses, trade shows, ongoing education programs, and/or webinars at the times and locations designated by us, which may be offered by us or our affiliates, vendors, or other designees of ours. In addition to these training courses, programs, and events, we may additionally require you and/or any of your Key Personnel to attend periodic meetings of franchise owners or managers. These meetings will be held at our discretion and at the locations we designate, and we reserve the right to charge meeting or conference fees for such events.

39.1.4. If we determine that you are not operating your Franchised Business in full compliance with this Agreement and/or the Confidential Operations Manual, we may require that your Key Personnel attend additional training that is relevant to your operational deficiencies, and we reserve the right to charge you our then-current training fee for such additional training, plus expenses.

39.1.5. We may from time to time establish System Standards that will require you (or if you are a Business Entity, your Owners), your Designated Manager (if applicable), and/or other personnel of your Franchised Business to attend third-party training or certification courses, or obtain certain technical certificates or licenses. You must comply and ensure that your personnel comply with all training and certification requirements that we establish from time to time.

40. Training Expenses

You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you and your Key Personnel or any other employee incurs during any and all meetings and/or training courses and programs. If we or our representatives travel to your area to conduct any training of any kind, you are also responsible for the travel and living expenses and out-of-pocket costs that we and such representatives incur to provide you and your personnel any training.

41. SYSTEM STANDARDS

42. System Standards

We have developed and will continue to develop as part of the System certain specifications, standards, operating procedures, and rules that we prescribe as mandatory for operating BlueFrog Businesses generally, or your Franchised Business specifically (as they be modified from time to time, the "**System Standards**"). You acknowledge and agree that operating and maintaining your Franchised Business according to System Standards is essential to preserve the goodwill of the Marks and all BlueFrog Businesses. You further acknowledge and agree that we have granted you the franchise under this Agreement in reliance on your commitment to strictly observe all System Standards when operating your Franchised Business. To that effect, you and your Owners each hereby agree to at all times strictly comply, and cause your Franchised Business and its personnel to strictly comply, with all System Standards that we adopt from time to time, including System Standards relating to: (i) the amount, types, quality and specifications of equipment, supplies and inventory; (ii) sales and marketing materials, techniques, special offers, campaigns and programs; (iii) the use and display of the Marks; (iv) participation in customer programs; (v) minimum criteria for employee qualifications, training, and staffing levels (though you have sole responsibility relating to hiring/firing, promotion, hours, compensation, benefits, discipline, and working conditions for your employees); (vi) customer service warranties, policies, programs, and quality control measures; (vii) product and service offerings and packages; (viii) days and hours of operation; (ix) invoicing practices, methods of accepting and accounting for customer payments, and use of payment services; (x) designated and approved suppliers and supply chain programs; (xi) bookkeeping, accounting, recordkeeping, and data processing and security practices; (xii) participation criteria and standards for servicing our National Account Clients; (xiii) insurance limits and coverage; and (xiv) such other aspects of operating a BlueFrog Business that we determine to be necessary or prudent to preserve or enhance the System, the BLUEFROG PLUMBING + DRAIN® brand, and the goodwill of the Marks and the System.

43. Confidential Operations Manual

We will make information about the System Standards, and other suggestions and general guidance for operating a BlueFrog Business available to you during the term of this Agreement, which may include one or more manuals, bulletins, publications, newsletters, memoranda, videos, and other communications from us and our representatives, in printed, electronic, audio/video, or other form (collectively, the "**Confidential Operations Manual**"). We may modify the Confidential Operations Manual periodically, including changing System Standards. If there is a dispute over its contents, our master copy of the Confidential Operations Manual will control. You agree that the Confidential Operations Manual's contents are considered Confidential Information and that you will not disclose the Confidential Operations Manual to any person other than any employee who needs to know its contents to perform their duties. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Confidential Operations Manual without our approval. At our option, we may make some or all of the Confidential Operations Manual available through an Online Presence. If we do so, you agree to monitor and access that Online Presence for any updates to the Confidential Operations Manual. Any passwords or other digital identifications necessary to access the Confidential Operations Manual on any Online Presence will be deemed to be part of Confidential Information.

44. Modification to the System

You understand that the System will continue to evolve during the term of this Agreement and that the System Standards are subject to change. You agree to promptly make all upgrades and modifications to your Franchised Business during the term of this Agreement as may be required to ensure that your Franchised Business at all times complies with our then-current System Standards. You acknowledge and agree that you will be solely responsible for the costs associated with updating and maintaining your Franchised Business in compliance with System Standards during the entire term of this Agreements. Changes to the System and the System Standards may require you to incur additional costs or invest additional capital into your Franchised Business.

45. Variance

~~7.5.2 Franchisor has~~We have the right to ~~require all products, supplies, inventory, computer systems, parts, and materials required for the operation of the Franchised Business (i) be purchased from Franchisor, its affiliates, or vendors approved by Franchisor or (ii) meet specifications that Franchisor may specify from time to time. A list of approved items and vendors from whom items may be purchased is published in the Manuals and/or in policy notifications from Franchisor or provided through other communication. This list may be amended by Franchisor from time to time.~~vary our System Standards for any franchisee based on that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which we deem to be of importance to the successful operation of any particular BlueFrog Business. We are not required to disclose or grant to you a like or similar variance hereunder.

~~7.5.3 If Franchisee wishes to submit additional vendors for consideration as an approved vendor for a particular item, the request may be submitted to Franchisor in writing. Franchisor has the right to inspect the proposed vendor's facilities and test samples of the proposed products and may consider, without limitation, the vendor's financial records, business reputation, delivery performance, credit rating, and other information. Franchisee must pay to Franchisor agree a charge not to exceed the reasonable cost of the inspection and Franchisor's actual cost of testing the proposed product, including personnel and travel costs, whether or not the item or supplier is approved. Franchisor has the right to grant, deny, or revoke approval of products or vendors based solely on its judgment. Franchisor will notify Franchisee of its decision as soon as practicable following the evaluation. If Franchisee does not receive Franchisor's approval within 30 days after submitting all of the information that Franchisor requests, Franchisor's failure to respond will be deemed a disapproval of the request.~~

~~7.5.4 Franchisee must maintain at all times a sufficient supply of approved products and equipment, as prescribed in the Manuals and as provided and revised in writing from time to time by Franchisor. Franchisor may require Franchisee to carry a sufficient inventory of all products that Franchisor designates as a required product. In the event of a dispute between Franchisee and Franchisor concerning Franchisee's right to carry any particular product or product line or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, remove the disputed service from those services offered at the Franchised Business Office, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute.~~

~~7.5.5 Franchisee acknowledges that Franchisor and its affiliates have the right to receive revenue directly or indirectly from Franchisee's purchase of required or optional items from Franchisor, its affiliates, or third-party vendors. Franchisee may collect any rebates or refunds provided by a supplier or vendor in connection with Franchisee's purchase of products or services.~~

~~**7.6 Manuals**~~

~~7.6.1 Franchisee shall conduct the Franchised Business in strict accordance with the Manuals. Franchisee must comply with and abide by each rule, procedure, standard, specification, and requirement contained in the Manuals, as they may be amended, modified, or supplemented periodically and such other written or electronically transmitted rules, procedures, standards, specifications, and requirements that Franchisor may issue periodically. Franchisee acknowledges that Franchisor may amend, modify, or supplement the Manuals at any time. Franchisee must comply with revised standards and procedures within 30 days after Franchisee transmits the updates, unless otherwise specified.~~

~~7.6.2 Franchisee agrees to keep its copy of the Manuals up-to-date. If there is any dispute as to the current contents of the Manuals, the terms of Franchisee's master copy maintained at its headquarters will control. The Manuals, if printed, must remain at the Franchised Business Office and be kept in a secure location, under lock and key, except when it is being studied by Franchisee or Franchisee's employees. Franchisee acknowledges that Franchisor owns the copyright in the Manuals and that Franchisee's copy of the Manuals remains Franchisor's property and will be returned to Franchisor immediately upon expiration or termination of this Agreement. Franchisee will treat the Manuals, and the information contained therein, as confidential and will maintain the confidentiality of such information. Franchisee will not, at any time without Franchisor's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals whether electronic or printed available to any unauthorized person or Business Entity, in whole or in part.~~

46. ADVERTISING AND PROMOTIONAL ACTIVITIES

47. Your Local Advertising

47.1.1. You are solely responsible for conducting all local advertising for your Franchised Business. You must advertise and market your Franchised Business in any advertising medium we determine, using forms of advertisement we approve. You must also list your Franchised Business with the online directories and subscriptions we periodically prescribe, and/or establish any other Online Presence we require. You must comply with all of our System Standards for your advertising. All advertising materials that you use and any advertising activities that you conduct must be factually accurate, conform to the highest standards of ethical advertising, and comply with all federal, state and local laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

47.1.2. You must submit to us, for our prior approval, all advertising and promotional materials that you wish to use to promote your Franchised Business and/or that display the Marks. You may not use any advertising, promotional, or marketing materials that we have not approved. We may revoke our approval of any advertising, promotional, or marketing materials at any time. You must promptly cease using any advertising, promotional, or marketing materials disapproved by us.

47.1.3. We may require you to spend a minimum of up to 2% of Invoiced Gross Revenue each month on advertising, promotions, and public relations for your Franchised Business in your Market Territory ("**Local Advertising Expenditure**"). We will determine what type of expenditures will count towards your Local Advertising Expenditure. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of employees administering the campaigns, will not be counted towards your Local Advertising Expenditure. Additionally, any costs you incur for advertising conducted at the Franchised Business Office and/or on service vehicle (such as in-store signage or vehicle wraps), will not be counted towards your Local Advertising

Expenditure. On our request, you agree to send us, in the manner we prescribe, an accounting of your Local Advertising Expenditures during the preceding months.

47.1.4. We have the right from time to time to require you to pay part or all of the Local Advertising Expenditure to the Brand Fund, in addition to the Brand Fund Contribution, and/or to pay such amounts over to us or our designee to conduct marketing on your behalf. We may at any time, on one or more occasions, with at least 30 days' notice to you, change the proportion of the Local Advertising Expenditure that you must spend directly, versus contribute to the Brand Fund, versus pay to us or our designee.

48. Brand Fund

48.1.1. We have the right to establish and administer a marketing, advertising and promotion fund to facilitate advertising and marketing efforts for the BLUEFROG PLUMBING + DRAIN® brand, the franchise system, any products or services offered by BlueFrog Businesses, and/or any BLUEFROG PLUMBING + DRAIN Businesses ("**Brand Fund**"). You hereby agree to contribute monthly to the Brand Fund calculated in the manner described on the Summary Page ("**Brand Fund Contribution**"). The Brand Fund Contribution must be paid by you in the manner we designate from time to time, which may include collecting amounts in the same manner as the Royalty Fees. With no less than 30 days prior notice, we may increase the amount of the Brand Fund Contribution reflected on the Summary Page in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor's Consumer Price Index since the Effective Date, or such later date as we last adjusted the Brand Fund Contribution.

48.1.2. We will have exclusive control over all programs and services administered by the Brand Fund, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. We do not guarantee that any particular franchisee will benefit directly from expenditures by the Brand Fund, or that any such expenditures will be in proportion to any franchisee's contributions. The program(s) may be local, regional or national in scope. We do not guarantee the results of any Brand Fund programs, services, or expenditures in any manner. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining any Online Presences, software, applications or other technology solutions; administering advertising, marketing, and promotional campaigns and programs; using public relations and marketing agencies and other advisors to provide assistance; conducting customer surveys and programs, developing market research and other marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, the System, the BLUEFROG PLUMBING + DRAIN® brand, and/or BlueFrog Businesses. We may also use the Brand Fund to pay for the Brand Fund's other administrative and overhead costs, including the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, and any other expenses that we or our affiliates incur that are related to administering or directing the Brand Fund and its programs. We may modify Brand Fund programs, services, or expenditures at any time in our sole discretion.

48.1.3. We will keep a record of the Brand Fund separately from our other funds, though we are not required to hold such funds in a separate account. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund Contributions at the Brand Fund's expense. We may also forgive, waive, settle, and compromise all claims by or against the Brand Fund in our sole discretion.

48.1.4. We may at any time, on 30 days' prior written notice to you, reduce or suspend Brand Fund Contributions and/or operations of the Brand Fund for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund and associated Brand Fund Contributions. If we terminate the Brand Fund, we will first pay all outstanding invoices and debts incurred by the Brand Fund, and then we will return the remaining balance to franchisees in proportion to their Brand Fund Contributions in the 12 months prior to such termination.

48.1.5. We may elect to maintain multiple Brand Funds or the administration thereof, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Brand Funds or the administration thereof, in each case provided that each such Brand Fund will otherwise remain subject to the terms of this Agreement.

48.1.6. An accounting of the operation of the Brand Fund will be prepared annually and will be available to you upon request. We retain the right to have the Brand Fund reviewed or audited and reported on, at the expense of the Brand Fund, by an independent certified public accountant selected by us. We may also administer the Brand Fund through a separate Business Entity whenever we deem appropriate, and such Business Entity will have all of the rights and duties specified in this Section.

48.1.7. You acknowledge that the Brand Fund is not a trust and we assume no fiduciary duty in administering the Brand Fund.

49. Franchise System Websites and Data

We may establish, acquire, or host any Online Presence to advertise, market, and promote BlueFrog Businesses and/or the BLUEFROG PLUMBING + DRAIN® brand, the products and services that they offer and sell, and/or a franchise opportunity (a "**Franchise System Website**"). We may (but are not required to) provide information on any Franchise System Website about your Franchised Business. You must provide us with the information and materials we request to develop, update, and modify the description of your Franchised Business on any Franchise System Website. You must notify us whenever any information on any Franchise System Website is not accurate. We will own all intellectual property and other rights in all Franchise System Websites, including as it relates to your Franchised Business, and all data, content, information and materials derived from any Franchise System Websites (including account information and preferences, login credentials, analytic data and reports, user submitted content and data, and all messages and other information or materials directed to or from messaging platforms associated with any Franchise System Website). We have the unrestricted right to access and use all Franchise System Websites and all information derived from such Franchise System Websites without limitation, including the right to download, read, store, copy, delete, modify, and/or host it, in any manner of our choosing. We may temporarily or permanently remove references to your Franchised Business from any or all Franchise System Websites if you or your Owners or affiliates are in default of any obligation under this Agreement or our System Standards, and/or upon the expiration or termination of this Agreement. We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current System Standards. You acknowledge and agree that we will have unrestricted access to all such email accounts, and all document, data, materials, and messages shared from or by such accounts.

50. Contact Information

You agree that, as between us and you, we reserve the right to all telephone numbers, Online Presences, and/or any other type of contact information or directory listing for your Franchised

Business or that you use in the operation or promotion of your Franchised Business (collectively, the "**Contact Information**"). The Contact Information may be used only for your Franchised Business in accordance with this Agreement and our System Standards and for no other purpose. We reserve the right to notify any telephone company, listing agencies, website hosting company, domain registrar, social network, and any other third-party owning or controlling any Contact Information, if any information relating to your Franchised Business is inaccurate or violates our System Standards, and request that they modify such Contact Information, and/or remove such Contact Information until it can be corrected.

51. RECORDS, REPORTING, AND TECHNOLOGY SYSTEMS

52. Books and Records

You must maintain full, complete and accurate books, records and accounts in accordance with the accounting and record-keeping systems prescribed by us. You must retain all books and records related to your Franchised Business during the term of this Agreement, and for five years thereafter, including purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by us or required by law.

53. Financial Statements and Reports

You also agree to deliver us in the manner and format that we prescribe from time to time: (i) no later than the date that the Royalty Fee is due each month, a signed and verified statement of Invoiced Gross Revenue for the preceding month; (ii) within 12 days after the end of each calendar month, a balance sheet as of the preceding month-end and income statement for the preceding month and year-to-date; (iii) within 90 days after the end of each calendar year, a balance sheet as of the preceding year-end and income statement for the preceding year; (iv) within the time limits specified by us from time to time, such other periodic operating statements, financial statements, tax returns, and other information we request regarding you and your Franchised Business. We may establish System Standards for all reports and financial statements, which may include requiring that financial statements be prepared in accordance with GAAP, that such financial statements be reviewed or audited by a certified public accountant, and/or that such financial statements be generated using software, applications, or integrations we specify. We have the right to disclose any financial and operational information relating to your Franchised Business to third parties at our discretion, including current or prospective lenders, investors, and other business partners. We may periodically change the intervals or due dates for reports described above, provided we provide you no less than 30 days' notice prior to any such change.

54. ~~7.7~~ Technology Systems

54.1.1. You must acquire and use all hardware, software, and IT systems that we specify from time to time, including computer, point-of-sale systems, financial software, telecommunications, security and similar systems, together with the associated hardware, software, applications, integrations, and related equipment and services (collectively the "Technology Systems"). We may establish System Standards for the Technology Systems and/or require the use of designated Technology Systems for any purpose associated with your Franchised Business, including purchasing, estimating, pricing, scheduling, accounting, order entry, inventory control, security, data management, information storage, retrieval and transmission, customer information, customer programs, marketing, communications, or any other business purpose. We may require that

you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice.

5.4.1.2. You must take all steps necessary to enable us to have independent and unlimited access to the data collected through the Technology Systems, including information regarding your Invoiced Gross Revenue, relating to customers and jobs completed, and any other information relating to your Franchised Business. You must provide us, upon request, with all user IDs and passwords for your Technology Systems, including upon termination or expiration of this Agreement.

~~7.7.1 Franchisee must use only the computer hardware, software, point of sale system, mobile devices, and network connections (collectively, the "**Technology System**") that Franchisor specifies periodically in the Manuals to enter and track sales and receipts, update inventory, generate sales reports and analysis relating to the Franchised Business, and provide other services relating to the operation of the Franchised Business.~~

~~7.7.2 Franchisee must replace, upgrade, or update at its expense the Technology System as Franchisor may require periodically without limitation. Franchisor will establish reasonable deadlines for implementation of any changes to the Technology System requirements.~~

~~7.7.3 Franchisee agrees: (i) that its Technology System will be dedicated for business uses relating to the operation of the Franchised Business; (ii) to use the Technology System in accordance with Franchisor's policies and operational procedures; (iii) to transmit financial and operating data to Franchisor as required by the Manuals; (iv) to do all things necessary to give Franchisor viewable access to the Technology system during the course of Franchisee's term and unrestricted access to the Technology System at termination of the Franchise Agreement (including users IDs and passwords, if necessary) so that Franchisor may independently download and transfer data via a broadband Internet connection or other connection that Franchisor specifies; (v) to maintain the Technology System in good working order at Franchisee's own expense; (vi) to ensure that its employees are adequately trained in the use of the Technology System and Franchisor's related policies and procedures; and (vii) not to load or permit any unauthorized programs or games on the Technology System.~~

~~7.7.4 If Franchisor requires Franchisee to use any proprietary software or to purchase any software from a designated vendor, Franchisee must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that Franchisor, its affiliates, or the licensor of the software require. Any such fees imposed comprise the Software and Technology Fees. Software and Technology Fees may include fees imposed by Franchisor or its affiliates for proprietary software or technology as well as fees Franchisor collects and pays to third-party licensors based on Franchisee's use of certain software or technology. The technology fee may change from time to time based on new software or technology that Franchisor requires or based on changes in the costs or fees imposed upon Franchisor with respect to software or technology that Franchisor sublicenses to Franchisee. Franchisor currently requires that Franchisee pay a monthly technology fee of $399 per month. The technology fee is due on the fifth day of each month by electronic transfer.~~

5.4.1.3. ~~7.7.5 Franchisee acknowledges and agrees that Franchisee is~~You are solely responsible for protecting ~~itself from~~the Technology Systems against computer viruses, bugs, power disruptions, ~~communication line~~ disruptions, ~~I~~internet access failures, ~~I~~internet content failures, dat~~e~~a-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

5.4.1.4. You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords,

financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information in accordance with applicable law and industry best practices, including, where required, obtaining necessary consents and making required disclosures. It is entirely your responsibility (even if we provide you any assistance or guidance) to confirm that the safeguards you use to protect such information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure. If you become aware of a suspected or actual breach of security or unauthorized access involving any such information, you will notify us immediately and specify the extent to which such information was compromised or disclosed. You also agree to follow our instructions regarding curative actions and public statements relating to the breach.

54.1.5. You agree to comply with our website privacy policy, as it may be amended. You further agree to comply with any requests to return or delete customer's personal information, whether requested by us or directly by the customer, as required by applicable data sharing and privacy laws.

~~**7.8 Training**~~

~~7.8.1 Franchisee or its Operating Principal and its manager(s) must attend and pass to Franchisor's satisfaction Franchisor's initial training program, prior to the opening of Franchisee's Business. Each subsequent Operating Principal or manager must attend and successfully complete the initial training program, unless Franchisor agrees otherwise in writing.~~

~~7.8.2 Franchisee or its Operating Principal and its manager(s) must attend and successfully complete any additional training required by Franchisor from time to time, which may require travel to a location specified by Franchisor. Among other remedies and training programs, Franchisor may require Franchisee and its employees to attend remedial training if, in Franchisor's sole judgment, Franchisee fails to maintain the quality and service standards set forth in the Manuals. Franchise agrees to attend and successfully complete, and to require its employees to attend and successfully complete, all manufacturer-required training that Franchisor specifies and become certified as necessary in order to become authorized to service specific brands and types of equipment.~~

~~7.8.3 Franchisee shall conduct training classes for Franchisee's employees on training, sales, and maintenance techniques as may be prescribed in the Manuals and from time to time by Franchisor through other written and verbal communication.~~

~~7.8.4 Franchisor may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting BLUEFROG PLUMBING + DRAIN franchisees. Attendance at these conferences is mandatory. Franchisor shall not require attendance at more than one conference during any calendar year. Franchisee shall pay Franchisor a conference registration fee for each person that attends, or is required to attend (despite failure to attend), a mandatory conference. The amount of the conference registration fee will not exceed $1,000 per person per conference. If Franchisee demonstrates good cause for inability to attend a mandatory conference, Franchisor may in its discretion waive the conference registration fee.~~

~~7.8.5 Franchisee acknowledges that Franchisor may require Franchisee to pay a fee or Franchisor's costs and expenses for any mandatory or optional training programs offered, except for the initial training program provided to Franchisee and its first Operating Principal prior to the opening of the Franchised Business. Franchisee shall pay the travel, lodging, and living expenses of all of its trainees that are required to travel to training, meetings or conferences. Franchisee shall pay the travel, lodging, and meal expenses for the trainers required to travel to Franchisee's location, if training in the Territory is required.~~

7.9 Business Operations

7.9.1 Franchisee shall keep the business open and in normal operation for such minimum hours and days as Franchisor may prescribe in the Manuals or otherwise in writing.

7.9.2 Franchisee must not use, or allow others to use, the Franchised Business Office for any purpose or activity other than for the operation of the Franchised Business at any time without first obtaining the written consent of Franchisor, other than the "**Other Business(es)**" as may be defined and further described on the Summary Page signed concurrently with this Agreement, if applicable.

7.9.3 Franchisee shall maintain the Office and any vehicles in a clean and orderly manner and shall see that all inventory remains in good, clean condition and is properly priced and managed.

7.9.4 Franchisee shall at all times maintain a client list and a copy of all clients' contracts in the Office and make such available for inspection by Franchisor upon request.

7.9.5 Any leads that are directed towards or brought in by the Franchisee or its affiliates for services and products rendered by the Franchised Business shall be considered property of Franchisor and must be directed to Franchisor, if the customer is not within Franchisee's territory. Franchisee or its affiliates through common ownership may not reissue leads to any unauthorized party.

7.9.6 Franchisee shall follow Franchisor's general pricing guidelines but, as an independent contractor, may exercise flexibility in meeting competition, offering location specials, and adapting to local market conditions. Franchisor may request information from Franchisee that has been used to substantiate any reduction in pricing to meet market conditions. Franchisee will offer all marketing, sales specials, advertised specials, and other programs as required by Franchisor.

7.9.7 Franchisee shall manage and operate the Franchised Business in an ethical and honorable manner, providing courteous and professional services to clients and always keeping its clients' interests in mind while protecting the goodwill associated with the Marks and the Franchised Business. Franchisee shall handle all client complaints and requests for returns and adjustments in a manner that will not detract from the name and goodwill enjoyed by Franchisor and shall consider and act promptly upon the recommendations of Franchisor with respect to the handling of client complaints.

7.9.8 Franchisee's telephone must be answered as "BLUEFROG PLUMBING + DRAIN" by a "live" person (i.e., answering service or employee) 24 hours a day, seven days a week.

7.9.9 Franchisee agrees to accept credit cards at the Office to facilitate sales. Credit cards accepted shall include Visa, MasterCard, American Express, and Discover. Franchisee shall also accept debit cards.

7.9.10 Franchisee must have broadband Internet access at the Office and have a mobile device with which it can be reached at all times.

7.9.11 Franchisee's employees shall present a neat and clean appearance and wear uniforms as may be prescribed by Franchisor from time to time while performing the services of the Franchised Business.

7.10 Minimum Warranty

Franchisee agrees to offer a minimum warranty of 30 days and a maximum warranty of three years on the labor that it performs. Additionally, Franchisee agrees to offer the same warranty that is provided by the manufacturer or supplier of the parts that Franchisee uses. Franchisee assumes all responsibility for any warranties related to Franchisee's work in the Franchised Business.

54.1.6. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from designated or approved third party suppliers, which may be us or our affiliates. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers.

55. Right to Audit

We or our designee have the right, with or without notice, to examine, copy and audit your books and records, accounting reports, client invoices, job reports, tax returns, and other business records and information. We also may demand access to books and records of any business operated any of your Owners, Designated Manager, and/or any affiliate of the foregoing, to the extent needed to ensure that you are complying with this Agreement, including non-competition covenants and the restrictions on soliciting jobs outside of your Market Territory, and restrictions on providing other services to customers of your Franchised Business. If any audit should reveal that any payments to us have been underpaid, then you must immediately pay to us the amount of the underpayment plus applicable late fees and interest. If the audit or any other inspection should reveal that you have not spent the required Local Advertising Expenditure, or if the inspection discloses an underpayment of 3% or more of any amount due to us for any period covered by the audit, then you must also reimburse us for any and all costs and expenses connected with the audit (including travel expenses and reasonable accounting and attorneys' fees). If any audit reveals that you and/or you or your Owners are in breach of any terms of this Agreement, then we may also require you to reimburse our costs for conducting the audit (including accounting and attorneys' fees). The foregoing remedies are in addition to any other remedies we may have. At our request, you agree to authorize and direct any third parties, including accounting and legal professionals, to release to us any and all books and records contemplated by this Section.

56. OPERATION OF YOUR FRANCHISED BUSINESS

57. Authorized Products, Services and Suppliers

57.1.1. You must provide or offer for sale or use at your Franchised Business all of the services, products, supplies, equipment and other items that we from time to time designate. You may not offer or provide any other services, products, supplies, equipment, and other items as part of your Franchised Business without our express approval. You may not offer or provide any other products and services, and/or permit any of your affiliates, employees, Owners, or other representatives to offer or provide any other products and services, related to or arising in connection with any project conducted by your Franchised Business, without our prior written approval. You may not offer or sell any products or services from your Franchised Business at wholesale, resale, or other alternative distribution channels, or to dealers, or distributors, or franchisees, without our prior written approval.

57.1.2. All products, supplies, equipment, and other items provided by your Franchised Business must comply in all respects with our System Standards. We are under no obligation to authorize every BlueFrog Business to offer the same services, products, supplies, equipment, and other items. We may condition our approval for you to offer any services, products, supplies, equipment and other items on our then-current criteria, including your compliance with this Agreement.

57.1.3. You agree to obtain and use the equipment, supplies, inventory, and other products, assets, and services we designate from time to time as meeting our System Standards, including your Technology Systems, service vehicles, and any other equipment, supplies, inventory, signage, third-party services, and signs and other products and services that that we approve for BlueFrog Businesses. You agree not to use any other equipment, supplies, inventory, and other products, assets, and services that do not meet our System Standards without our express approval. We may require that you purchase any products or services only from a supplier designed or approved by us, and/or that satisfy our System Standards (which may be a third-party vendor or supplier, or may be us or our affiliate).

57.1.4. If you wish to use any products, services, or suppliers that we have not approved (for products and services that require our approval), you must first send us sufficient information, specifications and samples for us to determine whether the service, product, or supplier complies with our System Standards. We are not required to consider alternative suppliers and we may refuse to consider such requests for any reason. You must bear all expenses incurred by us in connection with determining whether we will approve an item, service or supplier. Approval of a supplier may be conditioned on the supplier's ability to provide a sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section will be construed to require us to approve any particular supplier, or to require us to make available to prospective suppliers, standards and specifications that we deem confidential. We have the right to review from time to time our approval of any products, services, or suppliers. We may revoke our approval of any products, services, or suppliers at any time. You must promptly cease using, selling or providing any products, services, or suppliers disapproved by us.

57.1.5. You acknowledge and agrees that we and/or our affiliates may derive compensation or other benefits based on your purchases or leases from designated or approved suppliers, and that we have the right to retain such compensation or benefits in consideration of the valuable services provided by us and/or our affiliate. You shall have no interest in or claim to such compensation or benefit.

58. ~~7.11~~ Conversion Franchise~~s~~

If ~~Franchisee~~you operate~~s~~ a ~~C~~conversion ~~F~~franchise~~, Franchisee~~, you agree~~s~~, at ~~its~~your sole cost and expense, to re-image, renovate, refurbish, and modernize ~~Franchisee's~~your existing business, within the time frame required by ~~Franchisor~~us, including the design, equipment, signs, inventory assortment, presentation of trademarks and service marks, supplies and other products and materials to meet ~~Franchisor's~~our then-current standards and specifications for a Franchised Business, as specified in the Confidential Operations Manual~~s~~.

59. Condition of your Franchised Business

You shall maintain the service tools and equipment, service vehicles, signage and other components of your Franchised Business to meet the highest standards of professionalism, cleanliness, sanitation, safety, and courteous service. You must repair or replace all products, equipment, inventory, supplies and other assets as necessary to comply with our health and safety standards and specifications and any applicable laws or regulations. The expense of such maintenance shall be borne by you.

7.12 Employees

Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws, including, without limitation, those related to hiring, firing, training, and wage and hour requirements. Franchisee must maintain accurate records of any hiring and firing decisions, compensation, promotion, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee's employees must be competent, conscientious, and properly trained. Franchisee shall have all employees sign Franchisor's Non-Disclosure and Non-competition Agreement as set forth in this Agreement, these must be kept on file within the Franchised Business at all times. All management level agreements should be sent to Franchisor once they are executed.

7.13 Advertising and Marketing

7.13.1 Franchisee acknowledges that marketing and advertising is required to advise the public about the Franchised Business. Franchisee must use its best efforts to advertise and promote the Franchised Business at Franchisee's own expense. Franchisor reserves the right to require Franchisee to spend a minimum of $40,000 during the twelve (12) month period following the Effective Date, and a minimum of 8% of Franchisee's annual Gross Sales following the expiration of such twelve (12) month period, on local advertising and promotional activities conforming to Franchisor's standards and specifications (the "**Minimum Local Marketing Spending Requirement**"). The Minimum Local Marketing Spending Requirement is in addition to the SBF Contributions and Digital Marketing Fees that Franchisee must pay to Franchisor. Franchisor may designate in the Manuals the type of expenditures that will or will not count toward the Minimum Local Marketing Spending Requirement. At Franchisor's request, Franchisee shall submit to Franchisor an accounting of Franchisee's expenditures for advertising and promotion on a form approved by Franchisor, and Franchisor reserves the right to require Franchisee to provide actual receipts documenting such expenditures to verify compliance with the Minimum Local Marketing Spending Requirement. Franchisor will give Franchisee 30 days' notice prior to imposing any Minimum Local Marketing Spending Requirement.

7.13.2 Franchisee must obtain Franchisor's advance written approval of all advertising, marketing, and promotional plans and materials that Franchisee desires to use that have not been prepared by Franchisor prior to using or producing any advertising. Franchisee must conduct all advertising in a dignified manner and to conform to the standards and requirements Franchisor specifies in the Manuals. Franchisor will have the final decision on all creative development of advertising and promotional messages. If Franchisor's written approval is not received for any advertising plan or material within 15 days from the date Franchisor received the material, the material or plan is deemed disapproved. Franchisor reserves the right to require Franchisee to discontinue the use of any advertising or marketing materials.

7.13.3 Franchisor may approve the establishment of a Cooperative consisting of all Franchised Businesses within an area (a "**Cooperative**"). Upon receipt of notice from Franchisor that a Cooperative has been formed which includes the Territory, Franchisee shall participate as a member of such Cooperative, contribute to the Cooperative as specified in Section 4.5 (Cooperative Contribution), and abide by the bylaws, rules, and regulations duly required by Franchisor and as supplemented by the organization to the extent such supplements are not inconsistent with Franchisor's requirements.

7.13.4 Franchisee may use social media to promote the Franchised Business as approved by Franchisor. Franchisee must follow all social media guidelines set forth within the Manual. Franchisor, under certain circumstances laid out in the Manual, may termination the Franchise Agreement for violation of these guidelines.

7.14 Ownership and Guaranty

7.14.1 Franchisee is required to personally participate in the direct operation of the Franchised Business as its primary business. If Franchisee is an individual, Franchisee must directly supervise the Franchised Business from the Franchised Business Office at least 25 hours per week, 50 weeks per year. If Franchisee is a Business Entity, the direct, on-site supervision of the Franchised Business must be done by the Operating Principal. The Operating Principal must have authority over all business decisions related to the Franchised Business and must have the power to bind Franchisee in all dealings with Franchisor. Any exceptions to these requirements must be approved in writing by Franchisor.

7.14.2 Franchisee, if an individual, and each of Franchisee's Owners, if a Business Entity, must execute the "Unlimited Guaranty and Personal Undertaking" attached as Exhibit 2 (the "**Guaranty**") and must be disclosed on the Summary Page. By executing the Guarantee, each Owner will be bound by the provisions contained in this Agreement, including without limitation the restrictions set forth in Section 14 (Covenants Not to Compete). Further, a violation of any of the provisions of this Agreement by any Owner will also constitute a violation by Franchisee of its obligations under this Agreement. Franchisee represents that the individuals executing this Agreement under the Guarantee represent that they are Franchisee's sole owners.

8. INTELLECTUAL PROPERTY

8.1 Ownership of Marks

Franchisor acknowledges that Franchisor or its affiliates are the owner of the Marks, Copyrights, System, Manuals, Confidential Information, and all other information and items, that Franchisee has no interest in the Marks beyond the nonexclusive License granted herein, and that, as between Franchisor and Franchisee, Franchisor has the exclusive right and interest in and to the Marks and the goodwill associated with and symbolized by them. Franchisee agrees that during the term of this Agreement and after its expiration or termination, Franchisee will not directly or indirectly contest or aid in contesting the validity of the Marks or the ownership or rights of the Marks by Franchisor and its affiliates. Furthermore, Franchisee agrees that any commercial use Franchisee may make of the Marks shall contribute and inure to the commercial use and benefit of Franchisor and its affiliates, which Franchisor and its affiliates may claim to strengthen and further secure ownership of the Marks. Upon the expiration, non-renewal, or termination of this Agreement, no monetary amount will be attributable to goodwill associated with Franchisee's activities as a franchisee under this Agreement. Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain the continued validity of such Marks.

To develop and maintain high, uniform standards of quality and service and thereby protect Franchisor's reputation, goodwill, and that of the System, Franchisee's use of the Marks is limited to the Franchise granted in this Agreement. Franchisee shall operate and advertise the Franchised Business only using the Marks, and only in the manner, authorized by Franchisor in the Agreement, the Manuals, or otherwise in writing, which Franchisor may modify from time to time. Franchisee must comply with, without limitation, the following requirements:

8.1.1 Franchisee agrees not to make any changes or amendments whatsoever in or to the use of the Marks unless directed by Franchisor in writing.

8.1.2 Franchisee shall not hold out or otherwise use the Marks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Franchisor liable to a third-party without Franchisor's prior written consent. Franchisor must post in a prominent place in the Franchised Business and on any vehicles a notice indicating that Franchisee is a franchised operator under the System and that Franchisee is using the Marks under license. Additionally, Franchisee may not use Franchisor's marks in any advertisements or signage in connect with a Mark not owned Franchisor, without prior written approval from Franchisor.

8.1.3 Franchisee shall not use the Marks, any of Franchisor or its affiliates' other marks, or any names similar to the Marks as a domain name or on any website on the Internet, on any social media account, or any other electronic communication network unless Franchisor approves such use in writing.

8.1.4 Franchisee shall not use the Marks as part of Franchisee's corporate or any other business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to Franchisee under this Agreement).

8.1.5 Franchisee shall observe all requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time.

8.1.6 Franchisee may not use any of the Marks in connection with the sale of any unauthorized product or service or in any manner not explicitly authorized in writing by Franchisor.

8.1.7 Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated BLUEFROG PLUMBING + DRAIN Franchise" of Franchisee.

8.1.8 Franchisee shall maintain and display signs reflecting the current commercial image of the System and, upon notice from Franchisor, immediately discard and cease use of imagery that has become obsolete and no longer authorized by Franchisor.

8.1.9 Upon notice from Franchisor, Franchisee will terminate or modify, within a reasonable time, any use of the Marks in the manner prescribed by Franchisor. If Franchisor substitutes or modifies the Marks, Franchisor will not reimburse Franchisee for any out-of-pocket expenses Franchisee incurs to implement such modifications or substitutions. Franchisor is not obligated to reimburse Franchisee for any loss of goodwill or revenue associated with any modified or discontinued Mark, nor is Franchisor responsible for reimbursing Franchisee for any other costs or damages.

8.2 Copyrights

Franchisee acknowledges that as between Franchisor and Franchisee, any and all present or future copyrights relating to the System or the BLUEFROG PLUMBING + DRAIN concept, including, but not limited to, the Manuals and marketing materials, (collectively, the "**Copyrights**") belong solely and exclusively to Franchisor and its affiliates. Franchisee has no interest in the Copyrights beyond the nonexclusive License granted in this Agreement.

8.3 Confidential Information

Franchisee acknowledges that Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in

the Trade Secrets or other Confidential Information, other than the right to use them in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee will, from time to time as may be requested by Franchisor, do all things that may be necessary to establish or document Franchisor's ownership of any Confidential Information, including without limitation, the execution of assignments.

8.4 Improvements

Franchisee agrees to promptly disclose to Franchisor any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents and are related to the operation of the Franchise, all of which shall be automatically owned by Franchisor without compensation to Franchisee and shall become part of the Confidential Information. Whenever requested to do so by Franchisor, Franchisee will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor's interest therein. These obligations shall continue beyond the termination, non-renewal, or expiration of this Agreement.

8.5 Exclusive Property

8.5.1 Franchisee acknowledges that the Marks, Copyrights, System, Manuals, Confidential Information, and all other information and items delivered to Franchisee by Franchisor pursuant to this Agreement or in furtherance of the System, including without limitation, written and electronic materials (collectively, the "**Intellectual Property**"), are the sole and exclusive property of Franchisor and its affiliates, and Franchisee's rights to use them are contingent upon Franchisee's continued full and timely performance under this Agreement. Franchisee acknowledges it acquires no rights, interests, or claims to any Intellectual Property, except for Franchisee's rights to use the same under this Agreement during the Term in the manner prescribed.

8.5.2 Franchisee agrees that at no time during the term of this Agreement or at any time after the termination, expiration, or non-renewal of this Agreement shall Franchisee contest the sole and exclusive rights of Franchisor and the affiliates to the Intellectual Property, nor shall Franchisee claim any proprietary interest in such property.

8.6 No Representation

No representation or warranty, express or implied, is made by Franchisor to the effect that the use of the Marks or the System does not constitute an infringement upon the patent, copyright, or other proprietary rights of other persons. Franchisee hereby agrees that Franchisor shall have no liability to Franchisee in the event the System is held not to be secret or confidential or in the event that any infringement of others' proprietary rights occurs because of Franchisee's use of the Marks or the System.

8.7 Infringement and Claims

8.7.1 Franchisee acknowledges that the use of the Marks outside the scope of this License without Franchisor's prior written consent is an infringement of Franchisor's exclusive ownership of the Marks and, during the term of this Agreement and after the expiration or termination hereof, Franchisee shall not directly or indirectly commit an act of infringement, contest or aid in contesting the validity or ownership of Franchisor's Marks, or take any other action in derogation thereof. Franchisee agrees that neither during the Term nor at any time after its termination, expiration, or non-renewal shall Franchisee adopt or employ any names, marks, insignias, or symbols in any business that are or may be confusingly similar to the Marks licensed under this Agreement.

8.7.2 Franchisee shall notify Franchisor within three calendar days of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Intellectual Property.

8.7.3 Franchisee agrees to cooperate with and assist Franchisor in connection with any legal action brought by or against either of them regarding the protection and preservation of the Intellectual Property. Franchisee will not communicate with any persons other than Franchisor or Franchisor's legal counsel in connection with any such infringement, challenge, or claim. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding or litigation involving the Marks. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may be necessary in the opinion of counsel for Franchisor to carry out such defense or prosecution.

60. 9. CONFIDENTIALITYManagement

9.1 Confidentiality Requirements

Franchisee and all persons signing this Agreement will not use or disclose, and will not permit any person to, use or disclose, any Confidential Information (including without limitation all or any portion of the Manuals) to any other person, except to the extent reasonably necessary for Franchisee's professional advisors and its employees to perform their functions in the operation of the Franchised Business.

9.2 Procedures

9.2.1 Franchisee shall adopt and implement all reasonable procedures, systems, or training programs as Franchisor may prescribe from time to time to prevent the unauthorized use or disclosure of any Confidential Information.

9.2.2 Unless otherwise specified by Franchisor in writing, Franchisee shall require that all of its officers, agents, directors, members, shareholders, owners, trustees, beneficiaries, partners, managers, spouses' of owners, employees, and independent contractors who may obtain or who are likely to obtain knowledge concerning Confidential Information ("**Restricted Persons**") execute an agreement in a form provided by Franchisor ("**Non-Disclosure and Non-Competition Agreement**") binding such persons to preserve the confidentiality of the Confidential Information as part of the terms and conditions of such person's employment or association with Franchisee, prior to or at the same time of Franchisee's association with that person. Franchisor shall be a third-party beneficiary of such covenants with an independent right to enforce the agreement. Franchisee shall send to Franchisor a duplicate original of each signed Non-Disclosure and Non-Competition Agreement, if requested by Franchisor.

9.2.3 Franchisee's spouse or significant other, or if Franchisee is a Business Entity, each Owners' spouse or significant other, must also sign and be bound to the Non-Disclosure and Non-Competition Agreement.

9.2.4 Franchisee will be liable to Franchisor for any unauthorized use or disclosure of Confidential Information by any employee or other person to whom Franchisee discloses Propriety Information.

9.2.5 The confidentiality requirements set forth in this Article 9 (Confidentiality) will remain in full force and effect during the Term and in perpetuity after its termination, expiration, or non-renewal.

Subject to the terms and conditions of this Agreement, you (or if you are a Business Entity, your Designated Owner) will be solely responsible for the management, direction and control of your Franchised Business. If you (or if you are a Business Entity, your Designated Owner) do not wish to supervise the day-to-day operations of your Franchised Business, then you may request that we approve an alternative person to supervise the day-to-day affairs of your Franchised Business (your "**Designated Manager**"). We many establish conditions for approving any such Designated Manager or Designated Owner, as applicable, which may include the completion of training, confirmation that such individual will have no competitive businesses activities, and/or execution of a non-disclosure agreement or other covenants we require. You (or if you are a Business Entity, your Designated Owner) or your Designated Manager, as applicable, must supervise the management and day-to-day operations of your Franchised Business on a full-time basis and continuously exert best efforts to promote and enhance your Franchised Business and the goodwill associated with the Marks.

61. Your Personnel

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Franchised Business. You agree that any employee, agent, or independent contractor that you hire will be your employee, agent, or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Franchised Business in compliance with federal, state, and local employment laws. You agree to maintain a competent, conscientious, and trained staff sufficient to service customers and operate your Franchised Business in accordance with our System Standards.

62. Compliance with Applicable Laws

You shall secure and maintain in force all required operational and professional licenses, permits and certificates necessary for the operation of your Franchised Business, including all zoning and local permits necessary to operate your Franchised Business from the Franchised Business Office, and shall operate your Franchised Business in full compliance with all applicable laws, ordinances, and regulations. We make no representation to you with regard to any legal requirements that you must satisfy or comply with in connection with the operation of your Franchised Business. You shall be solely responsible for investigating and complying with all such laws, ordinances, and regulations with regard to the operation of your Franchised Business.

You represent and warrant to us that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been: (1) listed on the U.S. Treasury Department's List of Specially Designated Nationals, the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders, the U.S. State Department's Debarred List or Nonproliferation Sanctions, or the Annex to U.S. Executive Order 13224; or (2) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism. You further represent and warrant to us that you are now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by you to us or our affiliates are and will be legally obtained in compliance with these laws. You agree not to, and to cause all employees, agents, representatives, and any other person or entity associated with you not

to, during the term of this Agreement, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.

63. Notification of Proceedings and Breaches

You must notify us not more than five days after the commencement of any action, suit or proceeding involving you or your Franchised Business, or the issuance of any order, writ, injunction, judgment, award, or decree which may affect the operation or financial condition of your Franchised Business. You must deliver to us within 2 days of receipt a copy of any and all notices you receive from any person, Business Entity or governmental authority claiming that you, your representatives, or your Franchised Business has violated any laws, regulations, permits, licenses, agreements or other committed any other breach, default or violation in connection with your Franchised Business, and/or that any audit, investigation, or similar proceeding by any such person or governmental authority is pending or threatened against you on the basis of any of any the foregoing, including any default notices from any landlord or supplier, any violation notices from a health or safety regulatory board, and any customer complaints alleging violations or law, or which may otherwise adversely affect your operation or financial condition or that of your Franchised Business..

64. Compliance with Good Business Practices

You acknowledge that the quality of customer service and the demeanor of you and your employees is material to this Agreement and the relationship created and hereby. Therefore, you agree to give prompt, courteous, and efficient service to customers of your Franchised Business and to cause your Franchised Business to adhere to the highest standards of honesty, fair dealing and ethical conduct in all dealings with its customers, vendors and the general public. We have the right to intervene and satisfy any customer that we determine was not properly addressed by you, including by refunding the customer for any amounts we deem appropriate, and you must reimburse us for such refunded amounts or other remedies we offer any customer.

65. Call Center Program

If we require, you will participate in the call center program, as it exists from time to time, which may include using and publishing a telephone number we designate, receiving calls from a call center established and operated by us, engaging a designated service provider (which may be us, our affiliate, or a third party) to answer calls, set customer appointments, and provide other related services, and acquiring, installing, and using related technology, and using designated service providers. You must pay all fees imposed by the service provider for these services and enter into any related user or service agreements. At any time that a call center program is not implemented, you must arrange for the answering of all incoming phone calls during regular business hours. In addition to our other remedies under this Agreement, if you fail to comply with this requirement on two or more occasions, then we may require you to engage the services of a professional call center services provider approved in advance by us, at your expense.

66. Minimum Performance Criteria

You agree to use your best efforts to promote and increase the sales and recognition of services offered through your Franchised Business. There are no minimum performance criteria during the first 2 years of operations of your Franchised Business. Beginning with the 25th month of operation, your Franchised Business must achieve average Invoiced Gross Revenue per month no less than the minimum average monthly revenue specified on the Cover Page (calculated as total Invoiced Gross Revenue during the prior trailing six-month period, divided by six). With no less than 30 days prior notice, we may increase the amount of the minimum average monthly Invoiced

Gross Revenue reflected on the Summary Page in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor's Consumer Price Index since the Effective Date, or such later date as we last adjusted the minimum average monthly Invoiced Gross Revenue.

67. National Account Clients

We or our affiliates may periodically enter into agreements with clients that require service (the "**National Account Clients**"). We may, at our election, provide these services ourselves or through our affiliates or designees, and/or may subcontract servicing rights to one or more third parties or franchisees, in our discretion. We may establish criteria or qualifications for franchisees that wish to service National Accounts Clients, including different service standards, requirements for accepting or declining jobs, insurance requirements, or other conditions we establish. If we offer you the right to provide services to a National Account Client, you must provide the services in accordance with all of our System Standards, plus the terms, fees, and conditions that we have negotiated with the National Account Client. We may invoice the National Account Client and collect payment directly. We may also charge our then-current fees for participation in the program, including dispatch, management, declined job fees, or other processing or administrative fees. In such cases, we will deduct from the payment any applicable fees and any amounts calculated under this Agreement on the basis of such Invoiced Gross Revenue, and remit to you the balance within a reasonable time following receipt.

68. ~~10. ACCOUNTING AND RECORDS~~Pricing

You shall have the sole right to determine the prices to be charged by your Franchised Business for services offered to customers, other than: (i) prices charged National Accounts Clients, which we will negotiate in advance with our National Accounts Clients; and (ii) we will have the sole right to determine the prices to be charged for products sold through any Franchise System Website, even if such sales are to persons identified as customers of your Franchised Business.

~~10.1 Required Records~~

~~Franchisee shall, in a manner satisfactory to Franchisor and in accordance with generally accepted accounting principles, maintain original, full, and complete computer files, back-up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which shall accurately reflect all particulars relating to the Franchised Business, as well as such statistical and other information or records as Franchisor may require. Franchisee shall preserve all information required in this Section 10.1 for not less than five years, even if this Agreement is no longer in effect. All data provided to the Franchisor under this Article 10 shall belong to Franchisor and may be used and published by Franchisor in connection with the System.~~

~~10.2 Reporting~~

~~10.2.1 Upon Franchisor's request, Franchisee shall furnish the Franchisor with copies of any or all product or equipment supply invoices reflecting purchases by or on behalf of the Franchised Business.~~

~~10.2.2 Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Business, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Franchisor may need in connection with the sale of franchises.~~

~~10.2.3 Franchisee agree that all data collected by Franchisee from clients and potential clients in connection with the Franchised Business, including, without limitation, client contracts, client contact information, warranty information, and other information about client projects ("**Client Data**") is~~

deemed to be owned by Franchisor, and Franchisee agree to furnish the Client Data to Franchisor at any time that Franchisor requests it. Franchisee has the right to use Client Data while this Agreement or a successor franchise agreement is in effect, but only in accordance with the policies that Franchisor establishes periodically and applicable law. Franchisee may not sell, transfer, or use Client Data for any purpose other than marketing BLUEFROG PLUMBING + DRAIN products and services.

10.2.4 Upon Franchisor's request, Franchisee shall furnish the Franchisor with a copy of each of its reports, returns of sales, use and gross receipt taxes, and complete copies of any state or federal income tax returns or extensions covering the operation of the Franchised Business, all of which Franchisee shall certify as true and correct within 30 days of request. Each month, Franchisee will provide Franchisor, if requested, with a copy of Franchisee's sales tax report that is sent to the state Board of Equalization or equivalent agency in Franchisee's state.

10.2.5 Franchisee shall prepare and deliver to Franchisor on a monthly basis, no later than the 15th day of each month, an unaudited financial statement to include a balance sheet and profit and loss statement, in a form satisfactory to Franchisor, covering the Franchised Business for the prior month and such additional reports as Franchisor may require, all of which shall be certified by Franchisee as true and correct.

10.2.6 By April 15th of each year, Franchisee must prepare and deliver to Franchisor an unaudited financial statement to include a balance sheet and profit and loss statement, in a form satisfactory to Franchisor, covering the Franchised Business for the prior year, certified by Franchisee as true and correct. Franchisor has the right to demand audited financial statements if an Event of Default has occurred during the Term.

10.2.7 Promptly upon request by Franchisor, and within 60 days after the close of each fiscal year of Franchisee, Franchisee shall furnish to Franchisor a list of all holders of legal and beneficial interests in Franchisee. The list shall include ownership percentage, name, address and telephone number, certified as complete by Franchisee.

10.2.8 If any of Franchisee's general partners, officers, or directors cease to serve as such, or if any individual is elected as a general partner, officer, or director after execution of this Agreement, or if Franchisee changes the legal structure under which Franchisee entered into this Agreement, Franchisee will notify Franchisor within 10 days after such change.

10.3 Procedures

10.3.1 Franchisee shall record all sales on the Technology System approved by Franchisor. Franchisor shall, at all times and without notice to Franchisee, have the right to access and view Franchisee's System computers via the Internet or by visiting the Franchised Business Office in order to obtain sales data and other available information about the Franchised Business.

10.3.2 Franchisee shall, at its own expense, use such bookkeeping and recording forms, stationary, business cards, sales slips, invoices, purchase order forms, reprints, and other miscellaneous operating forms as Franchisor may specify in the Manuals or otherwise in writing.

10.3.3 No later than 5:00 P.M. Franchisee's local time on each monthly royalty fee due date, or at such other times specified by Franchisor from time to time, Franchisor shall have received from Franchisee, on forms or electronic methods as prescribed by Franchisor, reports showing the fees due to Franchisor during the preceding month, itemized by revenue-producing activity as specified from time to time by Franchisor, the Gross Sales for the prior month and such other information as Franchisor may require, all signed and certified as true and correct by an authorized agent of Franchisee. Together with such statements, Franchisee shall pay Franchisor all amounts due hereunder with respect to the period covered by each such statement.

10.3.4 At Franchisor's request, Franchisor and its designated agents shall have the right to examine and audit the records, accounts, books, computer files, and data of the Franchised Business at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such inspection discloses underreporting of Gross Sales during any scheduled reporting period equal to or exceeding two percent (2%) of the amount reported by Franchisee, Franchisee shall bear the cost of such inspection and audit and shall pay any deficiency of such overdue amount immediately upon the request of Franchisor with interest from the date due at the lesser of 1.5% per month or the maximum percentage permissible under applicable law. In addition, if Gross Sales are determined to be underreported by 2% or more, Franchisee's Owners are obligated to provide their most recent personal tax returns to Franchisor, at Franchisor's request.

69. 11. INSURANCE AND INDEMNIFICATION Periodic Visits and Inspections

We or our designees may make periodic visits, which may be announced or unannounced, to your Franchised Business, and/or any job site for services conducted by your Franchised Business for the purposes of consultation, assistance, and inspection with respect to the operation and management of your Franchised Business. We may take photographs, videos and otherwise monitor your Franchised Business operations, remove samples, inspect your Technology Systems, speak with your customers or personnel, and/or conduct customer surveys or other market research and testing. You agree to cooperate with us and our designees fully during all periodic visits and inspections. If we determine after any inspection that one or more failures of System Standards exist, or any circumstance exists that prevent us or our designees from properly inspecting your Franchised Business or any job site, we may re-inspect one or more times thereafter to evaluate whether such failures have been cured and/or conduct any other follow-up review that we deem is necessary, and you will reimburse all of our and our designees' costs associated with the failed audit and/or such re-inspections and follow-up visits, including supplier fees, travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

70. 11.1 Insurance RequirementsCoverage

11.1.1 Franchisee shall, at its own expense and prior to beginning to operate the Franchised Business, procure and maintain in full force and effect throughout the Term, at a minimum, the types of insurance enumerated in the Manuals or otherwise in writing. The insurance policy or policies must protect Franchisee, Franchisor, and Franchisee's and Franchisor's respective, past, present, and future affiliates, officers, directors, owners, managers, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage or expense whatsoever arising out of or occurring upon or in connection with the condition, operation, use, or occupancy of the Franchised Business. This insurance shall be at least in such amounts as required by Franchisor, shall designate Franchisor as an additional named insured, and shall at least include:

11.1.1.1 "all-risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Business, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost;

70.1.1. 11.1.1.2 comprehensive generalDuring the term of this Agreement, you must maintain in force at your sole expense the minimum types and amounts of insurance that we require as part of our System Standards. We reserve the right to require that you obtain all or a portion of your insurance policies from a designated supplier and on the terms and according to the specifications we approve. We reserve the right to require increased coverage if you wish to service National Accounts Clients. The liability insurance againstmust cover claims for bodily and personal injury,

death, and property damage caused by or occurring in ~~conjunction with the operation of your Business, containing minimum liability protection of $1,000,000 per occurrence and $2,000,000 in the aggregate;~~ connection with your Franchised Business' operation or activities of you and your personnel. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher.

~~11.1.1.3 automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, or used by you, or your officers, directors, employees, partners or agents, in the operation of your Business, containing minimum liability protection of $1,000,000 per occurrence;~~

~~11.1.1.4 business interruption insurance with minimum coverage of $100,000;~~

~~11.1.1.5 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 18;~~

~~11.1.1.6 workers' compensation insurance as required by state law and employer liability coverage with a minimum limit of $100,000 per incident and $500,000 for the policy limit;~~

~~11.1.1.7 any insurance required by law; and~~

~~11.1.1.8 any other insurance that we specify in the Manual from time to time.~~

70.1.2. ~~11.1.2 You must provide us with proof of coverage prior to opening, within 10 days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Business. All insurance policies must endorsed to: (a) name BlueFrog Plumbing and Drain, LLC as an additional insured (utilizing Grantor of Franchise endorsement CG209 or endorsement with comparable wording); (b)~~Each insurance policy for liability coverage must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved, and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver ~~by the insurance carrier~~ of all subrogation rights against us~~; and (c) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet this criteria, we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon 10 days' notice to you, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and~~, our affiliates and their successors and assigns. You must routinely furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other ~~rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments~~remedies including termination, we may (but are not required to) obtain ~~the insurance and pay to us, within 10 days after invoicing, all costs and premiums we incur.~~such insurance for you and your Franchised Business on your behalf, in which event you agree to cooperate with us and reimburse us on demand for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee.

70.1.3. Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Franchised Business' operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Franchised Business that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

~~11.1.3 The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.~~

~~11.2 Indemnification~~

~~Franchisee, as a material part of the consideration rendered to Franchisor, aggress to hold harmless, defend, and indemnify Franchisor and Franchisor's past, present and future affiliates, officers, directors, shareholders, managers, members, agents, attorneys, consultants, management companies, and employees against any claims, demands, fines, losses, costs, expenses (including, but not limited to, reasonable attorneys' fees, costs of investigation, settlement costs, and interest), liabilities, and damages (collectively, "**Damages**") arising directly or indirectly from, as a result of, or in connection with: (i) any act or omission by Franchisee or any of Franchisee's employees, subcontractors, agents or representatives relating in any way or manner to this Agreement or the Franchised Business; (ii) the marketing, use or operation of the Franchised Business or Franchisee's performance and/or breach of any of its obligations under this Agreement; (iii) any labor, employment or similar type of claim pertaining to Franchisee's employees, including claims alleging that Franchisor is a joint employer of Franchisee's employees; (iv) any actions, investigations, rulings or proceedings conducted by any state or federal agency relating to Franchisee's employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission and the National Labor Relations Board; or (v) any labor, employment or similar type of claim pertaining to Franchisor's relationship with Franchisee or with Franchisee's owners, including claims alleging that Franchisor is a joint employer of Franchisee and/or any of Franchisee's owners. With respect to any threatened or actual litigation, proceeding, or dispute that could directly or indirectly affect Franchisor or any of the other indemnitees under this Section 11.2, Franchisor will have the right, but not the obligation, to: (i) choose counsel; (ii) direct and control the handling of the matter; and (iii) settle any claim against the indemnitees. Franchisor may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense. This Section 11.2 will survive the expiration, non-renewal, or termination of this Agreement, and applies to Damages even if they exceed the limits of Franchisee's insurance coverage.~~

71. ~~12. INDEPENDENT CONTRACTOR~~Service Warranties

71.1.1. You acknowledge and agree that certain products and services your Franchised Business provides to customers may be subject to one or more customer warranties, guarantees, commitments and/or similar customer service programs, including those offered by you and your affiliates and/or third-party service providers and manufacturers that offer products and services used by your Franchised Business (collectively, "**Service Warranties**"). During and after the term of this Agreement, you agree to honor all Service Warranties made to customers of your Franchised Business, including using your best efforts to assist customer of your Franchised Business tendering claims to any third-party serviced providers and manufacturers. You must obtain our approval of all Service Warranties before you offer them to customers of your Franchised Business. We may establish System Standards for any such Serviced Warranties from time to time. Notwithstanding any System Standards, approvals, or support we provide relating to Service Warranties, you acknowledge and agree that all Service Warranties offered by your Franchised Business are strictly your obligation and responsibility, and are not offered or guaranteed in any manner by us or our affiliates.

~~In all dealings with third parties, including without limitation, employees, suppliers, clients, and the public, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute the Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Franchisor.~~

~~13. TRANSFER AND ASSIGNMENT~~

~~13.1 Assignment by Franchisor~~

~~This Agreement and all rights and duties hereunder may be freely assigned or transferred by Franchisor, in whole or in part, in its sole discretion, and without Franchisee's consent, to any person or Business Entity that agrees to assume Franchisor's obligations hereunder, including a competitor of Franchisor, and shall be binding upon and inure to the benefit of Franchisor's successors and assigns, including without limitation, any Business Entity which acquires all or a portion of the capital stock of Franchisor or any Business Entity resulting from or participating in a merger, consolidation, or reorganization in which Franchisor is involved and to which Franchisor's rights and duties hereunder (in whole or in part) are assigned or transferred.~~

~~13.2 Transfer by Franchisee~~

~~Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee (and Franchisee's Owners, if Franchisee is a Business Entity) and that Franchisor has granted this Franchise in reliance on many factors, including without limitation, the individual or collective character, skill, aptitude, and business and financial acumen of Franchisee and any persons owning an interest in Franchisee.~~

~~Without the prior written approval of Franchisor, neither Franchisee nor any person owning any direct or indirect equity interest in Franchisee shall directly or indirectly pledge, sell, give away, assign, mortgage, or otherwise encumber any interest in: (i) this Agreement or any portion or aspect thereof, (ii) the Franchised Business, (iii) the Franchised Business Office, (iv) the inventory, or (v) any equity or voting interest in Franchisee. Any such act or event shall be deemed a "Transfer." Without the prior~~

written approval of Franchisor, any purported Transfer occurring by operation of law or otherwise, including, without limitation, any Transfer in a divorce proceeding or by a trustee in bankruptcy, shall be null and void and shall be a material default of this Agreement; and the transferor shall remain obligated under this Agreement until released by Franchisor or until this Agreement is terminated and all post-term obligations pursuant to Article 16 (Post-Termination Obligations) are fulfilled.

13.3 Right of First Refusal

13.3.1 If Franchisee or any person or Business Entity holding any direct or indirect interest in Franchisee or this Agreement desires to make a Transfer for value, Franchisee shall first notify Franchisor in writing of such intention and offer to sell or transfer such interest to Franchisor upon the terms and conditions set forth in such notice, which shall be at least as favorable as those offered by a bona fide third-party, if any (and such notice shall include a copy of any such third-party offer), net of any applicable real estate and/or business brokerage commissions, at Franchisor's option.

13.3.2 If Franchisor and Franchisee cannot agree within 30 days of such notice on the terms and conditions of such Transfer or if Franchisor notifies the Franchisee that it does not want to acquire such interest, Franchisee may sell or transfer such interest to a bona fide third-party, provided that the following conditions are met:

13.3.2.1 Such transfer is made within 120 days after the expiration of any offer to Franchisor;

71.1.2. If you fail to honor any Service Warranties to your customers, you agree that we have the right to take any action we deem appropriate to honor such Service Warranties on your behalf, including by providing any services or products or support ourself, or through our designees, affiliates, representatives, or other franchisees, and you hereby agree to reimburse us any and all costs incurred by us, our designees, affiliates, representatives, or other franchisees. We have the right to require you to pay us a reasonable deposit or hold-back, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business. This amount would be refunded to you after expiration or termination of all Service Warranties offered by your Franchised Business, less any deductions arising if we have to honor any such Service Warranties on your behalf.

13.3.2.2 Such transfer is made at a net price and on terms and conditions no more favorable than those provided to Franchisor or offered in writing by such third-party and provided in the notice to Franchisor;

13.3.2.3 Such transfer meets all applicable requirements of Section 13.4 (Consent to Transfer); and

13.3.2.4 The Franchised Business shall continue to be operated pursuant to the System and under the Marks after the Transfer.

13.3.3 In the event the consideration, terms, and/or conditions offered by a third-party are such that Franchisor may not reasonably be able or required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third-party, valuation shall be determined by an independent appraiser chosen by Franchisor but reasonably acceptable to Franchisee. The parties shall share the cost of the appraisal.

13.3.4 If Franchisee elects to not exercise its right of first refusal, the decision shall not constitute a waiver of any other provision of this Agreement, including all requirements of this Article, with respect to a proposed Transfer.

13.4 Consent to Transfer

13.4.5 Franchisor's consent to a Transfer shall not be unreasonably withheld, but shall remain a subjective determination. Franchisor may require Franchisee to comply with the following conditions, among others, as a prerequisite to obtaining Franchisor's consent:

13.4.5.1 The transferee shall have demonstrated to Franchisor's sole satisfaction that it meets all of Franchisor's requirements for becoming a franchise owner, including without limitation, that it meets Franchisor's managerial and business standards then in effect for similarly-situated franchise owners, possesses a good moral character, business reputation, and satisfactory credit rating, is not a competitor of Franchisor, will comply with all instruction and training requirements of Franchisor; and has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related business experience or otherwise);

13.4.5.2 Payment of the Transfer Fee prior to any proposed Transfer;

13.4.5.3 Franchisee must complete an application for Consent to Transfer and provide Franchisee with all other information concerning the transferee and the proposed transaction that Franchisor reasonably requests;

13.4.5.4 As of the effective date of the proposed Transfer, all obligations of Franchisee under this Agreement and under any other agreements between Franchisee and Franchisor or its affiliates must be fully satisfied;

13.4.5.5 As of the effective date of the proposed Transfer, all obligations of the proposed transferee to Franchisor or its affiliates under all other agreements of any kind between the proposed transferee and Franchisor must be fully satisfied;

13.4.5.6 The proposed transferee must have agreed to execute Franchisor's then-current form of the franchise agreement, which may contain terms and conditions substantially different from those in this Agreement, for a term of 10 years and with such Renewal Term as is provided by this Agreement. The prospective transferee will not be required to pay a Franchise Fee. The new agreement with the transferee will supersede this Agreement in all respects;

13.4.5.7 Franchisee must have requested that Franchisor provide the prospective transferee with Franchisor's current form of Franchise Disclosure Document required by the Federal Trade Commission's Trade Regulation Rule on Franchising and/or other applicable state franchise registration/disclosure laws, and a receipt for such document shall have been delivered to Franchisor by the transferee; provided, however, Franchisor shall not be liable for any representations other than those contained in such Franchise Disclosure Document;

13.4.5.8 If permitted by applicable law, the transferor and the transferee shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries, affiliates, and their officers, directors, attorneys, shareholders, and employees, in their corporate and individual capacities, including without limitation, claims arising under federal, state, and local laws, rules, and ordinances arising out of, or connected with, the performance of this Agreement or any other agreement;

13.4.5.9 The transferee must covenant that it will continue to operate under the Marks and using the System;

13.4.5.10 If the proposed transferee is a Business Entity, its owners or owners of a beneficial interest in the transferee must execute Franchisor's then-current form of Guaranty;

13.4.5.11 The transferee and/or its designated managerial personnel (as applicable) shall have completed the initial raining then required by Franchisor to Franchisor's satisfaction; and

13.4.5.12 The transferee (and, if the transferee is not an individual, such owners of a beneficial interest in the transferee as Franchisor may request) must enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge and guarantee all of Franchisee's obligations under this Agreement and any other agreements related to the Franchised Business, including, without limitation, all customer contracts and all warranty work and service plans.

13.4.6 Franchisor's consent to a Transfer of any interest in the Franchise granted herein shall not constitute a waiver of any claims it may have against the transferor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

13.4.7 Franchisor may hold up to 10% of the sales price in escrow for a period of six months from the date of the Transfer for the purpose of covering any warranty claims by Franchisee's customers. The exact percentage to be held in escrow will be determined by the number of projects completed by Franchisee in the six months preceding the Transfer. If there are warranty claims, the escrowed funds shall be charged at Franchisor's then-current hourly service rate, plus the cost of materials and supplies, plus a reasonable administrative handling fee for each claim. At the end of the six months, Franchisor will release the remaining escrowed funds to Franchisee. If there are no claims, Franchisor shall deliver the escrowed funds minus a reasonable handling fee specified by Franchisor; provided, however, notwithstanding any agreement between a franchise buyer and seller, escrow, or lack thereof, a franchisee that purchases any business or territory from another franchisee shall be responsible for and satisfy customer and warranty claims relating to the territory or business purchased.

13.5 Death or Incompetency

Upon the death or mental or physical incompetency (as reasonably determined by an independent third-party such as a licensed doctor) of any person with any direct or indirect interest in Franchisee and who has managerial responsibility for the operation of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer the interest of such person to a third-party approved by Franchisor within six months after the death or finding of incompetency. Such transfers shall be subject to the same conditions as any other Transfer. If the heirs or beneficiaries of any such person are unable to meet the conditions in Article 14 of this Agreement, Franchisor may terminate this Agreement.

13.6 Transfer to Franchise Owned Business Entity

Notwithstanding the foregoing, it is understood that Franchisee (if an individual) may assign this Agreement, the Franchised Business, and/or Franchisee's rights and obligations hereunder on a single occasion to a Business Entity organized by Franchisee for the purpose of operating the Franchised Business only, provided that at least a majority of all the issued and outstanding shares of voting stock and/or equity interest of which shall be owned and voted continuously by Franchisee, and further provided that Franchisor shall have approved in advance all other shareholders of such corporation or others holding equity or voting interests, which consent shall not be unreasonably withheld. Franchisor shall promptly be given written notice of such assignments and delegation, at which time, such Business Entity shall assume all of the rights and obligations of Franchisee under this Agreement the term "Franchisee" as used in this Agreement shall refer to such Business Entity. However, such assignment shall in no way affect the obligations of the original individual(s) designated as "Franchisee" in this Agreement who shall remain, as a guarantor, fully bound by and responsible for the performance of all of such obligations, jointly and severally, with such legal entity. Such Business Entity shall at no time

engage in any business or activities other than the exercise of the rights granted to Franchisee in this Agreement and the performance of its obligations as Franchisee under this Agreement.

14. COVENANTS NOT TO COMPETE

14.1 During the Term

Franchisee acknowledges that it will receive valuable, specialized training and confidential information regarding the manufacturing, operational, sales, promotional, and marketing methods of the BLUEFROG PLUMBING + DRAIN concept. During the Term, Franchisee, its Owners, and its Owners' immediate family members will not, without Franchisor's prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or Business Entity:

14.1.1 directly or indirectly own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business that performs services in the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Marks or similar marks or operate or license others the right to operate a business under the Marks or similar marks;

14.1.2 divert or attempt to divert any business or customer or potential business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise;

14.1.3 perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

14.1.4 use any vendor relationship established through Franchisee's association with Franchisor for any purpose other than to purchase products for use or retail sale in the Franchised Business.

14.2 After Termination, Non-renewal, Expiration, or Transfer

For two years after the expiration, non-renewal, or termination of this Agreement or an approved Transfer to a new franchisee, Franchisor, its Owners, and its Owner's immediate family members may not, without Franchisor's prior written consent:

14.2.1 directly or indirectly own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business that performs services in the former Territory, within 25 miles from the perimeter of the former Territory, or within the territory of any other BLUEFROG PLUMBING + DRAIN Business;

14.2.2 divert or attempt to divert any business or customer or potential business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise;

14.2.3 perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

14.2.4 use any vendor relationship established through Franchisee's association with Franchisor for any purpose.

14.2.5 With respect to the Owners, the time period in this Section 14.2 will run from the expiration, non-renewal, termination, or Transfer of this Agreement or from the termination of the Owner's relationship with Franchisee, whichever occurs first.

~~**14.3 Covenants of Owners**~~

~~The Owners personally bind themselves to this Article 14 by signing this Agreement or a guaranty and personal undertaking substantially in the form attached as Exhibit 2.~~

~~**14.4 Enforcement of Covenants**~~

~~Franchisee and its Owners acknowledge and agree that (i) the time, territory, and scope of the covenants provided in this Article 14 are reasonable and necessary for the protection of Franchisor's legitimate business interests and will not deprive Franchisee or its Owners of their livelihood; (ii) Franchisee and its Owners have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of these covenants would not impose undue hardship; and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which Franchisee is in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Article 14 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the covenant will be reduced accordingly and enforced to the fullest extent permissible. Franchisee agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to Franchisor's enforcement of the covenants contained in this Article 14. Franchisee and the Owners acknowledge that any breach or threatened breach of this Article 14 will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee and the Owners consent to the issuance of an injunction prohibiting any conduct violating the terms of this Article 14. Such injunctive relief will be in addition to any other remedies that Franchisor may have.~~

~~**14.5 Protection of Confidential Information**~~

~~In the event of any termination, expiration, or non-renewal of this Agreement, Franchisee agrees that it will never use the Confidential Information in the design, development, or operation of a Competing Business. Franchisee agrees that if it engages as an owner, operator, or in any managerial capacity in any such Competing Business, it will assume the burden of proving that it has not used the Confidential Information. The protection granted under this Section 14.5 shall be in addition to, and not in lieu of, all other protections for trade secrets and Confidential Information as may otherwise be afforded in law or in equity.~~

72. ~~15.~~ DEFAULT AND TERMINATION

73. Automatic Termination

This Agreement will terminate automatically, without notice, if you become insolvent (meaning unable to pay bills in the ordinary course of business as they become due); if a receiver of your property or any part thereof is appointed by a court; if you make a general assignment for the benefit of your creditors; if a final judgment against you remains unsatisfied of record for 30 days or longer (unless *supersedeas* bond is filed); if execution is levied against your Franchised Business or property; or if a suit to foreclose any lien or mortgage against the Franchised Business Office or equipment is instituted against you and not dismissed within 30 days or is not in the process of being dismissed.

74. Termination by Franchisor

We may terminate this Agreement, effective immediately on delivery of written notice of termination to you, if:

(a) You fail to obtain our approval and commence operations of your Franchised Business by the deadline specified in and otherwise pursuant to Section 4.4;

(b) Your Key Personnel fail to complete the Training Program to our satisfaction;

(c) You fail to maintain all required professional licenses, permits and certifications for a period exceeding 5 business days;

(d) You or your Owners make any material misrepresentation or omission in your application for the franchise granted hereby, or otherwise to us in the course of entering into this Agreement;

(e) You or your Owners are convicted of or plead no contest to a felony or other crime or offense that is likely to adversely affect our reputation, you, or the operation of your Franchised Business;

(f) You or your Owners or affiliates engage in any activities, behavior or conduct that are prohibited under the covenants contained in Section 6;

(g) You abandon, fail or refuse to actively operate your Franchised Business for 5 or more consecutive days (unless approved by us in advance);

(h) You or your Owners conduct or attempt to conduct any transfer in violation of Section 14 without our prior approval;

(i) Your Franchised Business is at any time not under the full-time management and supervision of a Designated Owner or Designated Manager that we have approved;

(j) You submit to us on two or more separate occasions at any time during the term of this Agreement any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to us by more than 5% for any accounting period;

(k) You misuse or make an unauthorized use of any of the Marks or commit any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

~~**15.1 Events of Default**~~

~~15.1.1 The following constitute an incurable "Event of Default" under the Franchise Agreement. If any of the following occur, Franchisor shall have the right to terminate this Agreement, without providing Franchisee an opportunity to cure. Termination shall be effective upon delivery of notice of termination.~~

~~15.1.1.2 Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, unless otherwise prohibited by law;~~

~~15.1.1.3 A petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee or not dismissed within 30 days;~~

~~15.1.1.4 A bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee;~~

~~15.1.1.5 A receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed;~~

15.1.1.6 A final judgment in excess of $10,000 remains unsatisfied or of record for 60 days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction);

15.1.1.7 Franchisee or its Operating Principal fail to complete initial training to Franchisor's satisfaction by the Opening Deadline or Franchisee fails to commence operation of the Franchised Business by the Opening Deadline as required by Section 7.4;

15.1.1.8 Franchisee makes, or has made, any materially false statement or report to Franchisor in connection with this Agreement, the franchise application, or the Franchised Business;

15.1.1.9 Franchisee misuses or makes any unauthorized use of the Marks or the System;

15.1.1.10 There is any violation of any transfer and assignment provision contained in Article 13 of this Agreement;

15.1.1.11 Franchisee fails, after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business within 15 days of receiving such notice (24 hours of receiving such notice if the violation involves a threat to the public's health or safety);

15.1.1.12 Franchisee violates any covenant of confidentiality contained in Article 9 of this Agreement, including, without limitation, improperly disclosing the Manuals or other Confidential Information;

15.1.1.13 Franchisee, Franchisee's Owner, or any person controlling, controlled by, or under common control with the Franchisee, any principal officer or employee of Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense (even if not a crime) that is reasonably likely in the sole opinion of Franchisor to adversely affect the Franchised Business, the System, Franchisor, its affiliates, its franchisees, the Marks, or the goodwill associated with the Marks. IF this person is an employee, Franchisee will be given a timeframe in which to cure before termination will be sought.

15.1.1.14 Franchisee notifies Franchisor that it is abandoning the Franchised Business or Franchisee voluntarily suspends operation of the Franchised Business using the Marks and the System without Franchisor's prior written consent for five or more consecutive business days on which Franchisee was required to operate, unless Franchisor determines, in its sole discretion, that the failure was beyond Franchisee's control;

15.1.1.15 Franchisee defaults under any mortgage, deed of trust, or lease with Franchisor, its affiliates, or any third-party related to the Franchised Business, and Franchisee fails to cure such default to the satisfaction of Franchisor, its affiliates, or such third-party within any applicable cure period;

15.1.1.16 Franchisee or any Owner defaults on any other agreement with Franchisor or its affiliates and such default is not cured in accordance with the terms of such other agreement.

15.1.1.17 There is a violation of the non-compete covenants in Article 14;

15.1.1.18 Franchisee operates the business in a manner that presents a safety hazard to its employees or clients;

15.1.1.19 Franchisee receives an excessive number, as reasonably determined by Franchisor, of customer complaints and Franchisor determines these complaints were warranted;

15.1.1.20 Franchisee loses its approval from any city, state, or other regulatory agency to operate a plumbing and drain repair business;

(l) ~~15.1.1.21 Franchisee~~You fail~~s~~ to comply with ~~the operating procedures and standards established by Franchisor for any System Account or with the terms of any System Account Relationship;~~any term of this Agreement two or more separate occasions within any period of 12 consecutive months, whether or not cured;

(m) You violate any health or safety law, ordinance or regulation, or operate your Franchised Business in a manner that presents an immediate health or safety hazard to your customers, employees, or the public, and do not begin to cure such violation or hazard immediately, and correct such violation or hazard within 72 hours;

(n) You or any of your Owners or affiliates fail to pay any other third-party, including any lender or creditor, any other amounts owed in connection with your Franchised Business when due, and do not cure such failure within any applicable cure period granted by such third-party, if any;

(o) You or your Owners or affiliates default under any other agreement between us or any of our affiliates and you or any of your Owners or affiliates, such that we or our affiliate, as the case may be, have the right to terminate such agreement or such agreement automatically terminates;

~~15.1.1.22 Franchisee fails to maintain sufficient funds in the account(s) listed and used for electronic funds transfer to pay for fee amounts that are due, on every due date;~~

~~15.1.1.23 Franchisee is determined to have under-reported its Gross Sales during any month by 5% or more of the actual Gross Sales during such month on two or more occasions during the term of this Agreement, whether or not Franchisee subsequently rectifies such deficiency;~~

~~15.1.1.24 Franchisee fails to timely submit required reports or information to Franchisor three or more times within any 12-month period, regardless of whether Franchisor provides Franchisee with a notice of default for each late report;~~

(p) ~~15.1.1.25 Franchisee breaches or~~You fail~~s~~ to comply with any ~~other covenant, agreement, standard, procedure, practice, or rule prescribed by Franchisors, whether contained in this Agreement, in the Manuals, or otherwise in writing~~applicable law or regulation, and fail to cure such ~~breach or~~ failure ~~to Franchisor's satisfaction~~ within ~~30~~10 days ~~(or such longer period as applicable law may require) after Franchisor provides Franchisee with~~after delivery of written notice ~~of the default~~;

~~15.1.1.26 Franchisee receives from Franchisor two or more notices to cure the same or similar defaults or violations of this Agreement during any 12-month period, whether or not they are cured;~~

~~15.1.1.27 Franchisee receives from Franchisee three or more notices of default within any 18-month period, whether or not the defaults are similar and whether or not they are cured; and/or~~

~~15.1.1.28 Franchisee violates the Social Media Guidelines, laid out in the Manual.~~

~~15.1.2 The following constitute curable defaults under the Franchise Agreement. If any of the following occur, Franchisor shall have the right to terminate this Agreement, if you fail to cure during the requisite cure period after receiving notice. Termination shall be effective upon delivery of notice of termination.~~

(q) ~~15.1.2.1 Franchisee~~You fail~~s~~ to pay any amounts due under this Agreement, and fail~~s~~ to cure such default within ~~10~~5 days after delivery of written notice default;

(r) You fail to procure or maintain insurance as specified in Section 11.14 of this Agreement, and fail to cure such default within 10 days after delivery of written notice of default; or

(s) You breach any other provision of this Agreement, and fail to cure such default within 30 days after delivery of written notice of default.

75. Termination by Franchisee

If you are in full compliance with all of the terms of this Agreement and we materially breach this Agreement and fail to cure such breach within 60 days after receiving written notice identifying the claimed breach, you may elect to terminate this Agreement unless the breach cannot reasonably be cured within such 60 days. If the breach cannot reasonably be cured in such 60 days, you may elect to terminate this Agreement only if 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 such efforts.

~~15.1.2.2 Any other Events of Default, except that which is listed in 15.1.1.~~

~~15.2 Franchisor Remedies After an Event of Default~~

~~If an Event of Default occurs, Franchisor may, at its election and without notice or demand of any kind, declare this Agreement, the License, and any and all other rights granted under this Agreement to be immediately terminated and, except as otherwise provided herein, of no further force or effect. Upon termination, Franchisee will not be relieved of any of its obligations, debts, or liabilities under this Agreement, including without limitation any debts, obligations, or liabilities that Franchisee accrued prior to such termination. Franchisor's right to terminate Franchisee is in addition to, and not in lieu of, any and all other rights and remedies available to Franchisor at law, in equity, or otherwise, all of which are cumulative.~~

~~15.3 Franchisor's Performance After Default~~

~~Franchisor does not have any obligation to perform or to comply with its obligations to Franchisee under this Agreement or other agreements when a default exists, until Franchisee cures the default to Franchisor's satisfaction. Franchisor will have the right, but not the obligation, to undertake or perform on Franchisee's behalf any obligation or duty that Franchisee is required to, but fails to, perform under this Agreement. Franchisee will reimburse Franchisor upon demand for all costs and expenses that Franchisor reasonably incurs in performing any such obligation or duty, and Franchisee will pay to Franchisor interest on the amount of such costs and expenses.~~

~~15.4 Liquidated Damages~~

~~In addition to any other claims Franchisor may have (other than claims for lost future Royalty Fees and SBF Fees), if Franchisor terminates this Agreement based on Franchisee's default or if Franchisee terminates this Agreement in violation of its terms, Franchisee must pay Franchisor liquidated damages calculated as an amount equal to (a) the product of Franchisee's Average Monthly Fees multiplied by the lesser of (i) 24 months, or (ii) the number of full months remaining in the franchise term, (b) discounted to present value using a 7% discount factor. "**Average Monthly Fees**" means the sum of the total Royalty Fees and SBF contributions for the 12-month period immediately preceding termination, divided by 12. If the Qualifying Month occurred within the 12-month period immediately preceding termination, "**Average Monthly Fees**" means total Royalty Fees and SBF contributions for the period that begins on the Qualifying Month and ends on the termination date, divided by the number of months in the period. Franchisee acknowledges and agrees that the amount of liquidated damages~~

~~determined in accordance with the preceding formula reasonably represents Franchisor's monetary losses of Royalty Fees and SBF contributions resulting from the termination of this Agreement and is not a penalty.~~

~~**15.5 Franchisor's Opportunity to Cure**~~

~~Franchisee may terminate this Agreement only if: (i) Franchisor commits a material breach of this Agreement; (ii) Franchisee gives Franchisor written notice of the breach within 90 days of its occurrence; (iii) Franchisor fails to cure the breach, or to take reasonable steps to begin curing the breach, within 60 days after receipt of the notice; and (iv) Franchisee is in full compliance with its obligations under this Agreement. Failure to give timely notice of default shall constitute a waiver of any such alleged default. Any attempt to terminate this Agreement without complying with this Article 15.5 will constitute an Event of Default by Franchisee.~~

76. ~~16. POST-TERMINATION OBLIGATIONS~~Additional Remedies

At any time that you are in default of any obligation under this Agreement, until such time as you correct the default, in addition to all other rights under this Agreement, we have the right to: (i) terminate or suspend your right to participate in any programs or benefits associated with the System, including the right to provide services to National Accounts Clients; and/or (ii) cease selling or supplying any products or services to you for which we are an Approved Supplier, or require you to post a bond, deposit, or pay for such products in advance of processing any such order.

77. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

78. Actions to be Taken

Upon ~~the~~termination or expiration, ~~non-renewal, or termination of~~ this Agreement (~~"**Termination**"~~) ~~or Transfer of this Agreement to a transferee,~~and all rights granted ~~to Franchisee~~hereunder to you shall terminate and ~~Franchisee~~you shall immediately, ~~unless otherwise directed by Franchisor~~at your own expense:

~~16.1.1 Cease operating the Franchised Business, cease using, by advertising or in any other manner, the Intellectual Property (including, without limitation, the Marks and the Confidential Information and any names or marks confusingly similar to the Marks), and cease using the confidential methods, procedures, and techniques associated with the System.~~

~~16.1.2 Make all modifications or alterations necessary to remove the Marks, any other marks and indicia of operation associated with the System or confusingly similar to those used in the System, and all trade dress, physical characteristics, color combinations, and other indications of operation under the System from the Franchised Business, including, without limitation, all vehicles, facilities, and the Office. Without limiting the generality of the foregoing, Franchisee shall remove all signage bearing the Marks and deliver such signs to Franchisor upon Franchisor's request. Franchisee agrees that Franchisor or a designated agent may enter any facility related to the Franchised Business at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass;~~

~~16.1.3 Not thereafter directly or indirectly represent to the public that the former Franchised Business is or was operated or in any way connected with the System or hold itself out as a present or former franchise owner of Franchisor;~~

~~16.1.4 Pay all sums owing to Franchisor, including those invoiced to Franchisee after this Agreement expires or is terminated. Upon termination pursuant to any default by Franchisee, such sums shall include, but not be limited to, actual, liquidated, and consequential damages, plus costs, and expenses (including reasonable attorneys' fees) incurred by Franchisor as a result of the termination;~~

~~16.1.5 Return to Franchisor, at Franchisee's expense, the Manuals and all items, copies, records, documentation, and recordings incorporating any Confidential Information in Franchisee's possession or control;~~

~~16.1.6 Provide Franchisor with all copies of the Client Data, including, without limitation, a current client list, copies of all client contracts, and copies of all client warranties;~~

~~16.1.7 Take all action required to (i) cancel all assumed name or equivalent registrations relating to Franchisee's use of the Marks, (ii) cancel or transfer to Franchisee or its designee all telephone numbers, post office boxes, and classified and other directory listings relating to or used in the Franchised Business, and (iii) cancel or transfer to Franchisee or its designee all domain names, e-mail addresses, websites, social media accounts, Internet listings, and comparable electronic identities relating to or used in the Franchised Business. Franchisee acknowledges that as between Franchisee and Franchisor, Franchisor has the sole rights to and interest in all telephone numbers, post office boxes, directory listings, domain names, e-mail addresses, websites, social media accounts, Internet listings, and comparable electronic identities used in the Franchised Business or associated with any of the Marks (collectively, "Identifiers") and that Franchisee's continued use of such Identifiers after Termination or Transfer will create substantial confusion among the public. If Franchisee fails to comply with this Section 16.1.7, Franchisee hereby authorizes Franchisor and irrevocably appoint Franchisor or its designee as Franchisee's attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third-party to transfer such Identities to Franchisor or its designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third-party may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's exclusive rights in such Identities and Franchisor's authority to direct their transfer; and~~

~~16.1.8 Provide Franchisor with written evidence that they have complied with the post-term obligations, within 30 days after the Termination.~~

(a) Cease to operate your Franchised Business and cease all use of the Marks and the System, unless we instruct you otherwise in connection with our exercise of our option to purchase your Franchised Business under Section 13.3;

(b) Remove all materials bearing the Marks from all equipment, service vehicles, and any and all other supplies and equipment, and take all other actions we designate to avoid association between you and your assets and us, the "BLUEFROG PLUMBING + DRAIN®" brand and System, unless we instruct you otherwise in connection with our exercise of our option to purchase your Franchised Business under Section 13.3;

(c) Cease to represent to the public or hold yourself out as a present or former franchisee of ours, and take all action as may be necessary to cancel or assign to us, at our option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "BLUEFROG PLUMBING + DRAIN®" or any other Mark;

(d) Pay all sums owing to us and any affiliate under this Agreement and/or any other past due amounts owing to us or our affiliates;

(e) Return to us or destroy, as we direct, the Confidential Operations Manual and all other Confidential Information, including records, files, brochures, agreements, customer lists and data, and any and all other materials provided by us to you relating to the operation of your Franchised Business;

(f) Cease using and, at our direction, either assign to us or deactivate any Contact Information and/or Online Presence that you used to operate your Franchised Business and/or that displays any of the Marks, in each case as we designate;

(g) pay us a reasonable a deposit or hold-back, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business prior to termination or expiration, which we may retain and preserve until such time as the Service Warranties are satisfied or have expired, as we determine; and

(h) Comply with all other System Standards we establish (and all applicable laws) in connection with the closure and de-identification of your Franchised Business, including as it relates to disposing of personally identifiable and other protected classes of information and data, in any form, in your possession or the possession of any of your employees.

If you fail to take any of the actions or refrain from taking any of the actions described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies. You must reimburse us for all costs and expenses we incur in correcting any such deficiencies. You hereby appoint us your true and lawful attorney-in-fact to take such actions and execute such documents on your behalf as may be required to affect the foregoing purposes.

79. Final Payments

79.1.1. Within 5 business days following expiration or termination of this Agreement, you must pay us a final payment in an amount calculated as the product of your Accounts Receivable as of the date of expiration or termination, multiplied by 70%, multiplied by the aggregated rate of your Royalty Fee and Brand Fund Contribution as of the date of termination or expiration, as applicable. Such amount is payable in lieu of the Royalty Fees and Brand Fund Contributions that would otherwise be payable on Invoiced Gross Revenue after the date of expiration or termination. The parties acknowledge and agree that such payment represents a reasonable estimation of future Invoiced Gross Revenue on your Accounts Receivable as of the date of expiration or termination, and is not a penalty.

79.1.2. To secure payment of the final payments described in this Section 13.2 and all other amounts due under this Agreement, you hereby grant to us a security interest in, and collaterally assign to us all of our rights and interests to, your Accounts Receivable, and the proceeds thereof. If we exercise our rights under this Section 13.2.2, we will have the exclusive right to contact your customers for collection purposes, and do all other things appropriate or necessary to collect the Accounts Receivable. We will have the right to retain from collected amounts any applicable Royalty Fees and Brand Fund Contributions due and owing thereon, and to reimburse us and our affiliates and representatives, all collection costs including collection agency fees, attorneys' fees, and court costs. We will remit any balance in excess of such retained amounts to you within 30 days of collection.

79.1.3. If you terminate this Agreement in any manner other than Section 12.3, or if we terminate this Agreement due to your default, the parties acknowledge and agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue we otherwise would have otherwise derived through the remainder of the term of this Agreement. Therefore, you and we hereby agree that a reasonable estimation of such damages, less any cost savings we might have experienced, is an amount equal to the net present value of the Royalty Fees and Brand Fund Contributions that would have become due had this Agreement not been terminated, from the date of termination until the earlier of: (a) 2 years

following the date of termination; or (b) the scheduled expiration of the term of this Agreement. For the purposes of this Section 13.2.3, Royalty Fees and Brand Fund Contributions will be calculated based on your average monthly Invoiced Gross Revenue during the 12 full calendar months immediately preceding the termination date; provided, that if your Franchised Business was not operating for a full 12 months as of the termination, such calculations will be based on the average monthly Invoiced Gross Revenue of all BlueFrog Businesses during our fiscal year immediately preceding the termination date. You must pay us the foregoing amounts within 15 business days of termination of this Agreement. You and we agree that the calculation described in this Section 13.2.3 is a calculation only of the lost revenue to us from Royalty Fees and Brand Fund Contributions based on the early termination, and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of the Agreement.

80. Our Option to Purchase Certain Business Assets

We have the right (but not the obligation), for a period of 30 days after termination or expiration of this Agreement, to purchase any or all assets of your Franchised Business including improvements, service vehicles, service tools and equipment, supplies and other inventory or equipment. The purchase price for the assets will be equal to their depreciated book value, excluding any value attributable to the Marks, the System, and/or participation in our franchise system. If we and you cannot agree on fair market value, fair market value will be determined by an independent accredited appraiser we appoint, which appraiser will be bound by the criteria for the purchase price described herein, and you and we will share equally the cost of such appraiser. If we elect to exercise our option to purchase any or all assets of your Franchised Business, we have the right to set off all amounts due from you or your affiliates to us or our affiliates, if any, against the purchase price. If we purchase any or all assets of your Franchised Business, we are entitled to all customary warranties and representations, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise. We have the unrestricted right to assign our option to purchase.

81. Assumption of Management

We have the right but not the obligation to assume management of your Franchised Business, or to appoint a designee to assume its management, for any period of time we deem appropriate, if: (1) you abandon or fail actively to operate your Franchised Business; (2) you fail to comply with any provision of this Agreement or any System Standard and do not cure the failure within the time period we specify in our notice to you; or (3) this Agreement expires or is terminated and we are transitioning your Franchised Business' operations to us or another person we designate, or determining whether to do so. All funds from your Franchised Business' operation while it is under our or our designee's management will be kept in a separate account, and all expenses will be charged to this account. If we or our designee assume your Franchised Business' management, you agree to pay us (in addition to the Royalty Fee, Brand Fund Contributions, and other amounts due to us or our affiliates) our then-current fee for such management services, plus our or our designee's direct out-of-pocket costs and expenses.

If we or our designee assume your Franchised Business' management, you acknowledge that we or our designee will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Franchised Business incurs, or to any of your creditors for any supplies, products, or other assets or services your Franchised Business purchases, while we or our designee manage it. Our decision to assume management of your Franchised Business, or to appoint a third party to assume management of your Franchised Business, will not

affect our right to terminate this Agreement under Section 12.2. Your indemnification obligations set forth under Section 16.2 will continue to apply during any period that we or our designee assume your Franchised Business' management.

82. Survival of Certain Provisions

All obligations under this Agreement, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire, including the following provisions, which the parties agree will survive termination or expiration hereof, without limiting the generality of the foregoing: Section 5.1 (Intellectual Property), Section 6 (Covenants), Section 11.15 (Service Warranties), Section 13 (Rights and Duties Upon Expiration or Termination), Section 16 (Relationship and Indemnification), Section 17 (General Conditions and Provisions), and Section 18 (Dispute Resolution).

83. ~~17. WRITTEN APPROVALS, WAIVERS, AND FORMS~~TRANSFERABILITY OF ~~AGREEMENT~~INTEREST

~~17.1 Written Requests~~

~~Whenever this Agreement requires or Franchisee desires to obtain Franchisor's approval, Franchisee shall make a timely written request. Unless a different period is specified in this Agreement, if Franchisor has not specifically approved a request within 15 days of such request, such failure to respond shall be deemed non-approval of any such request.~~

~~17.2 Waivers~~

~~No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms of this Agreement shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement. No waiver or approval by Franchisor of any particular breach or default by Franchisee; no delay, forbearance, or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Franchisor of any payments due hereunder shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement.~~

~~17.3 Forms of Agreement~~

~~Franchisee acknowledges that Franchisor may have executed, and may in the future execute, franchise agreements and other agreements with other franchisees, which may contain terms that are different or superior to those contained in this Agreement, without owing any obligation to Franchisee. Further, Franchisee recognizes and agrees that Franchisor may, in its sole discretion due to local business conditions or otherwise, waive or modify comparable provisions of other agreements granted to other franchise owners in a non-uniform manner, unless otherwise required by law.~~

84. ~~18. INSPECTIONS~~Transfer by Franchisor

~~In order to ensure compliance with this Agreement, the Manuals, and the System and to enable Franchisor to carry out its obligations under this Agreement, Franchisee agrees that Franchisor and its designated agents or representatives shall be permitted at any time during business hours, with or without notice to Franchisee, to: (i) inspect the Office and any vehicles and facilities used in the Franchised Business, (ii) observe and monitor the Franchisee's business operations for consecutive or intermittent periods, as Franchisor deems necessary, (iii) interview the Franchisee's employees and clients, and (iv) inspect and copy any books, records, and agreements relating to the Franchised Business. Franchisee~~

~~shall cooperate fully with the Franchisor and its designated agents requesting such access. If Franchisor exercises any of these rights, Franchisor will not unreasonably interfere with the operations of the Franchised Business. Franchisor may require Franchisee to undertake remedial measures to comply with Franchisor's standards and specifications.~~

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by us and such rights will inure to the benefit of any person to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of our functions, the assignee shall assume our obligations hereunder and we will thereafter have no liability for the performance of any obligations contained in this Agreement. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations; provided, that such delegation will not relieve our obligations under this Agreement.

85. ~~19. NOTICE~~Transfer by Franchisee

~~19.1 Notice~~

~~All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director, or partner of the recipient party); (b) on the next business day after transmission by e-mail or other reasonably reliable electronic communication system; (c) two business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 18.1. All notices, payments, and reports required by this Agreement shall be sent to Franchisor at the address reflected on the Summary Page.~~

85.1.1. Your rights and duties as set forth in this Agreement, and the franchise herein granted, are personal to you (or your Owners), and we have entered into this Agreement in reliance upon your (and your Owners) personal or collective skills, experience, character, aptitude, and financial ability. Accordingly, without our prior written approval, neither you nor any Owner may, voluntarily or involuntarily, directly or indirectly, sell, assign, convey, gift, give away, pledge, mortgage, sublicense, or otherwise transfer or encumber, whether by operation of law or otherwise: (a) this Agreement or any interest in this Agreement, (b) the franchise granted hereby, (c) all or substantially all of the assets of your Franchised Business, or (d) any direct or indirect ownership interest in you, your franchise rights under this Agreement, or your Franchised Business, including any right to share in the governance or profits thereof. A transfer of your Franchised Business' ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement.

85.1.2. We will review each transfer in our sole discretion, and may condition our approval on any factors we determine, including that:

(a) All obligations owed by you or your affiliates to us and our affiliates, and all other outstanding obligations relating to your Franchised Business, are fully paid and satisfied;

(b) You and your Owners have materially complied with this Agreement during the term hereof, and you and your Owners are not at the time you request consent for the

transfer (or at any time between the date of such request and the time of the transfer) in violation of any term of this Agreement;

(c) You and your Owners, and the prospective transferee and its owners, each sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including a general release of any and all claims (except for claims which cannot be released or waived pursuant to an applicable law) against us and our affiliates;

(d) You comply with our then-current transfer procedures, including that we may request you to submit an application in writing, and/or that the prospective transferee and its owners satisfy certain application and certification requirements;

(e) We determine that the prospective transferee, its owners, and representatives (including its designated manager, if applicable) satisfy our criteria for new franchisees, including that we have approved any premises that will be used by the prospective transferee to operate your Franchised Business;

(f) We determine that the terms of the transfer are not detrimental or unfavorable to your Franchised Business or our rights, including that the terms of any financing will not adversely affect the operation of your Franchised Business, and/or that any obligations between the buyer and seller being subordinate to the franchise obligations owed to us or our affiliates;

(g) The prospective transferee expressly assumes in writing, in a form we approve, any and all outstanding Service Warranties for your Franchised Business;

(h) The prospective transferee and is owners execute the form of franchise agreement associated agreements, instruments, and documents then being required for new franchisees and owners, as applicable, which may be substantially different from this Agreement, and may include a different Royalty Fee, Brand Fund Contribution rates and other material provisions; provided, the initial term of such franchise agreement shall be the remaining term of this Agreement, and all renewal terms shall be governed by any remaining renewal terms hereunder, and the Market Territory shall be the same as the Market Territory granted pursuant to this Agreement;

(i) You, or the prospective transferee, pay us a transfer fee in the amount stated in the Summary Page;

(j) The prospective transferee and its key personnel complete, to our satisfaction, our then-current initial training program; and

(k) You provide us the evidence we reasonably request to show that appropriate measures have been taken to effect the transfer as it relates to the operation of your Franchised Business, including by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

85.1.3. We may review all information regarding your Franchised Business that you give the prospective transferee, correct or supplement any information that we believe is inaccurate or incomplete, and give the prospective transferee copies of any reports regarding your Franchised Business. Our consent to a transfer pursuant to this Section is not a representation of the fairness of the terms of any contract between you and the prospective transferee, a guarantee of your Franchised Business' or prospective transferee's prospects of success, or a waiver of any claims we have against

you or your Owners, or of our right to demand the prospective transferee's full compliance with this Agreement.

85.1.4. Notwithstanding anything to the contrary, if you enter into this Agreement as an individual, if you and your Owners are in full compliance with this Agreement, you may transfer this Agreement to an Business Entity in which you maintain management control, and of which you own and control 100% all outstanding ownership, beneficial, and voting interests; provided, that (i) that Business Entity will own all of your Franchised Business' assets, and will conduct all of your Franchised Business' business, (ii) that Business Entity will conduct no business other than your Franchised Business, (iii) that Business Entity must expressly assume all of your obligations under this Agreement and all Service Warranties, (iv) you provide us with all organizational documents for the Business Entity that we require, and (v) you reimburse us for any direct costs we incur in processing such transfer, including attorneys' fees. You agree to remain personally liable under this Agreement as if the transfer to the Business Entity did not occur, including by signing a personal guaranty of the obligations of such Business Entity. You must also sign transfer documents satisfactory to us to document the transfer, which may include a release of any and all claims by you and your affiliates (except for claims which cannot be released or waived pursuant to an applicable franchise law statute) against us and our affiliates.

85.1.5. You may not use the Marks to advertise or solicit offers for any prospective transfer that would require our consent under this Section 14.2, including that you may not list any interests or assets the transfer of which would require our consent under this Section 14.2 for sale with any broker, listing agent, or listing directory without our approval.

85.1.6. Upon the death or incapacity of you (if you are an individual) or any Owner (if you are a Business Entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding 180 days following such event, transfer such individual's interest in your Franchised Business or in you to a third party approved by us pursuant to the terms of this Agreement. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by applicable law. During such 180-day period, your Franchised Business must remain at all times under the primary management of a Designated Manager who we have approved. For the purposes hereof, "incapacity" means the inability of such person to fulfill their obligations under this Agreement, as applicable, including by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation.

86. Right of First Refusal

86.1.1. If you, or any of your Owners, proposes to conduct any transfer that would require our consent under Section 14.2, you agree obtain and deliver to us a bona fide, executed written offer or proposal from the prospective transferee, along with all pertinent documents including any contract or due diligence materials. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of you or any of your owners. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price.

86.1.2. We will have a right of first refusal, exercisable by written notice to you, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to you; provided, that: (a) we notify you within 30 days after we receive a copy of the offer and all other documents and information we have requested that we are electing to exercise our right of first refusal hereunder; (b) we may substitute cash for the fair market value of

any form of payment proposed in such offer; (c) our credit shall be deemed at least equal to the credit of any proposed buyer; (d) we receive from you all customary representations and warranties from the seller of the assets or such interests, including relating to title, ownership, condition, encumbrances, liabilities, and authority. After exercising this right of first refusal, we will have up to 60 days to close the purchase. We have the unrestricted right to assign any or all of this right of first refusal.

86.1.3. If we do not exercise our right of first refusal on the terms above, the offer or proposal may be accepted by you or any of your Owners, subject to our prior written approval as required under Section 14.2. Should the sale fail to close the transaction within 120 days after the offer is delivered to us, or if there is a material change to the terms of the sale (which you agree to notify us of promptly), we will have an additional right of first refusal in accordance with this Section.

87. OWNERS OF FRANCHISEE

88. Your Ownership Information

You represent and warrant to us that the information on Exhibit 2 is an accurate and complete description of: (a) each person who signs this Agreement as franchisee, if you are the sole proprietorship; or (b) each person who holds a direct or indirect ownership, voting, or beneficial interest in you, if you are a Business Entity (each an "**Owner**").

89. Your Business Entity

If you enter this Agreement as a corporation, limited liability company, limited partnership or other legal entity or organization (each a "**Business Entity**"), you represent and warrant to us that you are validly existing and in good standing under the laws of the state of your incorporation or formation, and have the authority to execute this Agreement, and perform your obligations under this Agreement. You agree to maintain organizational documents at all times that state that this Agreement restricts the issuance and transfer of any of your ownership interests, and all certificates and other documents representing your ownership interests will bear a legend referring to this Agreement's restrictions. You agree that your Franchised Business will be the only business that such Business Entity operates, unless we approve you to acquire and operate additional BlueFrog Businesses.

If you are a Business Entity, you must identify one of your Owners who is a natural person with at least a 10% direct or indirect ownership interest and voting power in you (your "Designated Owner"). We must approve the person that will act as your Designated Owner. Your Designated Owner will be authorized to deal with us on your behalf for all matters whatsoever that may arise with respect to your Franchise Agreement. Any decision made by the Designed Owner will be final and binding on you and we will be entitled to rely solely on the decision of the Designated Owner without discussing the matter with any other party. We will not be held liable for any actions based on any decision or actions of the Designated Owner. The person acting as your Designated Owner must have full corporate power and authority to enter into the Franchise Agreement and any other documents to which you are a party, and to make binding decisions on your behalf.

90. Guaranty by Owners

Each of your Owners and their respective spouses must execute a guaranty in the form we prescribe, agreeing to be personally bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us and/or our affiliates. Our current form of guaranty is attached hereto as Exhibit 1.

91. ~~20.~~ RELATIONSHIP AND INDEMNIFICATION

92. ~~20.1~~ Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make ~~Franchisee~~you an agent, ~~legal~~ representative, joint venturer, partner, or employee~~, servant or independent contractor of Franchisor~~ of ours for any purpose whatsoever. ~~Franchisee~~You may not represent or imply to third parties that ~~Franchisee is~~you are an agent of ~~Franchisor~~ours, and ~~Franchisee is~~you are in no way authorized to make any contract, agreement, warranty, or representation on our behalf ~~of Franchisor,~~, or to create any obligation, express or implied, on ~~Franchisor's~~our behalf. During the term of this Agreement, ~~and any extension or renewal hereof,~~ ~~Franchisee~~you shall hold ~~itself~~yourself out to the public only as a franchisee and an owner of ~~the~~your Franchised Business operating ~~the~~your Franchised Business pursuant to a franchise from ~~Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on all forms, stationery or other written materials, the content of which Franchisor has the right to specify~~us. Under no circumstances shall ~~Franchisor~~we be liable for any act, omission, contract, debt, nor any other obligation of ~~Franchisee. Franchisor shall in no way be responsible~~yours, or for any injuries to persons or property resulting from ~~the operation of the~~your Franchised Business. Any third-party contractors and vendors retained by ~~Franchisee to convert or construct the premises~~you are independent contractors of ~~Franchisee~~yours alone.

~~20.2 Standard of Care~~

This Agreement does not establish a fiduciary relationship between the parties. ~~Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.~~

93. Indemnification

During and after the term of this Agreement, you hereby agree to hold harmless and indemnify us, our affiliate, and all of our and their owners, holders of a legal or beneficial interest, officers, directors, executives, managers, employees, agents, successors and assigns from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees) incurred in connection with any action, suit, demand, claim, obligations, investigation or proceeding, or any settlement thereof, which arises from or is based upon your, your Owners', your affiliates', or your or their employees' or other representatives': (a) ownership or operation of your Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between you and your affiliates and us or our affiliates; and/or (d) acts, errors, omissions, negligence, or misconduct of any kind. Each indemnified party may defend any claim against it at your expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions. An indemnified

party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity.

20.3 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnity. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee. Franchise agrees to not be a party to class action suit against BLUEFROG PLUMBING + DRAIN under any circumstances.

94. 21. DISPUTE RESOLUTIONGENERAL CONDITIONS AND GOVERNING LAWPROVISIONS

21.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without reference to its conflict of laws principles).

21.2 Consent to Jurisdiction.

Any action brought by either party against the other, except those being resolved by mediation, shall only be brought and maintained exclusively in the Federal or state court serving the judicial district in which Franchisor maintains its principal business address at the time the action is commenced. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Notwithstanding the foregoing, claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments in any appropriate jurisdiction.

21.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

21.4 Limitation of Claims

To the extent permitted by law, with respect to any claim which arises out of or relates to this agreement or the dealings of the parties ("**Claim**"), such Claim must be brought within two years and a day after the cause of action accrues. In addition, to the extent permitted by law, Franchisee agrees to

bring no Claim until meeting personally with the Chief Executive Officer of Franchisor in the county in which Franchisor maintains its principal business address (currently Dallas County, Texas) to conduct settlement negotiations in person. Both parties agree to reasonably cooperate to schedule any requested settlement conference within 30 days of request.

In addition, to the extent permitted by law, Franchisee agrees to bring no Claim until meeting personally with the Chief Executive Officer of Franchisor in in the city in which Franchisor maintains its principal business address to conduct settlement negotiations in person. Both parties agree to reasonably cooperate to schedule any requested settlement conference within 30 days of request.

In addition, to the extent permitted by law, Franchisee agrees to bring no claim until attempting to mediate with Franchisor in accordance with Section 21.8., below.

21.5 Limitations on Damages

Franchisee waives, to the extent permitted by law, any claim for punitive damages against the Franchisor in any Claim. Further, in any Claim, Franchisee agrees, to the extent permitted by law, that its maximum damages recoverable shall be limited to a refund of Franchisee's Franchise Fee and Royalty Fees paid to Franchisor.

21.6 Waiver of Consumer Rights

Franchisee waives any rights it may have under the Deceptive Trade Practices Consumer Protection Act, Sections 17.41, et seq., business and commerce code.

21.7 Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER AND ALSO WAIVE THE RIGHT TO SEEK OR RECOVER PUNITIVE DAMAGES IN ANY SUCH ACTION.

21.8 Mediation

21.8.1 The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, BLUEFROG PLUMBING + DRAIN, Franchisee and each of Franchisee's Owners agree to submit to mediation any claim, controversy, or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, agents, representatives, and/or employees) and Franchisee or Franchisee's Affiliates (and Franchisee's Owners, agents, representatives, and/or employees) arising out of or related to **(a)** this Agreement or any other agreement between Franchisor and Franchisee, **(b)** Franchisor's relationship with Franchisee, or **(c)** the validity of this Agreement or any other agreement between Franchisor and Franchisee, before bringing such claim, controversy, or dispute in a court or before any other tribunal.

21.8.2 The mediation shall be conducted by a mediator agreed upon by Franchisor and Franchisee and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("**AAA**") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Franchisor maintains its principal business address at the time of mediation. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

~~21.8.3 The parties and the mediator shall determine a convenient date for mediation. If the parties are unable to agree, the mediator shall set the date. Both parties shall in good faith attempt to agree on procedures for the expeditious exchange of information in the possession of the other party in preparation for mediation. Each party will deliver a concise summary of its view on the dispute to the mediator at least seven days before the first scheduled mediation session. The parties agree that the mediation shall be governed by such rules as prescribed by the mediator in accordance with AAA procedure before the first scheduled session.~~

~~21.8.4 If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 21.2. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.~~

~~21.8.5 Notwithstanding the foregoing provisions of this Section 21.8, the parties' agreement to mediate shall not apply to controversies, disputes, or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, the Marks, Copyrighted Works, or Confidential Information. Moreover, regardless of this mediation agreement, Franchisor and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction. Neither party is required to await the outcome of any mediation before seeking provisional remedies.~~

~~21.9 No Class or Consolidated Actions~~

~~To the extent permitted by law, in any claim brought by Franchisee, Franchisee agrees to bring such claim individually and not bring or join in a class action.~~

~~21.10 Attorney's Fees and Costs~~

~~If either party is required to enforce this Agreement, the substantially prevailing party shall be entitled to reimbursement of all of its costs, including reasonable accounting and attorneys' fees.~~

~~22. MISCELLANEOUS~~

95. ~~22.1~~ No Waiver

~~The following provision applies if Franchisee or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.~~

95.1.1. No failure of ~~Franchisor~~ours to exercise any power reserved to it hereunder, or to insist upon strict compliance by ~~Franchisee~~you with any obligation or condition hereunder, and no custom ~~n~~or practice of the parties in variance with the terms hereof, shall constitute a waiver of ~~Franchisor's~~our right to demand exact compliance with the terms of this Agreement. Waiver by ~~Franchisor~~us of any particular default by ~~Franchisee~~you shall not be binding unless in writing and executed by ~~Franchisor~~us and shall not affect nor impair ~~Franchisor's~~our right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by ~~Franchisor~~us of any payment(s) due shall not be deemed to be a waiver by ~~Franchisor~~us of any ~~preceding~~ breach by ~~Franchisee~~you of any terms, covenants or conditions of this Agreement. Any waiver granted will be

without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective on delivery of 10 days' prior written notice.

95.1.2. The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

~~**22.2 Unlimited Guaranty and Personal Undertaking**~~

~~All Owners shall execute and deliver to Franchisor a guaranty and personal undertaking substantially in the form of Exhibit 2.~~

96. ~~22.3 Approvals~~Notices

~~Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor shall not unreasonably withhold its approval or consent. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third-party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.~~

All notices required or permitted under this Agreement shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director, or partner of the recipient party); (b) on the day after transmission by e-mail or other reasonably reliable electronic communication system, if received during ordinary business hours, otherwise the following business day; (c) the next business day after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five business days after being sent by Registered Mail, return receipt requested. All notices, payments, and reports required by this Agreement shall be sent to us or you at the address reflected on the Summary Page; except that it will always be deemed acceptable to send notice to you at the address of the Franchised Business Office. Either party may change its address by a written notice sent in accordance with this Section 17.2.

97. Entire Agreement

This Agreement, including its exhibits, constitutes the entire, complete, and fully integrated agreement between us and you concerning the subject matter hereof, and supersedes all prior representations, promises, and agreements. No amendment, change or variance from this Agreement shall be binding on either party unless memorialized in a writing executed by both parties. Nothing in this or any related agreement, however, is intended to disclaim any representations we made in the franchise disclosure document that we furnished to you.

98. ~~22.4~~ Severability

98.1.1. ~~22.4.1~~ Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the

remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If ~~Franchisor~~we determine~~s~~ that a finding of invalidity adversely affects the basic consideration of this Agreement, ~~Franchisor has~~we have the right to, at ~~its~~our option, terminate this Agreement.

98.1.2. ~~22.4.2 Notwithstanding the above, e~~Each of the covenants contained in Section~~s 8 and 14 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information, Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.~~6 is deemed unenforceable by virtue of its scope, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

98.1.3. If any applicable and binding law of any jurisdiction requires more notice of this Agreement's termination or of our refusal to enter into a renewal franchise agreement than this Agreement requires, or some other action that this Agreement does not require, or any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law, ordinance, rule or regulation will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety.

99. ~~22.5 Counterparts~~Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. References in this Agreement to "**we**," "**us**," and "**our**," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term "**affiliate**" means any person or Business Entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term "**control**" means the power to direct or cause the direction of management and policies. The use of the term "**including**" in this Agreement, means in each case "including, without limitation." The term "**person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

100. Third-Party Beneficiaries

Except as expressly provided herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or Business Entity other than us or you, and our and your respective successors and assigns any rights or remedies under this Agreement.

101. Execution

This Agreement may be executed in ~~any number of~~one or more counterparts, each of which ~~when so executed and delivered~~ shall be deemed to be an original, but ~~such counterparts~~all of which together shall constitute ~~the same instrument.~~one agreement. This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature.

102.DISPUTE RESOLUTION

~~22.6 Construction~~

~~The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and none shall be deemed to affect the meaning or construction of any provision hereof.~~

~~22.7 Entire Agreement~~

~~This Agreement, including its exhibits, constitutes the entire, complete, and fully integrated agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersedes all prior representations, promises, and agreements. No amendment, change or variance from this Agreement shall be binding on either party unless memorialized in a writing executed by both parties. Nothing in this or any related agreement, however, is intended to disclaim any representations made by Franchisor in the franchise disclosure document delivered to Franchisee prior to the award of the franchise.~~

~~22.8 Amendments and Modifications~~

~~No amendment, change, or variance from this Agreement shall be binding upon either Franchisor or Franchisee except by mutual written agreement.~~

~~22.9 Survival~~

~~All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.~~

~~22.10 Successor and Assigns~~

~~Except as expressly otherwise provided herein, this Agreement is binding upon and will inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.~~

~~22.11 No Third-Party Beneficiaries~~

~~Except as expressly otherwise provided herein, no third-party shall have the right to claim any of the benefits conferred under this Agreement.~~

~~22.12 Force Majeure~~

~~Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.~~

103. ~~23. ACKNOWLEDGEMENTS~~Arbitration

103.1.1. All controversies, disputes, or claims between us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, and employees), on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related: (1) this Agreement or any other agreement between you (or any of your Owners) and us (or any of our affiliates); (2) our relationship with you or the franchise granted hereby; (3) the scope or

validity of this Agreement or any other agreement between you (or any of your Owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of this arbitration provision, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our (or our successor's or assign's, as applicable) then current principal place of business (currently, Dallas, Texas). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

103.1.2. The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

103.1.3. In any arbitration proceeding, each party will be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Each party 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. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by any party.

103.1.4. Arbitration proceedings will be conducted on an individual basis. no arbitration proceeding may be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on behalf of any party by any association or agent. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

103.1.5. In any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." No interrogatories or requests to admit shall be propounded, unless the parties mutually agree.

103.1.6. The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect and survive the expiration or termination of this Agreement. Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

Franchisee and its Owners represent, warrant, and acknowledge as follows:

23.1 Truth of Information

The information set forth in any and all applications, financial statements and submissions to Franchisor and its Owners are true, complete, and correct in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

23.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

23.3 Risk

Franchisee has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that like any other business, an investment in a BLUEFROG PLUMBING + DRAIN involves business risks and that the success of the venture will be largely dependent upon its own efforts and ability. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

23.4 Timely Receipt of Agreement and Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received an FDD required by applicable state and/or federal laws, including a form of this Agreement, at least 14 calendar days before Franchisee executed this Agreement, the franchise disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

23.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any representation, promise, or guarantee, express or implied, made by Franchisor or any authorized representative of Franchisor, as to the revenues, profits or likelihood of success of the Franchised Business except for representations made in Item 19 of the franchise disclosure document delivered to Franchisee prior to the award of this franchise. Franchisee represents and acknowledges that no representations have been made by Franchisor's officers, directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the franchise disclosure document delivered to Franchisee prior to the award of this franchise.

~~**23.6 No Violation of Other Agreements**~~

~~Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.~~

104. Injunctive Relief

Nothing in this Agreement, including the provisions of Section 18.1, bars our right to obtain specific performance of the provisions of this Agreement and injunctive or other equitable relief against threatened conduct that will cause us, the Marks and/or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and injunctions. You agree that we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

105. Cost of Enforcement or Defense

The prevailing party in any dispute or proceeding shall be entitled to recover from the other party all damages, costs and expenses, including mediation, arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such dispute or proceeding.

106. Choice of Law

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et. seq.). Except to the extent governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et. seq.), the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 et. seq.), or other federal law, this Agreement (or any other agreement between us and our affiliates and you and your affiliates), the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of Texas, without regard to its conflict of laws rules; provided, however, that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

107. Consent to Jurisdiction

Subject to Section 18.1, we and you agree that that all controversies, disputes, or claims between us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, and employees), on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to this Agreement or any other agreement between you (or any of your Owners) and us (or any of our affiliates) or our relationship with you must be commenced exclusively in state or federal court closest to our (or our successor's or assign's, as applicable) then-current principal place of business (currently, Dallas, Texas), and the parties irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, the parties agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you or your Franchised Business or Market Territory is located.

108. Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy.

109. Limitation of Claims

TO EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT (OR ANY OTHER AGREEMENT BETWEEN US AND OUR AFFILIATES, AND YOU AND YOUR AFFILIATES), THE FRANCHISE, AND ALL OR THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS A PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

110. Limitation of Damages

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 16.2, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

111. Waiver of Jury Trial and Punitive Damages

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 16.2, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, BROUGHT BY EITHER OF US

112. Class Action Waiver

WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

[Signature Page to Follows]

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

FRANCHISOR:
BLUEFROG PLUMBING AND DRAIN, LLC

By: _____

Sherry Rose, Chief Executive Officer

FRANCHISEE:

By: _____

Name: _____

Position: _____

EXHIBIT 1 TO THE FRANCHISE AGREEMENT
NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the ____ day of _____, 20___, is by and between _____, ("**Franchisee**") (d/b/a as BlueFrog Plumbing + Drain Franchise) and _____ ("**Individual**").

W I T N E S E T H:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____, 20__ ("**Franchise Agreement**") by and between Franchisee and BlueFrog Plumbing and Drain, LLC ("**Franchisor**") granting Franchisee the right to operate a business identified by the BLUEFROG PLUMBING + DRAIN trade name and service mark (the "**BLUEFROG PLUMBING + DRAIN Business**"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to unfairly compete against Franchisor, Franchisee, or any other BLUEFROG PLUMBING + DRAIN franchisee.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Trade Secrets and Confidential Information

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a "**Trade Secret**" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used by BLUEFROG PLUMBING + DRAIN Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "**Confidential Information**" means technical and non-technical information used in or related to BLUEFROG PLUMBING + DRAIN Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Confidential Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third-party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Franchisor or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisor or Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisor or Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination or expiration of the Franchise Agreement or after termination of Individual's relationship with Franchisee (whichever occurs first), regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a BlueFrog Plumbing + Drain Business.

3. Non-Competition

a) During the term of Individual's relationship with Franchisee and for a period of eighteen months after the termination or expiration of the Franchise Agreement or termination of Individual's relationship with Franchisee (whichever occurs first), regardless of the cause of termination, Individual shall not, directly or indirectly, for himself or herself or through, on behalf of or in conjunction with any person or entity, divert or attempt to divert any business or customer of Franchisee for any competitive business purpose, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the service mark "BLUEFROG PLUMBING + DRAIN" or other trademarks or service marks as Franchisor designates to be used in connection with BLUEFROG PLUMBING + DRAIN Businesses or Franchisor's uniform standards, methods, procedures and specifications for the establishment and operation of BLUEFROG PLUMBING + DRAIN Businesses.

b) During the term of Individual's relationship with Franchisee, Individual shall refrain from owning, maintaining, advising, operating, engaging in, being employed by, making loans to, investing in, providing any assistance to, or having any interest in (as owner or otherwise) or relationship or association with, any Competitive Business that performs services in the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Marks or similar marks or operate or license others the right to operate a business under the Marks or similar marks.

c) Except as otherwise approved in writing by Franchisor, for a period of eighteen months after the termination or expiration of the Franchise Agreement or termination of Individual's relationship with Franchisee (whichever occurs first), Individual (i) shall refrain from owning, maintaining, advising, operating, engaging in, being employed by, making loans to, investing in, providing any assistance to, or

having any interest in (as owner or otherwise) or relationship or association with, any Competitive Business that performs services in the Franchisee's Territory (as defined in the Franchise Agreement), within 25 miles from the perimeter of Franchisee's Territory, or within the territory of any other BLUEFROG PLUMBING + DRAIN business.

d) For purposes of this Agreement, "Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) Competitive Services; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a 5% legal or beneficial interest. "Competitive Services" means services the same as or similar to those provided by BLUEFROG PLUMBING + DRAIN Businesses or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees. "Competitive Services" include, without limitation (1) plumbing inspection, installation, repairs and maintenance, (2) drain cleaning, (3) leak detection and repair, (4) hot water heater sale, installation, maintenance, and repair, (5) water softener and filtration system sale, installation, maintenance, and repair, (6) gas leak detection and repair, (7) tree root removal, and sewer line repair and replacement.

e) During the term of Individual's relationship with Franchisee and for a period of eighteen months thereafter, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any business associate of Franchisee, Franchisor or any other BLUEFROG PLUMBING + DRAIN Business to compete against, or terminate or modify his, her or its business relationship with, Franchisee, Franchisor or any other BLUEFROG PLUMBING + DRAIN Business.

4. Reasonableness of Restrictions

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Franchisor, and Franchisor's Trade Secrets and other Confidential Information, the Franchisor's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Franchisor immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Franchisor shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Franchisor may have at law or in equity.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Dallas County, Texas. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorney's fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns.

f) The failure of either party to insist upon performance in any one or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Franchisor.

j) The existence of any claim or cause of action Individual might have against Franchisee or Franchisor will not constitute a defense to the enforcement by Franchisee or Franchisor of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Franchisor pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No

~~single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.~~

~~INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.~~

~~**THE PARTIES ACKNOWLEDGE THAT THE FRANCHISOR IS AN INTENDED THIRD-PARTY BENEFICIARY TO THIS AGREEMENT WITH INDEPENDENT RIGHTS TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE FRANCHISOR.**~~

IN WITNESS WHEREOF, ~~Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has~~the parties hereto, intending to be legally bound hereby have duly executed this Agreement~~, all being done in duplicate originals with one original being delivered to each party as of the day and year first above written~~.

FRANCHISOR:	**FRANCHISEE:**
BlueFrog Plumbing and Drain, LLC	_____
	(insert legal name)
Sign: _____	Sign: _____
Name: _____	Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

FRANCHISEE:

By: _____

Its: _____

INDIVIDUAL:

Signature: _____

Name Printed: _____

EXHIBIT ~~2~~1 TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND PERSONAL UNDERTAKING

THIS UNLIMITED GUARANTY AND PERSONAL UNDERTAKING (this "**Guaranty**") is executed and delivered to Franchisor ~~on this _____ day of _____, 20___, by each of the undersigned.~~

to be effective as of the effective date of the Franchise Agreement (defined below). Each of the undersigned make the following representations and warranties to Franchisor, and agree to the following:

1. I have read the franchise agreement ~~("**Franchise Agreement**")~~ between BlueFrog Plumbing and Drain, LLC ("**Franchisor**") and _____ (the "**Franchisee**") together with any associated exhibits, agreements, addenda, riders, and other instruments (together, the "**Franchise Agreement**") and am familiar with its terms (capitalized terms not defined herein will have the meaning in the Franchise Agreement).

2. I own a beneficial interest in the Franchisee and/or the Franchised Business, and/or would be considered an "Owner" within the definition contained in the Franchise Agreement.

3. I understand that, were it not for this Guaranty, Franchisor would not have agreed to enter into the Franchise Agreement ~~with the Franchisee~~.

4. I agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including that without limiting the foregoing, I will comply with all of the ~~provisions~~covenants of confidentiality, exclusivity, non-interference, and non-disparagement contained in ~~Articles 8, 9 and 14~~Section 6 of the Franchise Agreement ~~concerning the use of the Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except ***(a)*** to the Franchisee's employees on a need to know basis, ***(b)*** to the Franchisee's and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and ***(c)*** as otherwise may be required by law.~~ .

5. I will comply with all of the provisions contained in ~~Articles 13~~Section 14 of the Franchise Agreement concerning the transfer of ~~the franchise, assignment of my~~any interests ~~in~~I may have in the Franchised Business or the Franchisee~~, and Franchisor's right of first refusal~~.

~~6. While I am an "Owner" of the Franchisee and, for a two-year period after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first), I will not:~~

~~6.1 solicit or otherwise attempt to induce or influence any customer or other business associate of Franchisor to terminate or modify his, her, or its business relationship with Franchisor or its franchisees or to compete against Franchisor or its franchisees; or~~

~~6.3 own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any "Competitive Business" as that term is defined in the Franchise Agreement. This restriction shall apply, while I am an Owner, to any Competitive Business in the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its~~

~~Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first) to any Competitive Business that performs services in the former Territory, within 25 miles from the perimeter of the former Territory, or within the territory of any other BLUEFROG PLUMBING + DRAIN business. The parties acknowledge and agree that Franchisor shall have the right to reduce the scope or duration of this covenant in its sole discretion, and that Franchisee shall comply with the covenant as modified. This two-year restriction will be tolled during any period of my noncompliance.~~

~~7~~6. I agree that the provisions contained in ~~Article 21~~Section 18 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty, including the requirement to arbitrate all claims under Section 18.1. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its ~~reasonable~~ attorneys' fees and costs.

~~8~~7. I hereby personally and unconditionally guarantee to Franchisor and its successors and assigns the punctual and full payment of all amounts owed by the Franchisee under the Franchise Agreement.

~~9.~~ I understand and agree that Franchisor need not exhaust its remedies against the Franchisee or any other guarantor or person before seeking recovery from me under this Guaranty.

~~10~~8. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will neither affect my liability under this Guaranty or be asserted as a defense to enforcement of this Guaranty.

~~11~~9. I hereby waive: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right I may have to require that an action be brought against Franchisee or any other person as a condition of my liability; ~~and~~ (e) any and all other notices and legal or equitable defenses to which I may be entitled; and (f) defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed.

~~12~~10. My liability under this Guaranty shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including~~, without limitation,~~ the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

~~13~~11. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT AND/OR THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT**.

~~14~~12. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

~~15. All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director, or partner of the recipient party); (b) on the next business day after transmission by e-mail or other reasonably reliable electronic communication system; (c) two business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five business days after being sent by Registered Mail, return receipt requested. Notices to me shall be directed to the address identified under my signature. Notices to Franchisor shall be directed to the address for notices identified in the Franchise Agreement. Either party may change its address by delivering to the other party written notice of the change.~~

13. This Guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of the Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither my obligations to make payment or render performance in accordance with the terms of this Guaranty nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of the Franchisee or its estate in bankruptcy or of any remedy for enforcement.

~~16~~14. If more than one person has personally guaranteed ~~Franchisee's~~any performance under and/or agreed to be bound by the Franchise Agreement, my liability with such person shall be joint and several with such guarantors, parties, and the Franchisee.

~~17~~15. This Guaranty shall be binding on me and my heirs, executors, administrators, and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, I warrant and agree that my death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that my estate and heirs shall continue to be liable hereunder with respect to any obligations guaranteed hereunder.

~~18. The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Texas (without giving effect to principles of conflicts of law).~~

~~19. I irrevocably consent and submit to the personal jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters are located at the time legal action is commenced (currently Dallas County, Texas) and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty.~~

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if the Franchisee is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such guarantor (or on such guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

By signing below, any undersigned spouse acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to guarantor's performance of this Guaranty. Each guarantor represents and warrants that, if no signature appears below for such guarantor's spouse, such guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, ~~this Guaranty has been entered into the day and year first before written~~each of the undersigned has affixed his signature to be effective as of the Effective Date.

~~**GUARANTOR**~~ ~~**GUARANTOR**~~

GUARANTOR(S)	SPOUSE(S)
Sign: _____ Name: _____ Address: _____	Sign: _____ Name: _____ Address: _____
Sign: _____ Name: _____ Address: _____	Sign: _____ Name: _____ Address: _____
Sign: _____ Name: _____ Address: _____	Sign: _____ Name: _____ Address: _____

_____ _____

~~Personally and Individually (Printed Name)~~ ~~Personally and Individually (Printed Name)~~

_____ _____

~~Personally and Individually (Signature)~~ ~~Personally and Individually (Signature)~~

~~HOME ADDRESS (USE FOR NOTICES)~~ ~~HOME ADDRESS (USE FOR NOTICES)~~

_____ _____

_____ _____

_____ _____

~~TELEPHONE NO.:~~ _____ ~~TELEPHONE NO.:~~ _____

PERCENTAGE OF OWNERSHIP IN FRANCHISEE: _____ %

PERCENTAGE OF OWNERSHIP IN FRANCHISEE: _____

%

EXHIBIT ~~3~~2 TO THE FRANCHISE AGREEMENT

FRANCHISE OWNERS
~~HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; GOVERNING PERSONS~~

(a) ~~**If the Franchisee operates the business other than as a sole proprietorship,**~~ You operate as the following (please complete ~~**the following**~~):

☐ Sole Proprietorship

☐ Business Entity formed in the State of _____

(b) ~~(a)~~ The following ~~are the "~~is a list of your Owners~~" of Franchisee~~:

Name	Home Address	Telephone Number	Email Address	% of Ownership

(~~b~~c) The following individuals ~~are the Franchisee's~~of your officers, managers, or other governing persons:

Name	Home Address	Telephone Number	Email Address	Title

EXHIBIT 43 TO THE FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO
BLUEFROG PLUMBING AND DRAIN, LLC ("PAYEE")

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the ~~above-named~~above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. ~~It is further agreed that if any such debt is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force~~This authority is to remain in full force and effect until Depository ~~and Payee have~~has received ~~at least 30 days~~joint written notification from Payee and Depositor of ~~its~~the Depositor's termination~~.~~ of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. The Depositor agrees with respect to any action taken pursuant to the above authorization:

1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository (Bank Name):_____ Bank Account Name: _____

Bank Acct #.: _____ Routing # _____

(Please attach one voided check for the above account)

~~Franchise Location Name: _____~~

Depositor:	Depository:
By: _____	By: _____
Title: _____	Title: _____

Date: _____ Date: _____

~~By: _____~~

~~Title of Authorized Representative (Depositor):~~

~~Date: _____~~

EXHIBIT 54 TO THE FRANCHISE AGREEMENT

RIDER TO THE FRANCHISE AGREEMENT FOR USE IN CALIFORNIA CONVERSION ADDENDUM

This Amendment to the Franchise Agreement ("**Amendment**") is agreed to this ___ day of _____, 202___, is by and between BlueFrog Plumbing + Drain, LLC ("**Franchisor**") and _____ _____ ("**Franchisee**").

BACKGROUND

A. The parties have entered into or, contemporaneously with the execution of this Agreement, the parties are entering into, a franchise agreement ("**Franchise Agreement**") pursuant to which Franchisee are acquiring the right to operate a BlueFrog Plumbing + Drain franchise (the "**Franchised Business**") and are agreeing to undertake the obligations of a BlueFrog Plumbing + Drain franchisee.

B. Prior to entering into the Franchise Agreement, Franchisee operated a business similar to the business to be operated under the Franchise Agreement.

C. Recognizing the goodwill and other value associated with said business, the parties desire to modify certain provisions of the Franchise Agreement, as set forth in this Conversion Addendum.

AGREEMENT

In consideration of the mutual promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Royalty Fee. The Franchise Agreement is hereby amended by deleting the Royalty Fee description on the Summary Page to the Franchise Agreement:

ROYALTY FEE: Greater of "Percentage-Based Royalty" or "Minimum Royalty Fee," as listed in table below, measured monthly:

Months after Fee Commencement Date	Minimum Royalty Fee (Per Month)	Percentage-Based Royalty
1 through 6	$500	2% of Gross Sales
7 through 12	$1,000	2% of Gross Sales
13 through 24	$1,500	3% of Gross Sales
25 through 36	$1,500	4% of Gross Sales
37 through end of term	$1,500	Sum of following amounts: (i) 6% of initial $150,000 in monthly Gross Sales; (ii) 5% of monthly Gross Sales between $150,000 and $300,000; and (iii) 4% of monthly Gross Sales above $300,000

This rider ("**Rider**") is made part of that certain Franchise Agreement to which it is attached (the "**Franchise Agreement**") to modify certain provisions of the Franchise Agreement as described in this Rider. Capitalized terms not defined herein will have the meaning in the Franchise Agreement. State law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

1. **BACKGROUND**. This Rider is being signed because (a) the offer or sale of the franchise is being made or was accepted in California, or (b) you are domiciled in California and the Franchised Business will be operated in California.

2. **FRANCHISE FEE**. The following language is added to the end of Section 2.1 of the Franchise Agreement.

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

FRANCHISOR:

BLUEFROG PLUMBING AND DRAIN, LLC

FRANCHISEE:

The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and your Franchised Business is open for business.

By: _____

Sherry Rose, Chief Executive Officer

By: _____

Name: _____

Position: _____

EXHIBIT 6 TO THE FRANCHISE AGREEMENT
CALIFORNIA AMENDMENT TO THE FRANCHISE AGREEMENT

This Amendment to the Franchise Agreement ("**Amendment**") is agreed to this ___ day of _____, 20___, is by and between BlueFrog Plumbing and Drain, LLC ("**Franchisor**") and _____ _____ ("**Franchisee**").

1. 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.

2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

3. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

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

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

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

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

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

9. The franchise agreement requires binding arbitration. The arbitration will occur at Dallas County, Texas with the costs being borne by parties equally.

10. The franchise agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

12 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 agreement restricting venue to a forum outside the State of California.

13. FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

14. The Department has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The

~~Commissioner has imposed a fee deferral of the initial fees. Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.~~

IN WITNESS WHEREOF, ~~each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.~~the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISOR:	**FRANCHISEE:**
BLUEFROG PLUMBING AND DRAIN, LLC	_____ (insert legal name)
Sign: _____	Sign: _____
Name: _____	Name: _____
Title: _____	Title: _____

FRANCHISOR:
BlueFrog Plumbing and Drain, LLC

By: _____
Sherry Rose, Chief Executive Officer

FRANCHISEE:

By: _____
Its:

EXHIBIT ~~6~~4 TO THE FRANCHISE AGREEMENT

~~ILLINOIS AMENDMENT~~RIDER TO THE FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

~~This Amendment to the Franchise Agreement ("**Amendment**") is agreed to this ___ day of _____, 20___, is by and between BlueFrog Plumbing and Drain, LLC ("**Franchisor**") and _____ _____ ("**Franchisee**").~~

~~1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705 (the "**Act**"), the Franchise Agreement for BlueFrog Plumbing and Drain, LLC is amended as follows:~~

~~No general release shall be required as a condition of renewal or transfer or as a condition to receiving a refund of a portion of the Franchise Fee following a termination of the Franchise that is intended to require Franchisee to waive compliance with the Illinois Franchise Disclosure Act, 815 ILCS 705.~~

This rider ("**Rider**") is made part of that certain Franchise Agreement to which it is attached (the "**Franchise Agreement**") to modify certain provisions of the Franchise Agreement as described in this Rider. Capitalized terms not defined herein will have the meaning in the Franchise Agreement. State law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

1. **BACKGROUND**. This Rider is being signed because (a) you are domiciled in the State of Illinois, or (b) the offer of the franchise is made or accepted in the State of Illinois and your Franchised Business is or will be operated in the State of Illinois.

2. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following sentence is added to the end of the Franchise Agreement:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., Illinois law governs the agreements between the parties to this franchise.

~~The conditions under which the Franchise Agreement can be terminated and Franchisee's rights upon termination or non-renewal, as well as the application by which Franchisee must bring any claims, may be governed by~~Section 4 of the Illinois Franchise Disclosure Act~~, 815 ILCS 705/19 and 705/20.~~ provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

~~To the extent the Franchise Agreement's choice of law provision conflicts with Illinois law, such provision shall not serve to bar any claims under the Act and such provision is amended to provide that claims arising under the Act will be governed by Illinois law.~~

~~To the extent the Franchise Agreement's forum selection and/or venue provisions conflict with Illinois law, the requirements are void with respect to claims arising under the Act.~~

~~No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after Franchisee becomes aware of facts or circumstances reasonably indicating that the Franchisee may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to Franchisee of a written notice disclosing the violation, whichever shall first expire.~~

~~2.~~ Section 41 of the Illinois Franchise Disclosure Act provides that ~~A~~any condition, stipulation, or provision purporting to bind any person acquiring any ~~F~~franchise to waive compliance with any provision of ~~this~~the Act or any other law of

this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.Illinois is void.

Your rights upon termination and non-renewal of the Franchise Agreement are subject to Sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Act are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISOR:
BlueFrog Plumbing and Drain, LLC

By: _____
Sherry Rose, Chief Executive Officer

FRANCHISEE:

By: _____
Its:

FRANCHISOR:

BLUEFROG PLUMBING AND DRAIN, LLC

Sign: _____

Name: _____

Title: _____

FRANCHISEE:

_____

(insert legal name)

Sign: _____

Name: _____

Title: _____

EXHIBIT 64 TO THE FRANCHISE AGREEMENT

MARYLAND AMENDMENTRIDER TO THE FRANCHISE AGREEMENT FOR USE IN MARYLAND

This Amendment to the Franchise Agreement ("**Amendment**") is agreed to this ___ day of _____, 20___, is by and between BlueFrog Plumbing and Drain, LLC ("**Franchisor**") and _____ _____ ("**Franchisee**").

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement for BlueFrog Plumbing and Drain, LLC is amended as follows:

This rider ("**Rider**") is made part of that certain Franchise Agreement to which it is attached (the "**Franchise Agreement**") to modify certain provisions of the Franchise Agreement as described in this Rider. Capitalized terms not defined herein will have the meaning in the Franchise Agreement. State law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

1. **BACKGROUND.** This Rider is being signed because (a) you are a resident of the State of Maryland; or (b) your Franchised Business is or will be operated in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **FRANCHISE FEE**. The following is added to the end of Section 2.1 of the Franchise Agreement:

All initial fees and payments will be deferred until such time as we complete our initial obligations under this Agreement and you have begun operating your Franchised Business.

3. **RELEASES.** The following is added to the end of Sections 3.2(j) and 14.2(c) of the Franchise Agreement:

~~Any provision that requires Franchisee to sign a general~~Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal ~~or~~ and/or assignment/transfer ~~of the franchise shall~~will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

~~Notwithstanding any provision that requires that the Franchise be governed by the laws of the State of Texas, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.~~

4. **INSOLVENCY**. The following is added to the end of Section 12.1 of the Franchise Agreement:

This Section might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 18.5 of the Franchise Agreement:

~~Any provision requiring that litigation or arbitration to be conducted in the State of Texas shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.~~A ~~F~~franchisee may bring ~~an action~~a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **ARBITRATION**. The following language is added to the end of Section 18.1 of the Franchise Agreement:

A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

7. **LIMITATIONS OF CLAIMS**. The following is added to the end of Sections 18.7 and 18.8 of the Franchise Agreement:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

8. ~~Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits Franchisor from requiring a~~**RELEASES.** The Franchise Agreement is further amended to state that "All representations requiring prospective franchisees to assent to ~~any~~a release, estoppel or waiver of liability ~~as a condition of purchasing a franchise. Any provisions which require a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise~~ 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."

~~Notwithstanding anything to the contrary contained in the Franchise 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.~~

~~All initial fees and payments shall be deferred until such time as franchisor completes its initial obligations under the franchise agreement.~~

~~2. Any portion of the Franchise Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. 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 and Disclosure Law.~~

~~3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.~~

IN WITNESS WHEREOF, ~~each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.~~the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

~~**FRANCHISOR:**~~ ~~**FRANCHISEE:**~~

~~**BlueFrog Plumbing and Drain, LLC**~~

FRANCHISOR:	**FRANCHISEE:**
BLUEFROG PLUMBING AND DRAIN, LLC	_____
	(insert legal name)
	Sign: _____
Sign: _____	Name: _____
Name: _____	Title: _____
Title: _____	
~~By:~~ _____	~~By:~~ _____
~~Sherry Rose, Chief Executive Officer~~	~~Its:~~

EXHIBIT 64 TO THE FRANCHISE AGREEMENT

MINNESOTA AMENDMENTRIDER TO THE FRANCHISE AGREEMENT FOR USE IN MINNESOTA

This Amendment to the Franchise Agreement ("**Amendment**") is agreed to this ___ day of _____, 20___, is by and between BlueFrog Plumbing and Drain, LLC ("**Franchisor**") and _____ _____ ("**Franchisee**").

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, Franchisor will comply with Minn. Stat. Section 80C.12, Subd. 1(g), (the "**Act**"), which requires Franchisor to protect Franchisee's right to use the trademarks, service marks and trade names and indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of same.

This rider ("**Rider**") is made part of that certain Franchise Agreement to which it is attached (the "**Franchise Agreement**") to modify certain provisions of the Franchise Agreement as described in this Rider. Capitalized terms not defined herein will have the meaning in the Franchise Agreement. State law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

1. **BACKGROUND**. This Rider is being signed because (a) your Franchised Business will be operated wholly or partly in the State of Minnesota; and/or (b) you either a resident of, domiciled it, or actually present in the State of Minnesota.

2. **INTEREST ON LATE PAYMENTS**. The following language is added to the end of Section 7.7 of the Franchise Agreement:

Notwithstanding the foregoing, you and we acknowledge that under Minnesota Statute 604.113 your penalty for an insufficient funds check will be limited to $30 per occurrence.

3. **RELEASES.** The following is added to the end of Sections 3.2(j) and 14.2(c) of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **RENEWAL AND TERMINATION**. The following is added to the end of Sections 3.2 and 12 of the Franchise Agreement:

2. Notwithstanding anything to the contrary set forth in theHowever, with respect to Ffranchises Agreement, Franchisorgoverned by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a Franchiseeyou be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice forof non-renewal of the Franchisethis Agreement.

3. Notwithstanding anything to the contrary set forth in the Franchise Agreement, any general release Franchisee is required to assent to shall not apply to any liability Franchisor may have under the Minnesota Franchise Act.

5. **LOST REVENUE DAMAGES**. The following language is added to the end of Section 13.2 of the Franchise Agreement:

> We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

6. **INJUNCTIVE RELIEF**. The following is added to the end of Section 18.2 of the Franchise Agreement:

> Notwithstanding the foregoing, a court will determine if a bond is required.

7. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR**. The following is added to the end of Section 18.10 of the Franchise Agreement:

> Notwithstanding the foregoing, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

8. ~~4.~~ **MINNESOTA LAW**. Notwithstanding anything to the contrary, Minn. Stat. ~~Section~~Sec. 80C.21 and Minn. Rule 2860.4400J prohibit ~~the Franchisor~~us from requiring ~~litigation to be conducted outside of Minnesota, requiring~~you to waive~~r of~~your rights to a jury trial~~, or requiring the Franchisee~~ or to waive your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties or judgment notes. ~~In addition, nothing in the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.~~

~~5. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.~~

~~6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota law are met independently without reference to this Amendment.~~

IN WITNESS WHEREOF, ~~each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.~~the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

~~**FRANCHISOR:**~~
~~**BlueFrog Plumbing and Drain, LLC**~~

~~**FRANCHISEE:**~~

FRANCHISOR:

BLUEFROG PLUMBING AND DRAIN, LLC

Sign: _____

FRANCHISEE:

_____

(insert legal name)

Sign: _____

Name:	Name:
Title:	Title:
~~By:~~ _____ ~~Sherry Rose, Chief Executive Officer~~	~~By:~~ _____ ~~Its:~~

EXHIBIT ~~6~~4 TO THE FRANCHISE AGREEMENT

~~NEW YORK AMENDMENT~~RIDER TO THE FRANCHISE AGREEMENT
FOR USE IN NEW YORK

~~This Amendment to the Franchise Agreement ("**Amendment**") is agreed to this ___ day of _____, 20___, is by and between BlueFrog Plumbing and Drain, LLC ("**Franchisor**") and _____ _____ ("**Franchisee**").~~

~~1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 through 695, the Franchise Agreement for BlueFrog Plumbing and Drain, LLC is amended as follows:~~

~~Any general release required as a condition of renewal or transfer shall exclude claims arising under the General Business Laws.~~

~~Notwithstanding any contrary provision of the Franchise Agreement, Franchisor shall not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.~~

~~Notwithstanding any contrary provision of the Franchise Agreement, Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products that were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.~~

This rider ("**Rider**") is made part of that certain Franchise Agreement to which it is attached (the "**Franchise Agreement**") to modify certain provisions of the Franchise Agreement as described in this Rider. Capitalized terms not defined herein will have the meaning in the Franchise Agreement. State law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

1. **BACKGROUND**. This Rider is being signed because (a) an offer to sell is made in the State of New York; or (b) an offer to buy is accepted in the State of New York; or (c) if you are domiciled in the State of New York, your Franchised Business is or will be operated in the State of New York.

2. **RELEASES AND WAIVERS**. The following is added to the end of Sections 3.2(n) and 14.2(c) of the Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by you and any causes of action arising in your favor from the provision of Article 33 of the General Business Law of the State of New York and the regulations issued there under shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.4, as amended.

3. **CHOICE OF FORUM AND CHOICE OF LAW**. Nothing herein shall be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York General Business Law, as amended, and the regulations issued thereunder.

4. **TRANSFER**. The following is added to the end of Section 14.1 of the Franchise Agreement:

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 financially able to assume our obligations under this Agreement.

5. **TERMINATION**. The following sentence is added to the end of Section 12.3 of the Franchise Agreement:

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.

[Signature Page to Follow]

~~Any provision that requires that the Franchise be governed by the laws of the state other than New York will not be considered a waiver of any right conferred upon Franchisee by Article 33 of the General Business Laws.~~

~~2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.~~

IN WITNESS WHEREOF, ~~each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.~~the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

~~**FRANCHISOR:**~~
~~**BlueFrog Plumbing and Drain, LLC**~~

~~By:~~ _____
~~Sherry Rose, Chief Executive Officer~~

~~**FRANCHISEE:**~~

~~By:~~ _____
~~Its:~~

FRANCHISOR:

BLUEFROG PLUMBING AND DRAIN, LLC

Sign: _____

Name: _____

Title: _____

FRANCHISEE:

_____

(insert legal name)

Sign: _____

Name: _____

Title: _____

EXHIBIT 64 TO THE FRANCHISE AGREEMENT

NORTH DAKOTA AMENDMENTRIDER TO THE FRANCHISE AGREEMENT FOR USE IN NORTH DAKOTA

This Amendment to the Franchise Agreement ("**Amendment**") is agreed to this ___ day of _____, 20___, is by and between BlueFrog Plumbing and Drain, LLC ("**Franchisor**") and _____ _____ ("**Franchisee**").

In recognition of the requirements of the North Dakota Franchise Investment Law, the Franchise Agreement for BlueFrog Plumbing and Drain, LLC is amended as follows:

This rider ("**Rider**") is made part of that certain Franchise Agreement to which it is attached (the "**Franchise Agreement**") to modify certain provisions of the Franchise Agreement as described in this Rider. Capitalized terms not defined herein will have the meaning in the Franchise Agreement. State law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

1. **BACKGROUND**. This Rider is being signed because (a) an offer to sell is made in the State of North Dakota; or (b) an offer to buy is accepted in the State of North Dakota; or (c) if you are domiciled in the State of North Dakota, your Franchised Business is or will be operated in the State of North Dakota.

1. Section 5.1 of the Franchise Agreement is amended to reflect that Franchisor will defer Franchisee's obligation to pay the initial franchise fee under the Franchise Agreement until the Franchisor has met all of its pre-opening obligations and Franchisee has commenced doing business.

2. **FRANCHISE FEE**. The following is added to the end of Section 2.1 of the Franchise Agreement:

All initial fees and payments will be deferred until such time as we complete our initial obligations under this Agreement and you have begun operating your Franchised Business.

3. **RELEASES.** The following is added to the end of Sections 3.2(n) and 14.2(c) of the Franchise Agreement:

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. **COVENANT NOT TO COMPETE**. The following is added to the end of Section 6.3 of the Franchise Agreement:

2. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of ; however, we will enforce the covenants to the maximum extent the law allows.

5. **LOST REVENUE DAMAGES.** The following language is added to the end of Section 13.2 of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

6. **ARBITRATION**. The following language is added to the end of Section 18.1 of the Franchise Agreement:

~~3.~~ ~~Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of~~Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law~~. Accordingly, the parties must agree on the site where (unless such a requirement is preempted by the Federal Arbitration Act),~~ arbitration ~~or mediation will~~shall be held at a site to which we and you mutually agree.

~~4. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~5. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~6. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.~~

7. **GOVERNING LAW**. The second sentence of Section 18.4 of the Franchise Agreement is deleted in its entirety and replaced with the following language:

~~7. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~8. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.~~

~~9. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~

Except to the extent governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et. seq.), the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 et. seq.), or other federal law, and except as otherwise required by North Dakota law, this Agreement (or any other agreement between us and our affiliates and you and your affiliates), the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of Texas, without regard to its conflict of laws rules; provided, however, that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

~~10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.~~

8. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 18.5 of the Franchise Agreement:

~~11. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.~~

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

9. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Section 18.9 of the Franchise Agreement is deleted.

10. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR**. The following is added to the end of the first paragraph Section 18.10 of the Franchise Agreement:

The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

IN WITNESS WHEREOF, ~~each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.~~the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

~~**FRANCHISOR:**~~ ~~**FRANCHISEE:**~~

~~**BlueFrog Plumbing and Drain, LLC**~~

FRANCHISOR:	**FRANCHISEE:**
BLUEFROG PLUMBING AND DRAIN, LLC	_____
	(insert legal name)

Sign: _____	Sign: _____
Name: _____	Name: _____
Title: _____	Title: _____
~~By:~~ _____	~~By:~~ _____
~~Sherry Rose, Chief Executive Officer~~	~~Its:~~

EXHIBIT ~~6~~4 TO THE FRANCHISE AGREEMENT

~~RHODE ISLAND AMENDMENT~~RIDER TO THE FRANCHISE AGREEMENT FOR USE IN RHODE ISLAND

~~This Amendment to the Franchise Agreement ("**Amendment**") is agreed to this ___ day of _____, 20___, is by and between BlueFrog Plumbing and Drain, LLC ("**Franchisor**") and _____~~

~~_____~~

~~("**Franchisee**").~~

~~In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Agreement for BlueFrog Plumbing and Drain, LLC is amended as follows:~~

~~1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Investment Act. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Investment Act.~~

~~2. If a claim is enforceable under the Rhode Island Franchise Investment Act, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.~~

This rider ("**Rider**") is made part of that certain Franchise Agreement to which it is attached (the "**Franchise Agreement**") to modify certain provisions of the Franchise Agreement as described in this Rider. Capitalized terms not defined herein will have the meaning in the Franchise Agreement. State law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

1. **BACKGROUND**. This Rider is being signed because (a) an offer to sell is made or accepted in the State of Rhode Island, or (b) an offer to buy is accepted in the State of Rhode Island, or (c) you are a resident of the State of Rhode Island and your Franchised Business is or will be operated in the State of Rhode Island.

2. **GOVERNING LAW**. The following is added at the end of Section 18.4 of the Franchise Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

3. **CONSENT TO JURISDICTION**. The following is added at the end of Section 18.5 of the Franchise Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act."

~~3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.~~

~~4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Investment Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Investment Act. Notwithstanding the foregoing, if a rescission offer has been approved by the~~

~~Rhode Island director of business registration, then the statute of limitations is 90 days after your receipt of the rescission offer.~~

~~5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently of this Amendment. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Amendment shall govern.~~

IN WITNESS WHEREOF, ~~each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.~~the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

~~FRANCHISOR:~~ **~~BlueFrog Plumbing and Drain, LLC~~**	**~~FRANCHISEE:~~**
FRANCHISOR: **BLUEFROG PLUMBING AND DRAIN, LLC**	**FRANCHISEE:** _____ (insert legal name)
Sign: _____ Name: _____ Title: _____	Sign: _____ Name: _____ Title: _____
~~By:~~ _____ ~~Sherry Rose, Chief Executive Officer~~	~~By:~~ _____ ~~Its:~~

EXHIBIT ~~6~~4 TO THE FRANCHISE AGREEMENT

~~SOUTH DAKOTA AMENDMENT~~RIDER TO THE FRANCHISE AGREEMENT FOR USE IN SOUTH DAKOTA

This ~~Amendment to~~rider ("**Rider**") is made part of that certain Franchise Agreement to which it is attached (the "**Franchise Agreement**") to modify certain provisions of the Franchise Agreement ~~("**Amendment**") is agreed to this ___ day of _____, 20___, is by and between BlueFrog Plumbing and Drain, LLC ("**Franchisor**") and _____ ("**Franchisee**").~~as described in this Rider. Capitalized terms not defined herein will have the meaning in the Franchise Agreement. State law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

1. ~~In recognition of the requirements of the~~**BACKGROUND**. This Rider is being signed because (a) you are a resident of South Dakota ~~Codified Laws,~~or (b) the Franchised Business that you will operate under the Franchise Agreement ~~for BlueFrog Plumbing and Drain, LLC is amended as follows:~~will be located or operated in South Dakota.

~~1. Fee Deferral. All fees payable under the terms of the Franchise agreement are subject to deferral pursuant to order of the State of South Dakota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.~~

2. **FRANCHISE FEE**. The following is added to the end of Section 2.1 of the Franchise Agreement:

~~2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Codified Laws are met independently without reference to this Amendment.~~

All initial fees and payments will be deferred until such time as we complete our initial obligations under this Agreement and you have begun operating your Franchised Business.

IN WITNESS WHEREOF, ~~each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.~~the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

~~**FRANCHISOR:**~~
~~**BlueFrog Plumbing and Drain, LLC**~~

~~**FRANCHISEE:**~~

FRANCHISOR:

BLUEFROG PLUMBING AND DRAIN, LLC

Sign: _____

FRANCHISEE:

_____

(insert legal name)

Sign: _____

Name: _____	Name: _____
Title: _____	Title: _____
~~By:~~ _____	~~By:~~ _____
~~Sherry Rose, Chief Executive Officer~~	~~Its:~~

EXHIBIT 64 TO THE FRANCHISE AGREEMENT

VIRGINIA AMENDMENTRIDER TO THE FRANCHISE AGREEMENT FOR USE IN VIRGINIA

This Amendment to the Franchise Agreement ("**Amendment**") is agreed to this ___ day of _____, 20___, is by and between BlueFrog Plumbing and Drain, LLC ("**Franchisor**") and _____ _____ ("**Franchisee**").

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

2. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

This rider ("**Rider**") is made part of that certain Franchise Agreement to which it is attached (the "**Franchise Agreement**") to modify certain provisions of the Franchise Agreement as described in this Rider. Capitalized terms not defined herein will have the meaning in the Franchise Agreement. State law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

1. **BACKGROUND**. This Rider is being signed because the Franchised Business that you will operate under the Franchise Agreement will be established or maintained in Virginia.

2. **FRANCHISE FEE**. The following is added to the end of Section 2.1 of the Franchise Agreement:

> All initial fees and payments will be deferred until such time as we complete our initial obligations under this Agreement and you have begun operating your Franchised Business.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown aboveand delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

FRANCHISOR: **BlueFrog Plumbing and Drain, LLC**	**FRANCHISEE:**
FRANCHISOR: **BLUEFROG PLUMBING AND DRAIN, LLC**	**FRANCHISEE:** _____ (insert legal name)

	Sign: _____
Sign: _____	Name: _____
Name: _____	Title: _____
Title: _____	
~~By:~~ _____	~~By:~~ _____
~~Sherry Rose, Chief Executive Officer~~	~~Its:~~

EXHIBIT ~~6~~4 TO THE FRANCHISE AGREEMENT

~~WASHINGTON AMENDMENT~~RIDER TO THE FRANCHISE AGREEMENT ~~AND RELATED AGREEMENTS~~
FOR USE IN WASHINGTON

~~This Amendment to the Franchise Agreement and Related Agreements ("**Amendment**") is agreed to this ___ day of _____, 20___, is by and between BlueFrog Plumbing and Drain, LLC ("**Franchisor**") and _____ ("**Franchisee**").~~

This rider ("**Rider**") is made part of that certain Franchise Agreement to which it is attached (the "**Franchise Agreement**") to modify certain provisions of the Franchise Agreement as described in this Rider. Capitalized terms not defined herein will have the meaning in the Franchise Agreement. State law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

1. **BACKGROUND**. This Rider is being signed because (a) the offer is directed into the State of Washington and is received where it is directed; or (b) you are a resident of the State of Washington; or (d) your Franchised Business is or will be located or operated, wholly or partly, in the State of Washington.

2. **CERTAIN FEES**. The following is added to the end of Section 2.1 of the Franchise Agreement:

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business.

3. **WASHINGTON LAW**. The following paragraphs are added to the end of the Franchise Agreement:

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

~~2.~~ RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

The Securities Division of the State of Washington Department of Financial Institutions requires the following language:

~~4.~~ A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

~~5.~~ Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

~~6.~~ Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

~~7.~~ RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

~~8. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.~~

~~[Signature Page Follows]~~

IN WITNESS WHEREOF, ~~each of the undersigned hereby acknowledges having read this Amendment, and understands and consents to be bound by all of its terms.~~the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

~~**FRANCHISOR:**~~ ~~**FRANCHISEE:**~~

~~**BlueFrog Plumbing and Drain, LLC**~~

FRANCHISOR:	**FRANCHISEE**:
BLUEFROG PLUMBING AND DRAIN, LLC	_____
	(insert legal name)
Sign: _____	Sign: _____
	Name: _____

Name: _____ Title: _____

Title: _____

~~By:~~ _____ ~~By:~~ _____

~~Sherry Rose, Chief Executive Officer~~ ~~Its:~~

EXHIBIT ~~7~~5 TO THE FRANCHISE AGREEMENT

~~**SERA PARTICIPATION AGREEMENT**~~

~~**[See attached]**~~

FRANCHISEE DISCLOSURE QUESTIONNAIRE
SERA PARTICIPATION AGREEMENT

This SERA Participation Agreement (this "Agreement") is entered into between BlueFrog Plumbing and Drain, LLC ("us") and the Franchisee listed in the Summary Table below ("you").

Summary Table

SUMMARY TABLE	
Effective Date	_____, 202___
Licensor	Service Shift, Inc.
Software	*SERA Platform Software* used for mobile workforce and asset management
Franchisee	[_____]
Franchise Agreement Date	_____, 202___
Franchised Business	Your BlueFrog Plumbing + Drain® business operated pursuant to the Franchise Agreement
Subscription Fee	$200 per Technician per month
Initial Expiration Date	July 20, 2022

Background

A. On July 20, 2021, we entered into the following agreements with Licensor (the "Master Agreements"): (i) SERA Terms and Conditions of Service; and (ii) SERA Commitment Letter. Copies of the Master Agreements are attached hereto as Attachment A.

B. Pursuant to the Master Agreements: (i) Licensor has granted to us and to our participating franchisees a license to utilize the Software in connection with the operation of BlueFrog Plumbing + Drain® businesses; and (ii) we have agreed to collect the applicable Subscription Fees from our participating franchisees and remit such Subscription Fees to Licensor.

Agreement

1. **Participation**. By signing this Agreement, you agree to utilize the Software in connection with the operation of your Business. You agree to comply with the terms and conditions contained within: (i) this Agreement; and (ii) all other agreements entered into between you and Licensor ("Other Agreements") relating to the use of the Software. You further agree to comply with all of the terms and conditions within the Master Agreements that are applicable to you and/or your Technicians.

2. **Fees**. We shall pay to Licensor, on your behalf, any one-time initial fees imposed under the Master Agreements with respect to your use of the Software. For the duration of the Term, you agree to pay us a separate Subscription Fee for each of your Technicians (defined in Section 3 below) that has access to the Software during all or any portion of the immediately preceding month. The monthly Subscription Fee shall be prorated for any Technician that either joins or leaves your Business during the month. Provided that the Technician remains part of your Business, you must continue to pay the monthly Subscription Fee for each Technician for each month of the Term, regardless of whether such Technician actually uses the Software during any given month of the Term. Subscription Fees are due on the 1st day of each month based on the total number of Technicians associated with your Business during the prior month as reported to us by Licensor. You must pay us Subscription Fees based on the number of Technicians Licensor reports to us. Any dispute as to the number of Technicians associated with your Business for a given month must be addressed by you and Licensor. We will remit to Licensor all Subscription Fees that we collect from you. You

further agree to pay us an amount equal to any taxes and other amounts we must pay based on use of the Software by your Technicians. You must pay us all amounts owed under this Section in the manner we specify.

3. **Technicians**. For purposes of this Agreement, a "Technician" includes all of your owners, officers, directors, employees, independent contractors and other representatives that provide estimates on behalf of your Business.

4. **Indemnification**. You agree that your indemnification obligations in the Franchise Agreement shall extend to, any apply with respect to, any damages, expenses or losses we incur based upon your breach of the terms of this Agreement or any Other Agreement.

5. **Term and Renewal**. The initial term of this Agreement (the "Term") shall commence upon the Effective Date and expire upon the earlier to occur of: (i) the Initial Expiration Date set forth in the Summary Table; or (ii) the first day of the month immediately following the month during which your Franchise Agreement is terminated or expires without renewal. Upon expiration of the Term, this Agreement shall automatically renew for an unlimited number of one-year renewal terms (each, a "Renewal Term") unless: (i) we notify you that we will not renew the Master Agreements upon the expiration of the Term or Renewal Term, as applicable; (ii) the Master Agreements are terminated for any reason; or (iii) your Franchise Agreement is terminated or expires without renewal on or prior to the expiration of the Term or Renewal Term, as applicable. Upon renewal, we may amend the Subscription Fee to correspond with any changes to the Subscription Fee imposed under the Master Agreements, and you agree to pay such amended Subscription Fee for the duration of the applicable Renewal Term.

6. **Termination**. This Agreement shall automatically terminate upon the termination or expiration (without renewal) of the Franchise Agreement. We may also terminate this Agreement upon 10 days' written notice if you breach any of the terms or conditions of this Agreement and fail to cure such default before the expiration of the 10-day notice period. Any termination of this Agreement by us due to your default shall be grounds for us to terminate the Franchise Agreement. Upon the termination or expiration (without renewal) of this Agreement, you must: (i) immediately pay us all amounts owed (including Subscription Fees owed on the 1st day of the monthly immediately following the date this Agreement is terminated or expires); (ii) cause your Technicians to immediately cease use of the Software; and (iii) comply with all applicable terms and conditions of the Master Agreements and Other Agreements, including covenants to protect Licensor's intellectual property rights.

7. Miscellaneous.

(a) This Agreement may be amended only through a written amendment executed by you and us. This Agreement (together with the Master Agreements and Other Agreements referenced in this Agreement) contains the entire understanding between you and us with respect to your use of the Software.

(b) This Agreement shall be governed by the laws of Texas, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

(c) The execution, delivery and performance of this Agreement has been duly and validly authorized, and the parties have authority to bind their companies to the terms hereof.

YOU:	**US:**
[_____	**BLUEFROG PLUMBING AND DRAIN, LLC**
_]	

~~By:~~ _____ ~~By:~~ _____

~~Name:~~ _____ ~~Name:~~ _____

~~Its:~~ _____ ~~Its:~~ _____

~~ATTACHMENT A~~

~~Master Agreements~~

~~[See Attached]~~

DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS WILL BE LOCATED IN: CALIFORNIA, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

You are preparing to enter into a BlueFrog Plumbing + Drain Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

Please review each of the following questions carefully and provide responses.

1. Have you received and carefully reviewed the Disclosure Document provided to you?

_ Yes _ No

2. Do you understand all of the information contained in the Disclosure Document?

_ Yes _ No

If you answered "No", what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary)

_____

_____

3. Have you received and carefully reviewed the Franchise Agreement and each exhibit, appendix, and schedule attached to the Franchise Agreement?

_ Yes _ No

4. Do you understand all of the information contained in the Franchise Agreement and each exhibit, appendix, and schedule attached to it?

_ Yes _ No

If you answered "No", what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

_____

_____

5. Have you been given the opportunity, whether or not you may have done so, to discuss the risks of operating a BlueFrog Plumbing + Drain Franchise with an attorney, accountant or other professional advisor?

_ Yes _ No

6. Do you understand that the purchase of a BLUEFROG PLUMBING + DRAIN Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your BlueFrog Plumbing + Drain Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the System, competition from other businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

_ Yes _ No

7. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

_ Yes _ No

If you answered "No" to any of the Questions 1 through 7, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below) If you have answered "No" to each of these questions, please leave the following lines blank.

_____

_____

_____

_____

8. Other than any statements specifically provided in Item 19 of our Disclosure Document, have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement concerning the revenues, profits and/or income of a BLUEFROG PLUMBING + DRAIN Franchise?

_ Yes _ No

9. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement about the amount of money you may earn or the revenue or profits that you should or might expect to achieve as a franchisee that is contrary to, or different from, the information contained in our Disclosure Document?

_ Yes _ No

10. Have any of our employees or representatives made any statement or promise regarding the costs you may incur in operating a BlueFrog Plumbing + Drain Franchise; the advertising, marketing, training, support service or assistance that we will furnish to you; or any other statement, promise or agreement that is contrary to, or different from, the information contained in the Disclosure Document provided to you?

_ Yes _ No

11. Have any of our employees or representatives made any promise or agreement concerning the amount or type of customers that may be available to you if you purchase a BLUEFROG PLUMBING + DRAIN Franchise?

_ Yes _ No

11. If you answered "Yes" to any of the Questions 8 through 11, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below) If you have answered "No" to each of these questions, please leave the following lines blank.

Explanation

_____

_____

_____

_____

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant:

-

Date: _____ _____

_____, Individually

Date: _____ _____

_____, Individually

~~**EXHIBIT I**~~

~~**TO THE FRANCHISE DISCLOSURE DOCUMENT**~~

EXHIBIT B-2

GENERAL RELEASE

~~**GENERAL RELEASE (SAMPLE FORM)**~~

~~BLUEFROG PLUMBING + DRAIN~~
~~GENERAL~~**WAIVER AND RELEASE OF CLAIMS**

BLUEFROG PLUMBING AND DRAIN, LLC ("**we**," "**us**," or "**our**") and _____ _____ ("**you**" or "**your**") are currently are parties to a certain Franchise Agreement (the "**Agreement**") dated _____, 20___. You have asked us to take the following action or to agree to the following request: _____
_____
_____
_____
_____ We have the right under the Agreement to obtain a general release from you and your owners as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

~~THIS GENERAL RELEASE ("Release") is made effective as of this, the _____ day of _____ _____, 20___, by _____, individually and _____ _____, (collectively, "Franchisee") in favor of BlueFrog Plumbing and Drain, LLC, a Delaware limited liability company ("Franchisor") (collectively referred to as "Parties"), who, on the basis of the following, agree as follows:~~

~~A. The Parties have entered into that certain Franchise Agreement dated _____, ("Franchise Agreement"), which governs the development and operation of a BlueFrog Plumbing + Drain® Franchise ("Franchise" or "Franchised Business") (to the extent not otherwise defined herein, all initial-capitalized references shall have the same meaning as set forth in the Franchise Agreement);~~

~~B. The Franchisee desires to transfer the Franchise Agreement, the ownership of the Franchisee, or the Franchised Business or some or all of the assets of the Franchised Business;~~

~~OR~~

~~B. The Franchisee desires to enter into a successor to the Franchise Agreement;~~

~~C. The Franchisor desires to consent to the Franchisee's request subject to the Franchisee's compliance with the terms and conditions set forth in the Franchise Agreement including, without limitation, the Franchisee's execution and delivery of this Release to the Franchisor.~~

~~1. Release. The Franchisee, for itself and its affiliates, and their respective current and former~~You and your owners, jointly and severally, on behalf of themselves and their spouses and immediate family members, and each such foregoing person's or entity's respective affiliates, employees, owners, officers, directors, successors, assigns, ~~officers, shareholders, directors, members, managers, agents, heirs and personal representatives ("Franchisee Affiliates"),~~spouses and immediate family members (the "**Releasing Parties**") hereby fully and forever unconditionally release~~s~~ and discharge~~s the Franchisor and its~~us and our current and former affiliates, parents, subsidiaries, franchisees, area developers, owners, agents, insurers and our and their respective ~~successors, assigns, agents, representatives~~affiliates, employees, officers, ~~shareholders,~~ directors, ~~members, managers and insurers (collectively referred to as~~successors, assigns, owners, guarantors and other representatives (the "**Franchisor** ~~Affiliates~~**Parties**"), of and from any and all claims, ~~demands,~~ obligations, debts, proceedings, demands, causes of action~~s~~, rights to terminate and rescind, liabilities ~~and~~, losses, damages, and rights of every kind and nature whatsoever ~~("Released Claims"),~~

~~in~~, and known or unknown, suspected or unsuspected, whether at law or in equity, ~~whether known or unknown, which the Franchisee or the Franchisee Affiliates may now~~which any of them has, had, or may have against any of the Franchisor ~~or Franchisor Affiliates or which may hereafter be discovered. Without limiting the foregoing, Released Claims includes, but is not limited to, all claims, demands, obligations, actions, liabilities and damages, known or unknown, in any way arising from or relating to: (i) any relationship or transaction with the Franchisor or Franchisor Affiliates, (ii) the Franchise Agreement or any related agreements, and (iii) the franchise relationship~~Parties, from the beginning of time ~~until~~to the date of this ~~Release.~~ document (together, "**Claims**"), including any and all Claims in any way arising out of or relating to the Agreement or the relationship of the Releasing Parties with any of the Franchisor Parties. You and your owners, on your own behalf and the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity.

~~2. State Specific Regulations.~~

IF THE FRANCHISE ~~THAT FRANCHISEE~~YOU OPERATE~~S~~ UNDER THE ~~FRANCHISE~~ AGREEMENT IS LOCATED IN CALIFORNIA OR ANY OF THE ~~FRANCHISEE AFFILIATES ARE~~RELEASING PARTIES IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS ~~FRANCHISEE'S~~YOUR INTENTION, ON ~~ITS~~YOUR OWN BEHALF AND ON BEHALF OF THE ~~FRANCHISEE AFFILIATES~~RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY ~~FRANCHISEE OR THE FRANCHISEE AFFILIATES. FRANCHISEE~~YOU OR THE RELEASING PARTIES. YOU RECOGNIZE~~S~~ THAT ~~FRANCHISEE OR THE FRANCHISEE AFFILIATES~~YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST ~~FRANCHISOR OR ANY OF THE FRANCHISOR AFFILIATES~~THE FRANCHISOR PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS ~~FRANCHISEE'S~~YOUR INTENTION, ON ~~ITS~~YOUR OWN BEHALF AND ON BEHALF OF THE ~~FRANCHISEE AFFILIATES~~RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST ~~FRANCHISOR OR ANY OF THE FRANCHISOR AFFILIATES~~THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, ~~FRANCHISEE~~YOU, ON ~~ITS~~YOUR OWN BEHALF AND ON BEHALF OF THE ~~FRANCHISEE AFFILIATES~~RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE

DEBTOR OR RELEASED PARTY."

~~FRANCHISEE~~YOU ACKNOWLEDGE~~S~~ AND REPRESENT~~S~~ THAT ~~FRANCHISEE HAS~~YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT ~~FRANCHISEE~~YOU UNDERSTAND~~S~~ ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the franchise ~~that Franchisee~~you operate~~s~~ under the ~~Franchise~~ Agreement is located in Maryland or if any of the ~~Franchisee Affiliates are~~Releasing Parties is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

~~All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland franchise registration and disclosure law.~~

If the franchise you operate under the Agreement is located in Washington or if any of the Releasing Parties is a resident of Washington, the following shall apply:

~~Nothing in this Agreement will amount to~~Any general release ~~of claims arising~~provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act~~, RCW 19.100, and the rules adopted thereunder~~.

~~3. General. This Release shall be construed and enforced in accordance with, and governed by, the laws of the State of Texas. This Release embodies the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings relating to the subject matter hereof: and this Release may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. Nothing in this Release is intended to disclaim any representations made by the Franchisor in the most recent franchise disclosure document provided by the Franchisor or its representatives to the Franchisee in connection with any successor to the Franchise Agreement. The headings are for convenience in reference only and shall not limit or otherwise affect the meaning hereof. This Release may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. If any provision of this Release shall be held by a court of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed modified to eliminate the invalid or unenforceable element and, as so modified, such provision shall be deemed a part of this Release as though originally included. The remaining provisions of this Release shall not be affected by such modification. All provisions of this Release are binding and shall inure to the benefit of the Parties and their respective delegatees, successors and assigns.~~

[signature page to follow]

IN WITNESS WHEREOF, the Parties have ~~caused this Release to be made effective on the day and year~~executed this Agreement as of the date first ~~above~~ written above.

FRANCHISOR:	**FRANCHISEE:**
~~**BLUEFROG PLUMBING AND DRAIN, LLC**~~	
By: _____	By: _____
Its: _____	Its: _____
~~Sherry Rose, Chief Executive Officer~~	~~Name~~Date: _____ Date: _____
	~~Position:~~ _____

NEW EXHIBIT

EXHIBIT B-3

CONSENT TO TRANSFER

CONSENT TO TRANSFER

This **CONSENT TO TRANSFER** (this "**Consent**") is made as of _____ (the "**Effective Date**") by and among **BLUEFROG PLUMBING AND DRAIN, LLC**, a Delaware limited liability company ("**Franchisor**"), _____, a(n) _____ ("**Transferor**"), _____, a(n) _____ ("**Transferor Owner**"), _____, a(n) _____ ("**Transferee**"), and _____, a(n) _____("**Transferee Owner**"). Transferor, Transferor Owner, Transferee, and Transferee Owner are hereafter collectively referred to as the "**Franchisee Parties.**" All capitalized used but not defined in this Consent have the meaning given to them in Franchise Agreement (as defined below).

RECITALS

A. Franchisor and Transferor are parties to a certain franchise agreement dated _____ (the "**Franchise Agreement**") pursuant to which Transferor owns and operates the Franchised Business within the territory described therein;

B. Transferor has notified Franchisor that it wishes to sell, transfer, and convey the Franchised Business to Transferee, and Transferee wishes to purchase, own, and operate the Franchised Business, pursuant to the terms of that certain _____ dated _____ executed between _____ and _____ (the "**Transfer**"); and

C. Under the Franchise Agreement, the Transfer requires Franchisor's prior written consent, which it is willing to grant on the terms of this Consent.

AGREEMENT

IN CONSIDERATION of the foregoing, the covenants and agreements contained in this Consent, and other good and valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Consent to Transfer and Waiver of Right of First Refusal**. Subject to the terms and conditions of this Consent, Franchisor hereby consents to the Transfer and waives its right of first refusal to acquire the Franchised Business. This Consent is strictly limited to the Transfer and will not be construed as Franchisor's consent to, or the waiver of its rights in respect of, any further or subsequent transfers, each of which will require Franchisor's separate prior written consent under the Franchise Agreement.

2. **Execution of New Franchise Agreement.** Under the Franchise Agreement, Franchisor may, and does hereby, condition its consent to the Transfer on Transferee's and Transferee Owner's execution, concurrently with the execution of this Consent, of the current form of franchise agreement for the Franchised Business, including all related documents such as Unlimited Guaranty and Personal Undertaking (collectively, the "**New Franchise Agreement**"). Therefore, concurrently with the execution of this Consent, Transferee and Transferee Owner will execute a New Franchise Agreement, which will from and after the Effective Date govern Transferee's ownership and operation of the Franchised Business. V.1

3. **Termination of Franchise Agreement and Surviving Obligations**. Upon the execution of the New Franchise Agreement as described above, the Franchise Agreement shall be deemed automatically terminated; provided that, the termination of the Franchise Agreement does not (a) affect any obligations that arose or accrued under the Franchise Agreement (or any other related agreements to which they were a party) prior to the termination, or (b) release Transferor from any obligations that, as provided

in the Franchise Agreement (or any other related agreements to which they were a party), survive or are triggered by the termination of those agreements (including, for example, the post-termination obligations regarding payment of amounts owed, confidentiality, noncompetition, cessation of use of Marks and other intellectual property, and all other such obligations described in the Franchise Agreement, and the indemnification obligations thereunder with respect to claims arising from or based on events which occurred prior to termination).

4. **Payment of Transfer Fee**. Under the Franchise Agreement and as a condition of granting its consent to the Transfer, Franchisor may, and hereby does, require Transferor to pay a lump sum transfer fee equal to five thousand dollars ($5,000). Transferor agrees to pay or cause Franchisor to be paid, the transfer fee concurrently upon the execution of this Consent.

5. **Representations and Warranties**. The Franchisee Parties each, jointly and severally, represent and warrant to Franchisor that:

(i) Transferee is a legal entity that is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization;

(ii) each Franchisee Party has all requisite power and authority to be bound by the terms of this Consent and to carry out and perform its obligations under this Consent; and

(iii) except for Franchisor's consent, which will be granted on its execution of this Consent, all conditions precedent to the Transfer (including, without limitation, all required landlord consents, if applicable) have been satisfied or waived, and upon Franchisor' consent and upon Franchisor's consent the Franchised Business will be owned and operated by Transferee.

6. **Further Assurances**. Each Franchisee Party hereby covenants and agrees, at its own expense, to execute and deliver, at Franchisor's request and without additional consideration, such further instruments and to take such other action as Franchisor may request to more effectively consummate the Transfer and the effectiveness of this Consent.

7. **Release**. The Franchisee Parties on behalf of themselves and their current and former affiliates, and each of the foregoing persons' officers, directors, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the "**Franchisee Group**") hereby release, acquit and forever discharge Franchisor, any and all of its past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the "**Franchisor Group**") from any and all claims, liabilities, damages, expenses, actions or causes of action of any kind which any member of the Franchisee Group may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever (collectively "**claims**"), including any claims directly or indirectly arising out of or relating to the Franchise Agreement or the offer, sale or acceptance of the franchises related thereto (including, but not limited to any disclosures and representations made in connection therewith). The Franchisee Parties further covenant on behalf of the Franchisee Group not to sue any member of the Franchisor Group on any of the claims released by this paragraph, and warrant and represent that they have not assigned or otherwise transferred any claims released by this paragraph.

8. **Non-Disparagement**. The Franchisee Parties agree not to, and cause the other members of the Franchisee Group and any other person not to, directly or indirectly (i) disparage, discredit, or otherwise speak negatively of any member of the Franchisor Group, the BlueFrog® brand and its franchisees, or any other brands owned by the members of the Franchisor Group, (ii) take any other action which would, directly or indirectly, subject any of the foregoing to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact or injure the goodwill of the System or the Marks; or (iii) take any other action which would constitute an act of moral turpitude and/or is or could reasonably become the subject of public scandal, disrepute, or infamy.

9. **Franchisor's Role**. The Franchisee Parties agree that (i) they have negotiated the Transfer without Franchisor's involvement, and (ii) Franchisor's only involvement in the Transfer transaction is limited to exercising its right of consent to the Transfer in accordance with the Franchise Agreement. The Franchisee Parties hereby represent to Franchisor that the Transfer will not violate any applicable laws or jeopardize the operations of the Franchised Business.

10. **Dispute Resolution**. Any disputes arising under this Consent shall be subject to and resolved in accordance with the choice of law and dispute resolution provisions of the Franchise Agreement (Section 18), the provisions of which are incorporated herein as though copied in their entirety.

11. **Binding Effect**. This Consent inures to the benefit of the parties and their respective successors and assigns and will be binding upon the parties and their respective successors, permitted assigns, and legal representatives. If there is any conflict between the provisions of this Consent and the provisions of the Franchise Agreement, the provisions of this Consent will prevail.

12. **Miscellaneous**. This Consent constitutes the entire understanding between the parties with respect to the matters it contemplates. All references in this Consent to the singular usage will be construed to include the plural and the masculine and neutral usages to include the other and the feminine. This Consent may be executed in multiple copies, each of which will be deemed an original. This Consent may be executed by electronic means.

[*Signature page follows*]

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

FRANCHISOR

BLUEFROG PLUMBING AND DRAIN, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

TRANSFEREE

_____,
a(n) _____

By: _____
Name: _____
Title: _____

TRANSFEROR

_____,
a(n) _____

By: _____
Name: _____
Title: _____

TRANSFEREE OWNER

a(n) _____

Sign: _____

TRANSFEROR OWNER

_____,
a(n) _____

Sign: _____

EXHIBIT ~~A-1~~C

STATE ~~APPENDIX~~ADDENDA

EXHIBIT C

STATE ADDENDA

FOR THE FOLLOWING STATES: CALIFORNIA, ~~HAWAII,~~ ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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

FOR THE STATE OF CALIFORNIA

1. ~~1.~~ 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.

2. ~~2.~~ Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

~~You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).~~

3. Neither we, our parent, predecessor or affiliates nor any person ~~identified~~ in ~~ITEM~~Item 2 of the ~~d~~Disclosure ~~d~~Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling ~~these~~such persons from membership in ~~the~~that association or exchange.

4. ~~3.~~ ITEM ~~6~~5 of the ~~d~~Disclosure ~~d~~Document is ~~amended~~supplemented to add the following:

~~. The highest rate of interest allowed by California law is 10% annually.~~

= The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and your Franchised Business is open for business.

5. ~~4.~~ ITEM 17 of the ~~d~~Disclosure ~~d~~Document is ~~amended~~supplemented to add the following:

= The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning transfer, termination, or non-renewal of a franchise. If

the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

~~The franchise agreement requires binding arbitration. The arbitration will occur at Dallas County, Texas with the costs being borne by parties equally.~~

~~The franchise agreement requires application of the laws of Texas. This provision may not be enforceable under California law.~~

The Franchise Agreement requires binding arbitration. 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 agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 *et seq.*)

The following URL address is for the franchisor's website: www.bluefrog.com

6. ~~5.~~ FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF ~~FINANCIAL PROTECTION & INNOVATION~~BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT ~~OF FINANCIAL PROTECTION & INNOVATION AT WWW.DFPI.CA.GOV.~~ BUSINESS OVERSIGHT AT https://dbo.ca.gov/.

~~6. The Department has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a fee deferral of the initial fees. Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.~~

FOR THE STATE OF ILLINOIS

~~No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire.~~

~~Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois.~~

~~Any provision in the Franchise Agreement requiring a general release is void if the provision requires a waiver of compliance with the Illinois Franchise Disclosure Act.~~

~~Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void.~~

1. ITEM 17 of the ~~d~~Disclosure ~~d~~Document is ~~amended~~supplemented to add the following:

~~The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 and 705/20.~~

= Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will apply.

Section 4 of ~~T~~the Illinois Franchise Disclosure Act provides that any provision in ~~the~~a ~~F~~franchise ~~A~~agreement ~~which~~that designates jurisdiction or venue ~~in a forum~~outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois ~~is void with respect to any cause of action which otherwise is enforceable in Illinois~~.

= Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

= Your rights upon termination and non-renewal of a franchise agreement or area development agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

FOR THE STATE OF MARYLAND

1. ITEM 5 of the Disclosure Document is ~~amended~~supplemented to add the following:

= All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the franchise agreement.

2. ITEM 17 of the ~~d~~Disclosure ~~d~~Document is ~~amended~~supplemented to add the following:

= Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

= The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 *et seq.*), but we will enforce it to the extent enforceable.

~~Any litigation between~~A ~~F~~franchisee ~~and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of~~may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

~~—~~ Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

= This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a

franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

FOR THE STATE OF MINNESOTA

1. ~~Item 13~~ITEM 5 of the Disclosure Document is supplemented ~~by~~to add the following:

~~With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Section 80C.12, Subd. 1(g), which requires us to protect your right to use the trademarks, service marks, and trade names, and indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of same.~~

Liquidated Damages will not be enforced to the extent prohibited by applicable law.

2. ITEM 13 of the Disclosure Document is supplemented to add the following:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we will also indemnify you from any loss, costs, or expenses from any claims, suits, or demands regarding your use of the Marks in accordance with Minn. Stat. Section 80C.12, Subd. 1(g).

3. ~~Item~~ITEM 17 of the Disclosure Document is supplemented ~~by~~to add the following:

~~A. Renewal and Termination.~~ With respect to franchises governed by Minnesota law, ~~we will comply with Minn. Stat. Sec.~~Minnesota Statutes, Section 80C.14, Subd~~s~~. 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 Agreement.

~~B. Choice of Forum. Minn. Stat.~~Minnesota Statutes Section 80C.21 and ~~Minn.~~Minnesota Rule~~s 2860.4400J~~2860.4400(J) might prohibit ~~the franchisor~~us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial, or requiring ~~the franchisee~~you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the ~~Franchise~~ Disclosure Document or Franchise ~~a~~Agreement(s) can abrogate or reduce any of ~~franchisee's~~your rights as provided for in Minnesota Statutes, Chapter 80C, or ~~franchisee's~~your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation, or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

~~C. Releases. Minn. Rule 2860.4400D prohibits us from requiring a franchisee to assent to a general release. A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.~~

~~D. Injunctive Relief. Minn. Rule 2860.4400J prohibits us from requiring a franchisee to consent to a franchisor obtaining injunctive relief. We may seek injunctive relief. In addition, a court will determine if a bond is required.~~

~~E. Limitation of Claims. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Section 80C.17, Subd. 5, which requires that no action may be commenced more than three years after the cause of action accrues.~~

Any release required as a condition of transfer or assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minnesota Rule

2860.4400(D).

FOR THE STATE OF NEW YORK

1. The ~~following information is added to the c~~Cover ~~p~~Page of the ~~Franchise~~ Disclosure Document is supplemented to add the following:

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 FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN ~~THIS~~THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND ~~THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR~~ NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

WE MAY, IF ~~IT~~WE CHOOSE~~S~~, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. ~~The following is to be added at the end of Item 3~~ITEM 3 of the Disclosure Document is supplemented to add the following:

~~Except as provided above, w~~With regard to ~~the franchisor, its~~us, our parent, predecessor, ~~a~~or affiliate, the persons identified in Item 2, or an affiliate offering franchises under ~~the franchisor's~~our principal trademark:

= ~~A.~~ No such party has an administrative, criminal or civil action pending against that person alleging: a felony~~,~~; a violation of a franchise, antitrust~~,~~ or securities law~~,~~; fraud, embezzlement, fraudulent conversion, misappropriation of property~~,~~; unfair or deceptive practices; or comparable civil or misdemeanor allegations.

= ~~B.~~ No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

= ~~C.~~ No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been ~~the subject of~~held liable in a civil action alleging: violation of a franchise, ~~antifraud~~antitrust, or securities law; fraud; embezzlement; fraudulent conversion ~~or~~; misappropriation of property; ~~or~~ unfair or deceptive practices; or comparable allegations.

= ~~D.~~ No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a ~~F~~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~~or 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 of the Disclosure Document is supplemented to add the following:

= 3. Neither the franchisor nor its affiliate, its predecessor, officers, or general partners or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document have, during the 10-year period immediately before the date of this Franchise Disclosure Document: (a) filed as a 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 U.S. bBankruptcy eCode; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisorours held this position in the company or partnership.

4. The following is added to the end of Item 5ITEM 5 of the Disclosure Document is supplemented to add the following:

= We apply Tthe initial franchise fee constitutes part of our general operating funds and will be used as such in our discretionto defray our costs for site review and approval, sales, legal compliance, salary, and general administrative expenses and profits.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17 (m), entitled "**Conditions for franchisor approval of transfer**".

5. ITEM 17 of the Disclosure Document is supplemented to add the following:

= However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

= You may terminate the Franchise aAgreement on any grounds available by law.

7. The following is added to the end of the "**Summary**" section of Item 17(j), titled "**Assignment of Contract by Franchisor**".

= HoweverTo the extent required by applicable law, 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 our obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**".

The ~~foregoing~~governing choice of law and choice of forum should not be considered a waiver of any right conferred upon ~~the franchisor or upon the franchisee by~~you by the provisions of Article 33 of the General Business Law of the State of New York.

FOR THE STATE OF NORTH DAKOTA

~~1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.~~

~~3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.~~

~~8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.~~

~~9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.~~

~~10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.~~

1. ~~11.~~ ~~Items~~ITEM 5 of the Disclosure Document is supplemented ~~by~~to add the following:

Pursuant to an order of the North Dakota ~~law, your obligation to pay to us~~Securities Commissioner, we will defer collection of the initial franchise fee ~~is deferred~~and ither initial payments you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement~~,~~ and you ~~have~~ beg~~u~~in operating your ~~BLUEFROG PLUMBING + DRAIN~~Franchised ~~b~~Business.

2. ITEM 6 of the Disclosure Document is supplemented to add the following:

Liquidated Damages will not be enforced to the extent prohibited by applicable law.

Sections of the Disclosure Document requiring you to pay all costs and expenses incurred by us in enforcing the agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

3. ITEM 17 of the Disclosure Document is supplemented to add the following:

Post-termination covenants not to compete are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which you and we mutually agree.

Subject to your arbitration obligation, and to the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota.

Except as otherwise required by North Dakota law, the laws of the state of Texas will apply.

Any release required as a condition of renewal and/or assignment or transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

FOR THE STATE OF RHODE ISLAND

1. ITEM 17~~(v) and (w) are~~ of the Disclosure Document is supplemented ~~by~~to add the following:

~~. §~~Section 19-18.1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act. To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act."

~~* Also, see the Rhode Island Addendum that is attached to the franchise agreement for additional information.~~

FOR THE STATE OF SOUTH DAKOTA

1. ~~Item~~ITEM 5 of the Disclosure Document is ~~amended~~supplemented to add the following:

~~"Fee Deferral~~

All fees referenced in Item 5 of this Disclosure Document are subject to deferral pursuant to an order of the State of South Dakota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.~~"~~

FOR THE STATE OF VIRGINIA

1. ITEM 5 of the Disclosure Document is ~~amended~~supplemented to add the following:

~~"Fee Deferral~~

= The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.~~"~~

2. ITEM 17~~(h)~~ of the Disclosure Document is ~~amended~~supplemented to add the following:

~~Under~~Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause ~~or to use undue influence to induce a franchisee to surrender any right given by any provision contained in the franchise~~. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause~~"~~," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

FOR THE STATE OF WASHINGTON

~~The following risk factor is added to the Special Risks to Consider About This Franchise page of the Disclosure Document:~~

1. ITEM 5 of the Disclosure Document is supplemented to add the following:

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

= Pursuant to an order of the Department of Financial Institutions, we will defer collection of the initial franchise fee and other initial payments you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement and you have begun operating your Franchised Business.

2. ITEM 17 of the Disclosure Document is supplemented to add the following:

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

= The State of Washington has a statute, RCW 19.100.180, which may supersede the ~~f~~Franchise ~~a~~Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the ~~f~~Franchise ~~a~~Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

= In any arbitration ~~or mediation~~ involving a franchise purchased in Washington, the arbitration ~~or mediation~~ site ~~will~~shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration ~~or mediation~~, or as determined by the arbitrator ~~or mediator~~ at the time of arbitration ~~or mediation~~.

= In ~~addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation~~the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, ~~in Washington~~Chapter 19.100 RCW will prevail.

= A release or waiver of rights executed by a franchisee ~~may~~shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder

except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

= Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the ~~f~~Franchise ~~a~~Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

= RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

~~In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.~~

~~FOR THE STATE OF WISCONSIN~~

~~ITEM 17 of the Disclosure Document is supplemented by the following:~~

~~. For franchisees subject to the Wisconsin Fair Dealership law, CH. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.~~

EXHIBIT ~~E~~
~~TO THE FRANCHISE DISCLOSURE DOCUMENT~~D

TABLE OF CONTENTS OF MANUAL

TABLE OF CONTENTS

Section A: Introduction..... 5 pages

Section B: Success Start Procedures..... 9 pages

Section C: Personnel ..... 30 pages

Section D: Sales ..... 13 pages

Section E: Managing the Business ..... 15 pages

Section F: Marketing..... 30 pages

Total Number of Pages in Manual:102

EXHIBIT ~~F~~E
~~TO THE FRANCHISE DISCLOSURE DOCUMENT~~
FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS

BLUEFROG PLUMBING AND DRAIN, LLC
BALANCE SHEETS
January 1, 2023 to March 31, 2023
UNAUDITED FINANCIAL STATEMENTS

ASSETS

	YTD 2023	2022
Current Assets:		
Cash and cash equivalents	564,113	344,519
Restricted cash	228,733	200,733
Accounts receivable, net	186,672	115,812
Accounts receivable, related party	4,945	4,945
Notes receivable	-	-
Prepaid expenses	15,768	23,747
Deferred costs, current	27,637	27,637
Inventory	-	-
Total current assets	1,027,869	717,393
Property and equipment, net	10,251	11,509
Other assets:		
Intangibles, net	331,542	340,967
Goodwill, net	774,815	802,161
Deferred costs, net of current	228,139	228,139
Total other assets	1,334,495	1,371,267
Total assets	2,372,615	2,100,169

LIABILITIES AND MEMBER'S EQUITY

	YTD 2023	2022
Current liabilities:		
Accounts payable	12,972	16,024
Accounts payable, related party	3,837	4,051
Accrued expenses and other payables	25,882	70,863
Deferred brand fund	180,424	180,424
Deferred revenue, current	52,113	52,113
Total current liabilities	275,229	323,474
Due to related party	936,187	653,591
Deferred revenue, net of current	429,576	429,576
Total liabilities	1,640,992	1,406,642
Member's equity	731,623	693,527
Total liabilities and members' equity	2,372,615	2,100,169

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

BLUEFROG PLUMBING AND DRAIN, LLC
STATEMENTS OF OPERATIONS
January 1, 2023 to March 31, 2023
UNAUDITED FINANCIAL STATEMENTS
STATEMENTS OF OPERATIONS

	YTD 2023	2022
Operating Revenues:		
Franchise fees	98,350	134,856
Royalty fees	243,282	804,794
Brand fund	91,398	257,094
Technology fees	42,491	107,856
Other	359	1,004
Total operating revenues	475,880	1,305,604
Operating expenses:		
Advertising	17,891	35,362
Brand fund	44,155	211,220
Consulting	11,073	44,275
Depreciation and amortization	38,029	150,813
Franchise sales commissions	62,585	64,900
Insurance	-	-
Management fee	-	49,500
Office expense	-	4,566
Other expense	118,612	407,531
Professional fees	20,838	176,929
Salaries, wages, and benefits	81,671	315,939
Technology services	36,267	129,601
Travel and entertainment	6,663	28,853
Total operating expenses	437,784	1,619,489
Net loss from operations	38,096	(313,885)
Other income (expense):		
Interest income	-	58
Rental income	-	-
Total other income	-	58
Net loss	38,096	(313,827)

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

BLUEFROG PLUMBING AND DRAIN, LLC
STATEMENTS OF CASH FLOWS
January 1, 2023 to March 31, 2023
UNAUDITED FINANCIAL STATEMENTS
Statements of Cash Flows

	YTD 2023	2022
Cash Flows from operating activities		
Net Loss	38,096	(313,827)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	38,029	150,813
Bad debt expense	-	25,587
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Restricted Cash	(28,000)	(37,044)
Accounts receivable	(70,860)	(108,536)
Accounts receivable, related party	-	222
Prepaid expenses	7,979	(13,147)
Deferred costs	-	(202,350)
Inventory	-	1,243
Other assets	-	-
Increase (decrease) in:		
Accounts payable	(3,052)	10,107
Accounts payable, related party	(213)	4,051
Accrued expenses and other payables	(44,981)	34,863
Deferred brand fund	-	(24,444)
Deferred revenue	-	373,519
Net cash used by operating activities	(63,001)	(98,943)
Cash Flows from investing activities		
Due to related party	282,596	347,675
Purchase of property and equipment	-	(14,049)
Net cash used by investing activities	282,596	333,626
Cash Flows from financing activities		
Proceeds from notes receivable	-	4,120
Net cash used by financing activities	-	4,120
Net (decrease) increase in cash and cash equivalents	219,595	238,803
Cash and cash equivalents, beginning of period	344,519	105,716
Cash and cash equivalents, end of period	564,114	344,519

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

AUDITED FINANCIAL STATEMENTS

BLUEFROG PLUMBING & DRAIN, LLC

FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

with

Independent Auditors' Report

BLUEFROG PLUMBING & DRAIN, LLC
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Member's Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7

HM&M
HUSELTON, MORGAN AND MAULTSBY

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Member of
BlueFrog Plumbing & Drain, LLC

Opinion

We have audited the accompanying financial statements of BlueFrog Plumbing & Drain, LLC (the "Company")(a subsidiary of Stellar Brands, LLC), which comprise the balance sheet as of December 31, 2022, and the related statement of operations, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of the Company as of December 31, 2021 and for the year then ended were audited by other auditors whose report dated March 2, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

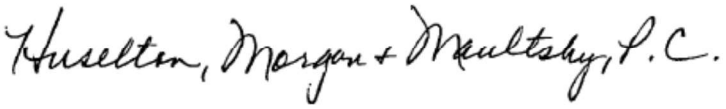
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance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

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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



Dallas, Texas
April 17, 2023

BLUEFROG PLUMBING & DRAIN, LLC
BALANCE SHEETS
December 31, 2022 and 2021

ASSETS

	2022	2021
Current assets:		
Cash and cash equivalents	$ 344,519	$ 105,716
Restricted cash	200,733	163,689
Accounts receivable, net	115,812	32,863
Accounts receivable, related party	4,945	5,167
Notes receivable	-	4,120
Prepaid expenses	23,747	10,600
Deferred costs, current	27,637	7,400
Inventory	-	1,243
Total current assets	717,393	330,798
Property and equipment, net	11,509	1,187
Other assets:		
Intangibles, net	340,967	378,667
Goodwill, net	802,161	911,547
Deferred costs, net of current	228,139	46,026
Total other assets	1,371,267	1,336,240
Total assets	$ 2,100,169	$ 1,668,225

LIABILITIES AND MEMBERS' EQUITY

	2022	2021
Current liabilities:		
Accounts payable	$ 16,024	$ 5,917
Accounts payable, related party	4,051	-
Accrued expenses and other payables	70,863	36,000
Deferred brand fund	180,424	204,868
Deferred revenue, current	52,113	10,492
Total current liabilities	323,475	257,277
Due to related party	653,591	305,916
Deferred revenue, net of current	429,576	97,678
Total liabilities	1,406,642	660,871
Members' equity	693,527	1,007,354
Total liabilities and members' equity	$ 2,100,169	$ 1,668,225

See accompanying notes to the financial statements.

BLUEFROG PLUMBING & DRAIN, LLC
STATEMENTS OF OPERATIONS
Years Ended December 31, 2022 and 2021

	2022	2021
Operating revenues:		
Franchise fees	$ 134,856	$ 48,080
Royalty fees	804,794	597,457
Brand fund	257,094	127,770
Technology fees	107,855	3,490
Other	1,004	-
Total operating revenues	1,305,603	776,797
Operating expenses:		
Advertising	35,361	22,430
Brand fund	211,220	127,778
Consulting	44,275	24,015
Depreciation and amortization	150,813	147,607
Franchise sales commissions	64,900	20,574
Insurance	-	3,954
Management fee	49,500	27,000
Office expense	4,566	1,015
Other expense	407,531	126,021
Professional fees	176,929	210,517
Salaries, wages, and benefits	315,938	288,791
Technology services	129,601	35,497
Travel and entertainment	28,854	22,125
Total operating expenses	1,619,488	1,057,324
Net loss from operations	(313,885)	(280,527)
Other income (expense):		
Interest income	58	558
Rental income	-	11,904
Total other income	58	12,462
Net loss	$ (313,827)	$ (268,065)

See accompanying notes to the financial statements.

BLUEFROG PLUMBING & DRAIN, LLC
STATEMENTS OF CHANGES IN MEMBER'S EQUITY
Years Ended December 31, 2022 and 2021

Balance at December 31, 2020	$	1,275,419
Net loss		(268,065)
Balance at December 31, 2021		1,007,354
Net loss		(313,827)
Balance at December 31, 2022	$	693,527

See accompanying notes to the financial statements.

BLUEFROG PLUMBING & DRAIN, LLC
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Net loss	$ (313,827)	$ (268,065)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	150,813	147,607
Bad debt expense	25,587	2,000
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Restricted cash	(37,044)	(74,964)
Accounts receivable	(108,536)	(8,992)
Accounts receivable, related party	222	-
Prepaid expenses	(13,147)	-
Deferred costs	(202,350)	-
Inventory	1,243	-
Other assets	-	(35,475)
Increase (decrease) in:		
Accounts payable	10,107	155,356
Accounts payable, related party	4,051	-
Accrued expenses and other payables	34,863	-
Deferred brand fund	(24,444)	-
Deferred revenue	373,519	90,670
Net cash (used) provided by operating activities	(98,943)	8,137
Cash flows from investing activities:		
Due to related party	347,675	-
Purchase of property and equipment	(14,049)	(1,709)
Net cash used in investing activities	333,626	(1,709)
Cash flows from financing activities:		
Proceeds from notes receivable	4,120	-
Net cash provided by financing activities	4,120	-
Net increase in cash and cash equivalents	238,803	6,428
Cash and cash equivalents, beginning of year	105,716	99,288
Cash and cash equivalents, end of year	$ 344,519	$ 105,716

Supplemental Disclosures

	2022	2021
Cash paid during the year for interest	$ 58	$ 558

See accompanying notes to the financial statements.

BLUEFROG PLUMBING & DRAIN, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

1. NATURE OF OPERATIONS

BlueFrog Plumbing & Drain, LLC (the "Company"), is a master franchisor that grants franchises for the operation of a business offering plumbing services, drain cleaning services, water and gas leak detection and repair services, and water heater, water softener, and water filtration system services using their proprietary methods and the BLUEFROG PLUMBING + DRAIN mark. The Company earns revenues predominantly from initial franchise fees, royalty fees, and advertising fee revenues.

The Company was organized and formed under the laws of the state of Delaware and is a wholly-owned subsidiary of Stellar Brands, LLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Recently Adopted Accounting Pronouncements

In January 2021, the Financial Accounting Standards Board issued Accounting Standards Update 2021-02: *Franchisors – Revenue from Contracts with Customers* ("ASU 2021-02") which provides a practical expedient to nonpublic franchisors for applying FASB Topic 606 to pre-opening services. The guidance allows for all pre-opening service obligations to be bundled and considered one single performance obligation rather than each pre-opening service (site selection, training, quality control, information technology, etc.) being its own standalone performance obligation. The Company elected to apply the practical expedient, see Note 7 for further discussion.

The Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02, *Leases,* which supersedes the previous lease requirements in Accounting Standards Codification ("ASU") 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Management has evaluated the requirements of the new standard and determined it does not have a material impact on the financial statements.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used for financial reporting purposes.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash

Restricted cash held by the Company relates to cash provided by franchisees that is to be used solely for marketing and advertising purposes.

Fair Value of Financial Instruments

The Company’s financial instruments, none of which are held for trading purposes, include cash and cash equivalents, notes and accounts receivable, accounts payable, and accrued expenses. Management estimates that the

fair value of all financial instruments as of December 31, 2022 and 2021 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to a concentration of a credit risk principally consist of cash and trade receivables. The Company's franchisees operate throughout the United States. To reduce credit risk, the Company performs on-going credit evaluations of its franchisees' financial condition.

In the normal course of business, the Company may have bank account balances in excess of federally insured limits. If cash balances exceed the amounts covered by insurance provided by the Federal Deposit Insurance Corporation, the excess balances could be at risk of loss. The amount at risk of loss at December 31, 2022 is $297,043.

Accounts Receivable

The Company's accounts receivable are primarily due from franchisees for monthly royalty fees. The allowance for doubtful accounts receivable represents the Company's estimate of potential accounts receivable write-offs associated with recognized revenue based on historical trends and factors surrounding the credit risk of specific franchisees. The Company writes off accounts receivable when franchises have resold or are terminated and other means for collection have been exhausted. Payments subsequently collected are credited back to the provision for doubtful accounts in the period the payments are received.

Allowances for doubtful accounts totaled $2,000 as of December 31, 2022 and 2021, respectively.

Notes Receivable

Notes receivable are related to the Company financing initial franchise fees with eligible franchisees. Notes receivable are stated at the outstanding principal amount, net of the allowance for uncollectible notes. The Company provides an allowance for uncollectible notes, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Outstanding notes accrue interest based on the terms of the respective note agreements. A note receivable is considered delinquent when the debtor has missed three or more payments. At that time, the note is placed on nonaccrual status and interest accrual ceases and does not resume until the note is no longer classified as delinquent. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the borrower.

At December 31, 2022 and 2021, all notes receivable are considered collectible, therefore, the Company did not have a reserve for uncollectible notes.

Costs to Obtain Contracts with Customers

The Company capitalizes incremental contract cost associated with obtaining franchise contracts which include broker fees, sales commissions, and general fees that would not have been incurred had the franchise sale not occurred. These costs are reported as deferred costs (assets) and are expensed pro-rata similarly to franchise fee revenue with a portion being recognized as a pre-opening services cost and the remaining on a straight line basis over the term of the underlying franchise agreement. Amortization of deferred costs is included in commission expenses in the Statements of Operations.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

Property and Equipment

Property and equipment are stated at cost. The Company capitalizes assets with useful lives greater than one year and a value of more than $1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets. The estimated useful lives range from three to five years. Repairs and maintenance costs that do not substantially increase the useful lives of the property and equipment are expensed as incurred.

Intangible Assets

Intangible assets are recorded at their estimated fair values as of the date of acquisition. Intangible assets with definite lives consist of franchise contracts acquired and are amortized on a straight-line basis over their economic useful lives. The Company assesses the recoverability of its definite lived intangible assets primarily based on its current and anticipated future undiscounted cash flows. Intangible assets with indefinite lives consist of the Company's trade name.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of tangible and identifiable intangible assets acquired through acquisitions. The Company has adopted the accounting alternative offered to nonpublic entities for the subsequent measurement of goodwill. In accordance with this alternative, the Company amortizes goodwill over ten years on a straight-line basis and only evaluates goodwill for impairment at the entity level when a triggering event occurs.

Income Taxes

Under existing provisions of the Internal Revenue Code, the income or loss of a limited liability company is recognized by the individual member for federal income tax purposes. Accordingly, no provision for federal income tax has been provided for in the accompanying financial statements. However, the Company remains liable for state income taxes.

Management has evaluated the Company’s tax positions and has not identified any material uncertain tax positions that would not be sustained in a federal or state income tax examination. Accordingly, no provision for uncertainties in income taxes has been made in the accompanying financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Advertising

Advertising and promotion statements related directly to franchisees are expensed as incurred and are included in brand fund expenses in the Statement of Operations. All general advertising and promotion costs of the Company are allocated as operating expenses in the Statements of Operations. Advertising expenses that were directly related to revenues for the years ended December 31, 2022 and 2021 totals $211,220 and $127,778, respectively. General advertising and promotion expenses for the years ended December 31, 2022 and 2021 total $35,361 and $22,430, respectively.

Reclassification

Certain reclassifications have been made to the presentation of the financial statements for the year ended December 31, 2021 to correspond with the current year's financial statement format. Total member’s equity and net loss are unchanged due to these classifications.

3. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable by major classification and the related allowance for doubtful accounts at December 31, 2022 and 2021:

	2022	2021
Royalty fees	$ 82,673	$ 21,309
Brand fund	20,861	8,597
Technology fees	13,633	1,813
Digital marketing	-	1,196
Other receivables	645	1,948
Less: allowance for doubtful accounts	(2,000)	(2,000)
Total	$ 115,812	$ 32,863

Bad debt expense for the years ended December 31, 2022 and 2021 totals $25,587 and $2,000, respectively.

4. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment by major classification and the related accumulated depreciation and at December 31, 2022 and 2021:

	2022	2021
Equipment	$ 10,979	$ 1,709
Software	7,820	-
	18,799	1,709
Less: accumulated depreciation	(7,290)	(522)
Total	$ 11,509	$ 1,187

Depreciation expense for the years ended December 31, 2022 and 2021 totals $6,768 and $522, respectively.

5. INTANGIBLE ASSETS

The following is a summary of intangible assets and related accumulated amortization as of December 31, 2022 and 2021:

	2022	2021
Franchise contracts acquired	$ 377,000	$ 377,000
Less: accumulated amortization	(100,533)	(62,833)
Total amortizable intangibles	276,467	314,167
Trade name	64,500	64,500
Total	$ 340,967	$ 378,667

Amortization expense for the years ended December 31, 2022 and 2021 totals $37,700.

Remaining amortization expense over the next five years and thereafter is as follows:

	Franchise Contracts
2023	$ 37,700
2024	37,700
2025	37,700
2026	37,700
2027	37,700
Thereafter	87,967
	$ 276,467

6. GOODWILL

The following is a summary of goodwill and the related amortization expense at December 31, 2022 and 2021:

	2022	2021
Goodwill	$ 1,093,858	$ 1,093,858
Less: accumulated amortization	(291,697)	(182,311)
Total	$ 802,161	$ 911,547

Amortization expense for the years ended December 31, 2022 and 2021 totals $109,386.

Remaining amortization expense over the next five years and thereafter is as follows:

	Goodwill
2023	$ 109,386
2024	109,386
2025	109,386
2026	109,386
2027	109,386
Thereafter	255,231
	$ 802,161

7. REVENUE RECOGNITION

The Company generates franchise revenues through royalties, initial and successor franchise fees, transfer fees, and other fees. The Company's primary performance obligations under the franchise license is providing certain pre-opening services and granting certain rights to use the Company's intellectual property. All other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for as a single performance obligation, which is satisfied by granting certain rights to use intellectual property over the term of each franchise agreement.

The Company has elected not to adjust consideration for the effects of financing which is allowable under a practical expedient when the period between the receipt of payment and the transfer of the goods or services to the customer is one year or less.

The Company does not believe the contracts contain any terms that would result in variable consideration that should be considered in the transaction price. Thus, the transaction price for financial reporting purposes is the total value of the franchise agreement, excluding royalty fees, brand fund fees, and tech fees.

Royalty and Brand Fund Revenues

Royalties, including franchisee contributions to national advertising funds, are calculated as a percentage of franchise monthly dues and annual fees over the term of the franchise agreement. The franchise royalties represent sales-based royalties that are related entirely to the performance obligation under the franchise agreement and are recognized as franchise sales occur. Additionally, contributions to national advertising funds are due monthly and are recognized in income when earned.

Franchise Licenses

Initial and successor franchise fees are payable by the franchisee upon signing a new franchise agreement or successor franchise agreement, and transfer fees are paid to the Company when one franchisee transfers a franchise agreement to a different franchisee. As stated in Note 2, the Company has elected the practical expedient available for the recognition of income related to franchise licenses. Accordingly, franchise licenses revenue recognition includes two performance obligations: 1) pre-opening services, 2) ongoing assistance and continued access to the brand's intellectual property provided to that franchisee through the term of the franchise agreement. Pre-opening services revenue is recognized once the services have been provided and the franchisee commences business operations. The Company recognizes franchise fee revenue of $12,110 for pre-opening services based on an estimate of the cost of specific goods and services provided. The remaining franchisee fee revenue is amortized on a straight-line basis over the term of the franchise agreement.

Franchise fee revenue disaggregated by type for the year ended December 31, 2022 and 2021 is as follows:

	2022	2021
Pre-opening revenue	$ 96,883	$ 36,330
Ongoing revenue	37,973	11,750
Total	$ 134,856	$ 48,080

Contract assets consist of deferred costs related to obtaining franchise contracts, such as broker fees, sales commissions, and general fees. The following table reflects the change in contract assets:

	2022	2021
Beginning balance	$ 53,426	$ -
Increase	267,250	74,000
Expense recognized	(64,900)	(20,574)
Ending balance	$ 255,776	$ 53,426

The following table illustrates estimated costs expected to be expensed in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2022.

2023	$ 27,637
2024	27,637
2025	27,637
2026	27,637
2027	27,637
Thereafter	117,591
Total	$ 255,776

Contract liabilities consist of deferred revenue resulting from initial and successor franchise fees, as well as transfer fees. The following table reflects the change in contract liabilities:

	2022	2021
Beginning balance	$ 108,170	$ 17,500
Increase	508,375	156,250
Revenue recognized	(134,856)	(65,580)
Ending balance	$ 481,689	$ 108,170

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2022. The Company has elected to exclude short term contracts, sales and usage based royalties and any other variable consideration recognized on an "as invoiced" basis.

2023	$ 52,113
2024	52,113
2025	52,113
2026	52,113
2027	52,113
Thereafter	221,124
Total	$ 481,689

8. RELATED PARTY TRANSACTIONS

The Company receives financial support from a commonly owned affiliated company, Restoration 1 Franchising Holding, LLC ("Restoration"). The Company is not expected to pay this balance within the next year, therefore, the balance is classified as due to related party in the accompanying Balance Sheets. For the year ended December 31, 2022 and 2021, the amount due to Restoration totals $653,591 and $305,916, respectively. Restoration has confirmed that they will continue to support the operations of the Company for liquidity needs.

In the ordinary course of business, the Company transacts with other related entities. The following is a summary of accounts receivable, related party at December 31, 2022 and 2021:

	2022	2021
TDC Franchising, LLC	$ -	$ 188
FranXperts, LLC	181	4,979
Softroc Global, LLC	4,764	-
Total	$ 4,945	$ 5,167

In the ordinary course of business, the Company transacts with other related entities. The following is a summary of accounts payable, related party at December 31, 2022 and 2021:

	2022	2021
TDC Franchising, LLC	$ 4,051	$ -
Total	$ 4,051	$ -

The Company participates in a shared services agreement with Restoration for the related party to provide various shared services. These services include strategic planning and oversight, oversight of new franchisee on-boarding and training, supply chain assistance, marketing and advertising, back office support (legal, accounting, technology) and various other management services. The Company paid $368,197 and $84,323 for these services for the years ended December 31, 2022 and 2021, respectively. These expenses are reported in other expenses in the accompanying Statements of Operations.

Stellar Brands LLC, a related company, participates in a management agreement with an affiliated entity. The agreement calls for $112,500 quarterly payments as part of the compensation consideration to be paid under the agreement. These payment obligations are allocated among various related entities. The Company was allocated $49,500 and $27,000 for these services for the years ended December 31, 2022 and 2021, respectively. These expenses are reported in management fee in the accompanying Statements of Operations.

9. OPERATING LEASE

The Company leased office space under a non-cancellable operating lease that expired in February 2021. A portion of the leased space was subleased to a third party. There was no rental expense and sublease income for the year ended December 31, 2022. For the year ended December 31, 2021, rental expense totals $15,579 and sublease rental income totals $11,904.

10. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. Events could occur that would change this estimate materially in the near term.

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the balance sheet date through April 17, 2023, the date at which the financial statements were available to be issued, and determined there are no items to disclose.

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)
Financial Statements
December 31, 2021
April 25 - December 31, 2020
January 1 - April 24, 2020
Year ended December 31, 2019
(With Independent Auditor's Report Thereon)

JRBT

[illegible]

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Members
BlueFrog Plumbing & Drain, LLC:

Opinion

We have audited the financial statements of BlueFrog Plumbing & Drain, LLC (a subsidiary of Stellar Brands, LLC) (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020 and April 24, 2020, and the related statements of operations, members' equity, and cash flows for the year ended December 31, 2021, the period from April 25, 2020 to December 31, 2020, and the period from January 1, 2020 to April 24, 2020, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BlueFrog Plumbing & Drain, LLC as of December 31, 2021 and 2020 and April 24, 2020, and the results of its operations and its cash flows for the year ended December 31, 2021, the period from April 25, 2020 to December 31, 2020, and the period from January 1, 2020 to April 24, 2020, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The financial statements of the Company for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on March 27, 2020.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

[Signature]

March 2, 2023

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Balance Sheets

December 31, 2021 and 2020
April 24, 2020

Assets

		December 31, 2021	December 31, 2020	April 24, 2020
Current assets:				
Cash	$	269,403	99,288	73,438
Accounts receivable, net		32,863	16,393	17,201
Notes receivable, current portion		4,120	5,478	5,327
Prepaid expenses		10,600	29,794	16,549
Deferred costs, current portion		7,400	-	-
Inventory		1,243	-	-
Total current assets		325,631	154,953	109,515
Property and equipment:				
Equipment		1,709	-	-
Less accumulated depreciation		(522)	-	-
Net property and equipment		1,187	-	-
Other assets:				
Trade name		64,500	64,500	64,500
Franchise contracts acquired, net		314,152	351,369	373,000
Goodwill, net		911,547	1,000,982	1,093,857
Notes receivable, excluding current portion		-	4,120	11,283
Deferred costs, excluding current portion		46,026	-	-
Due from related parties		5,167	-	-
Total other assets		1,341,407	1,441,419	1,546,639
Total assets	$	1,668,325	1,596,372	1,656,154

See accompanying notes to financial statements.

Liabilities and Members' Equity:

	December 31, 2023	December 31, 2022	April 24, 2020
Current liabilities:			
Accounts payable	$ 2,917	6,016	24,315
Accrued expenses and other payables	240,868	85,413	101,839
Deferred revenue, current portion	30,892	1,750	-
Total current liabilities	282,277	93,179	126,154
Deferred revenue, net of current portion	92,678	15,750	-
Due to related party	305,916	227,304	-
Total liabilities	680,871	336,953	126,154
Members' equity	1,087,354	1,279,419	1,530,000
Total liabilities and members' equity	$ 1,768,225	1,616,372	1,656,154

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Statements of Operations

Year ended December 31, 2021
Period from April 25, 2020 to December 31, 2020
Period from January 1, 2020 to April 24, 2020
Year ended December 31, 2019

		2021	December 31, 2020	April 24, 2020	2019
Revenues:					
Franchise sales fees	$	48,080	30,000	46,369	33,375
Franchise royalty fees		597,457	323,301	141,934	377,045
Website and marketing revenues		131,260	132,882	41,466	136,085
Other income		-	-	-	18,500
		776,797	436,183	229,769	565,005
Cost of revenues:					
Website and marketing costs		127,778	131,882	41,466	136,085
Gross profit		649,019	344,301	188,243	428,920
General and administrative expenses		899,421	557,880	412,129	846,157
Operating loss		(250,402)	(213,579)	(223,986)	(417,237)
Other income (expense):					
Interest income, net		558	680	303	1,673
Rental income		11,904	-	-	-
Management consulting fee		(27,000)	(37,088)	-	-
Other expense, net		(3,125)	(4,594)	(14,547)	(6,147)
Net loss	$	(268,065)	(254,581)	(238,180)	(421,711)

See accompanying notes to financial statements.

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Statements of Members' Equity

Year ended December 31, 2021
Period from April 25, 2020 to December 31, 2020
Period from January 1, 2020 to April 24, 2020
Year ended December 31, 2019

	Members' Equity (Deficit)	Due from Member	Total Members' Equity (Deficit)
Balances at January 1, 2019	$ (96,619)	-	(96,619)
Due from member	-	(149,249)	(149,249)
Cumulative effect of change in accounting principle	31,554	-	31,554
Payments on behalf of member	-	(156,595)	(156,595)
Member distribution	(3,723)	-	(3,723)
Net Loss	(421,711)	-	(421,711)
Balances at December 31, 2019	(490,499)	(305,844)	(796,343)
Acquisition accounting adjustment	2,277,840	306,244	2,584,084
Member distributions	(19,161)	-	(19,161)
Net Loss	(238,180)	-	(238,180)
Balances at April 24, 2020	1,530,000	-	1,530,000
Net Loss	(254,581)	-	(254,581)
Balances at December 31, 2020	1,275,419	-	1,275,419
Net Loss	(268,065)	-	(268,065)
Balances at December 31, 2021	$ 1,007,354	-	1,007,354

See accompanying notes to financial statements.

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stoller Brands, LLC)

Statement of Cash Flows

Year ended December 31, 2021
Period from April 25, 2020 to December 31, 2020
Period from January 1, 2020 to April 24, 2020
Year ended December 31, 2019

	2021	December 31, 2020	April 24, 2020	2019
Cash flows from operating activities				
Net loss	$ (268,250)	(249,250)	(258,180)	(441,711)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	147,697	68,598	57,833	81,163
Allowance for doubtful accounts	1,000	-	-	-
Changes in operating assets and liabilities:				
Accounts and notes receivable, net	(8,972)	6,918	4,923	21,161
Other assets	(54,175)	(19,085)	(37,978)	(55,258)
Accounts payable and accrued expenses	130,698	(85,720)	12,894	82,213
Deferred revenue	60,150	13,400	128,180	77,615
Net cash provided by (used in) operating activities	88,148	(265,138)	(92,328)	(235,807)
Cash flows from investing activities				
Capital expenditures	(1,750)	-	-	-
Net cash used in investing activities	(1,750)	-	-	-
Cash flows from financing activities				
Proceeds from policy	88,750	313,688	31,776	313,688
Member distributions	-	-	(19,160)	(77,958)
Net cash provided by financing activities	88,750	313,688	12,616	235,730
Net increase in cash	175,148	48,550	(79,712)	(77)
Cash at beginning of period	99,288	50,738	130,450	130,527
Cash at end of period	$ 274,436	99,288	50,738	130,450
Supplemental disclosure of cash flow information:				
Cash paid during the period for interest	$ 228	600	268	4,000
Non-cash investing and financing activities:				
Net assets acquired in acquisition of BFP	$ -	-	-	2,111,000
Non-cash financing activities:				
Net assets acquired in acquisition of BFP	$ -	-	-	2,111,000

See accompanying notes to financial statements.

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Notes to Financial Statements

Year ended December 31, 2021
Period from April 25, 2020 to December 31, 2020
Period from January 1, 2020 to April 24, 2020
Year ended December 31, 2019

(1) Summary of Significant Accounting Policies

BlueFrog Plumbing & Drain, LLC (the "**Company**"), is a master franchisor that grants franchises for the operation of a business offering plumbing services, drain cleaning services, water and gas leak detection and repair services, and water heater, water softener, and water filtration system services using their proprietary methods and the BLUEFROG PLUMBING + DRAIN mark. The Company earns revenues predominantly from initial franchise fees, royalty fees, and advertising fee revenues.

The Company was organized and formed under the laws of the state of Delaware and is a wholly-owned subsidiary of Stellar Brands, LLC. The fiscal year-end of the Company is December 31. On April 24, 2020, control of the Company changed in a restructure agreement between the current and former members. As further discussed in Note 2, the Company elected to apply push-down accounting in its separate financial statements at the acquisition date. As such, the carrying basis of certain balances presented in the financial statements as of and for the periods ended December 31, 2021 and 2020, and April 24, 2020 reflect acquisition adjustments made to the carrying basis of those balances as presented in the financial statements for the year ended December 31, 2019.

(a) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(b) Accounts Receivable

The Company's accounts receivable are primarily due from franchisees for monthly royalty fees. The allowance for doubtful accounts receivable represents the Company's estimate of potential accounts receivable write-offs associated with unrecognized revenue based on historical trends and factors surrounding the credit risk of specific franchisees. The Company writes off accounts receivable when franchises have resold or are terminated and other means for collection have been exhausted. Payments subsequently collected are credited back to the provision for doubtful accounts in the period the payments are received.

Allowances for doubtful accounts were $2,000 as of December 31, 2021 and $-0- as of December 31, 2020 and April 24, 2020.

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(c) Notes Receivable

Notes receivable are related to the Company financing initial franchise fees with eligible franchisees. Notes receivable are stated at the outstanding principal amount, net of the allowance for uncollectible notes. The Company provides an allowance for uncollectible notes, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Outstanding notes accrue interest based on the terms of the respective note agreements. A note receivable is considered delinquent when the debtor has missed three or more payments. At that time, the note is placed on nonaccrual status and interest accrual ceases and does not resume until the note is no longer classified as delinquent. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the borrower.

At December 31, 2021 and 2020 and April 24, 2020, there were no notes receivable considered delinquent.

(d) Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

(e) Property and Equipment

Property and equipment are recorded at cost. Repairs and maintenance costs that do not substantially increase the useful lives of the property and equipment are expensed as incurred. Depreciation expense is provided using the straight-line method over the estimated useful lives of the related assets.

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Notes to Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (continued)

(f) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The Company has elected the private company accounting alternative for the subsequent measurement of goodwill. Under this alternative, goodwill is amortized on a straight-line basis over 10 years. The Company evaluates the recoverability of the carrying value of goodwill at the entity level whenever events or circumstances indicate the carrying amount may not be recoverable.

In testing goodwill for impairment, the Company initially assesses qualitative factors to determine whether it is more likely than not that goodwill is impaired as a basis for determining whether it is necessary to perform a quantitative impairment test. The quantitative impairment test includes comparing the carrying value of the reporting unit, including the existing goodwill and intangible assets, to the fair value of the reporting unit. If the carrying amount of the reporting unit exceeds its fair value, a goodwill impairment charge is recorded for the amount in which the carrying value of the reporting unit exceeds the fair value of the reporting unit, up to the amount of goodwill attributed to the reporting unit.

(g) Intangible Assets

Intangible assets are recorded at their estimated fair values as of the date of acquisition. Intangible assets with definite lives consist of intellectual property and support service agreements, and are amortized on a straight-line basis over their economic useful lives. The Company assesses the recoverability of its definite lived intangible assets primarily based on its current and anticipated future undiscounted cash flows.

(h) Income Taxes

As a single member limited liability company, the Company does not pay federal corporate income tax on its taxable income. Instead, the Company's member is liable for federal income taxes on the Company's taxable income. Accordingly, no provision for federal income taxes is provided for in the accompanying financial statements.

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(h) Income Taxes (continued)

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest expense and penalties in general and administrative expenses.

(i) Revenue Recognition

The Company transitioned to FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue From Contracts with Customers* ("ASC 606"), from ASC Topic 605, *Revenue Recognition* and ASU Subtopic 952-605, *Franchisors - Revenue Recognition* (together, the "Previous Standards") on January 1, 2019 using the modified retrospective transition method. The $31,554 cumulative effect of the transition to ASC 606 is reflected as an adjustment to January 1, 2019 member's deficit.

The transition to ASC 606 represents a change in accounting principle. ASC 606 eliminates industry-specific guidance and provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of ASC 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services.

Franchise revenues consist primarily of royalties, initial and successor franchise fees, transfer fees, and other fees. The Company's primary performance obligations under the franchise license is providing certain pre-opening services and granting certain rights to use the Company's intellectual property. All other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for under ASC 606 as a single performance obligation, which is satisfied by granting certain rights to use intellectual property over the term of each franchise agreement.

Royalties, including franchisee contributions to national advertising funds, are calculated as a percentage of franchise monthly sales and accrued as sales occur over the term of

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(i) Revenue Recognition (continued)

the franchise agreement. Initial and successor franchise fees are payable by the franchisee upon signing a new Franchise agreement or successor franchise agreement, and transfer fees are paid to the Company when one franchisee transfers a franchise agreement to a different franchisee. The franchise royalties represent sales-based royalties that are related entirely to the performance obligation under the franchise agreement and are recognized as franchise sales occur.

Additionally, under ASC 606, the Company allocates a portion of the initial franchise fee to pre-opening services, which is recognized as revenue once these services are provided. The remaining initial fee and successor franchise fees, as well as transfer fees, are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. Under the Previous Standards, initial franchise fees were recognized as revenue when the related franchisees completed the Company's new franchisee training. Successor franchise fees and transfer fees were recognized as revenue upon execution of a new franchise agreement.

(j) Deferred Revenue

Franchise deferred revenue results from initial and successor franchise fees, as well as transfer fees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement and under the Previous Standard franchise deferred revenue represented cash received from franchisees for franchise fees for which revenue recognition criteria had not yet been met.

(k) Costs to Obtain Contracts with Customers

The Company capitalizes incremental contract cost associated with obtaining franchise contracts which include broker fees, sales commissions, and general fees that would not have been incurred had the franchise sale not occurred. These balances are reported as assets on the balance sheet and are amortized over the term of the franchise agreement of ten years. Amortization is primarily included as commissions in operating expenses in the statement of operations. Capitalized costs were $53,425 at December 31, 2021, $-0- at December 31, 2020, and $-0- at April 24, 2020. The amounts charged to commissions expense were $20,574 in 2021, $-0- during the period ended December 31, 2020; $10,633 during the period ended April 24, 2020; and $32,439 in 2019.

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(f) Advertising Costs

The Company accounts for franchisee advertising contributions as a component of franchise revenue. The advertising and promotion costs related directly to franchisees are expensed as incurred and are included in cost of revenues in the statement of operations. All general advertising and promotion costs of the Company are allocated as operating expenses in the statements of operations. Advertising expenses that were directly related to revenues and cost of revenues totaled $127,778 in 2021, $101,882 for the period ended December 31, 2020; $41,466 for the period ended April 24, 2020; and $136,985 in 2019. General advertising and promotion expenses were $86,914 in 2021, $116,645 for the period ended December 31, 2020, $58,532 for the period ended April 24, 2020; and $119,689 in 2019.

(g) Reclassifications

Certain reclassifications have been made to the accompanying 2019 financial statements to make them comparable to the current year.

(h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Business Combination

Effective April 24, 2020, all of the members' interests in the Company were acquired by a new owner. As a result of the acquisition, the Company will have access to additional funding to support the growth of the Company. The Company elected to apply push-down accounting in its separate financial statements.

The goodwill of $1,098,857 arising from the acquisition consists largely of the synergies and new business development that will result from an injection of additional resources and capital that the new owners can make available to the Company.

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Notes to Financial Statements
(Continued)

(2) Business Combination (continued)

The following table summarizes the consideration paid for the members' interests and the amounts of the assets acquired and liabilities assumed at the acquisition date. The Company obtained preliminary third-party valuations of certain intangible assets.

Fair value of consideration transferred:	
Cash	$ 661,797
Member note payable payoff	828,535
Total	$ 1,490,332
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Cash	$ 23,438
Accounts receivable	17,201
Notes receivable	19,009
Prepaid expenses	10,349
Identifiable intangible assets	441,350
Accounts payable	(24,813)
Accrued liabilities	(101,899)
Total identifiable net assets	384,635
Goodwill	1,005,697
Total	$ 1,490,332

(3) Intangible Assets and Goodwill

The change in the carrying amount of goodwill for the periods ended December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
Beginning of period	$ 1,020,932	1,005,857
Amortization expense	(109,385)	(72,925)
End of period	$ 911,547	1,020,932

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Notes to Financial Statements
(Continued)

(3) Intangible Assets and Goodwill (continued)

The changes in the carrying amount of acquired franchise contracts for the periods are as follows:

		December 31, 2021	December 31, 2020	April 24, 2020
Beginning of period	$	351,867	377,000	561,527
Amortization expense		(37,700)	(25,133)	(22,015)
Acquisition accounting adjustment		-	-	(339,562)
Fair value of franchise contracts acquired		-	-	377,000
End of period	$	314,167	351,867	377,000

Estimated amortization expense expected to be charged to operations for each of the next five years is $147,086.

Unamortized intangible assets consist of a trade name in the amount of $64,500.

(4) Revenue Recognition

Contract liabilities consist of deferred revenue resulting from initial and successor franchise fees, as well as transfer fees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement. The following table reflects the change in contract liabilities:

		December 31, 2021	December 31, 2020	April 24, 2020
Beginning of period	$	17,500	-	289,730
Revenue recognized in period		(48,080)	(30,000)	(46,309)
Increase, excluding amounts recognized during period		156,250	37,500	151,499
Acquisition accounting adjustment		-	-	(397,920)
End of period	$	108,170	17,500	-

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Notes to Financial Statements
(Continued)

(4) Revenue Recognition (continued)

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2021. The Company has elected to exclude short term contracts, sales and usage based royalties and any other variable consideration recognized on an "as invoiced" basis.

Contract liabilities to be recognized in:		Amount
2022	$	10,492
2023		10,492
2024		10,492
2025		10,492
2026		10,492
Thereafter		55,710
Total	$	108,170

(5) Management Incentive Plan

Stellar Brands, LLC ("Stellar"), holds 100% of the equity interest in the Company. During 2021 and 2020, and indirectly through a member entity of Stellar, Stellar granted profit interest awards of Class B and Class C units to senior management of the Company. In connection with the management incentive plan of Stellar, management has been awarded 15,236 Class B shares and 15,236 Class C shares in Stellar. Class B units vest with respect to 25% (1/4th) of the total number of Class B Units granted on each of the first, second, third and fourth anniversaries of the Grant Date. Class C units vest one third (1/3rd) each time a specified financial goal is met. At December 31, 2021 and 2020 and April 24, 2020, no units were vested and management estimated their fair value to be immaterial.

(6) Related Party Transactions

The Company receives financial support from a commonly owned affiliated company, Restoration 1 Franchise Holding, LLC. Amounts due to the affiliated company were $889,916 at December 31, 2021; $210,024 at December 31, 2020; and $-0- at April 24, 2020. The affiliated party has confirmed that they will continue to support the operations of the Company for any liquidity needs.

BlueFrog Plumbing & Drain, LLC
(A Subsidiary of Stellar Brands, LLC)

Notes to Financial Statements
(Continued)

(6) Related Party Transactions (continued)

On April 24, 2020, Stellar entered into a management agreement with an affiliated entity. The agreement calls for $112,500 quarterly payments as part of the compensation consideration to be paid under the agreement. These payment obligations have been passed on to the Company and other affiliated parties. For the period ended December 31, 2020, the Company incurred and charged $27,000 to management consulting fee expense under the agreement.

During 2019, the Company was making monthly loan payments in the amount of $18,000 on behalf of its previous majority owner and charging the payments to due from member on the statement of members' equity at December 31, 2019.

(7) Operating Lease

The Company leased office space under a noncancellable operating lease but expired in February 2021. A portion of the leased space was subleased to a third party. Rental expense under this lease was $15,579 in 2021; $60,895 for the period ended December 31, 2020; $36,502 for the period ended April 24, 2020; and $75,330 in 2019. Sublease rental income was $11,914 in 2021; $48,807 for the period ended December 31, 2020; $22,393 for the period ended April 24, 2020; and $68,504 in 2019.

(8) Commitments and Contingencies

From time to time, the Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. Events could occur that would change this estimate materially in the near term.

(9) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 2, 2022, the date at which the financial statements were available to be issued, and determined there are no items to disclose.

EXHIBIT ~~G TO~~
~~THE FRANCHISE DISCLOSURE DOCUMENT~~F

LIST OF CURRENT FRANCHISEES
AND LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
AS OF DECEMBER 31, 2022

List of Current Franchisees as of December 31, ~~2021~~2022

~~State~~	~~City~~Franchisee	Address	City	State	Zip	~~Phone~~Telephone	~~Owner Name(s)~~
~~California~~	~~Hemet~~	~~43358 Dessie Way Hemet, California 92544~~		~~574 229-0922~~		~~Bob Anderson~~	
~~California~~	~~Orange County~~Matt Johnston	2116 Tidewater Circle ~~Costa Mesa, California 92627~~	Orange County	California	92627	949-433-7477	~~Matt Johnston~~
~~Colorado~~	~~Arvada~~Tom Lilly	214 Hudson Street ~~Denver, Colorado 80220~~	Arvada	Colorado	80220	720-940-9693	~~Tom Lilly~~
~~Colorado~~	~~Centennial~~Tom Lilly	214 Hudson Street ~~Denver, Colorado 80220~~	Centennial	Colorado	80220	720-940-9693	~~Tom Lilly~~
~~Colorado~~	~~Central Denver~~Tom Lilly	214 Hudson Street ~~Denver, Colorado 80220~~	Central Denver	Colorado	80220	720-940-9693	~~Tom Lilly~~
~~Colorado~~	~~Lakewood~~Tom Lilly	214 Hudson Street ~~Denver, Colorado 80220~~	Lakewood	Colorado	80220	720-940-9693	~~Tom Lilly~~

State	City Franchisee	Address	City	State	Zip	Phone Telephone	Owner Name(s)
orado							
6. Colorado	North Boulder Tom Lilly	214 Hudson Street Denver, Colorado 80220	North Boulder	Colorado	80220	720-940-9693	Tom Lilly
7. Colorado	South Boulder Tom Lilly	214 Hudson Street Denver, Colorado 80220	South Boulder	Colorado	80220	720-940-9693	Tom Lilly
8. Connecticut	Wallingford Guy Fazzino	1191 Hanover Ave Meriden, Connecticut 06451	Wallingford	Connecticut	06451	203-284-0881 H 860-301-8705 C 203-937-2772 CI	Guy Fazzino
9. Florida	Ft. Lauderdale Erik Menendez	37 NE 1st Terrace Deerfield, Florida 33441	Ft. Lauderdale	Florida	33441	561-420-9042 C 954-687-9393 CI	Erik Menendez
10. Georgia	Columbus Chris Mead	7844 Cleo Drive Columbus, Georgia 31909	Columbus	Georgia	31909	706-610-4916	Chris Mead
11. n	Portage Chris Gonzales	2681 Teresa Street Portage, Indiana 46368	Portage	Indiana	46368	219-841-1756 C	Chris Gonzales

~~State~~	~~City~~Franchisee	Address	City	State	Zip	~~Phone~~Telephone	~~Owner Name(s)~~
~~diana~~						219-707-8080 CI	
12.	Walter Ryan Hulett	108 Scenic View Dr.	Lancaster	Kentucky	40444	859-325-8181	
13. ~~ouisiana~~	~~New Orleans~~Manny Mitten	2211 Engineers Rd, Unit M ~~Belle Chasse, Louisiana 70037~~	New Orleans	Louisiana	70037	504-475-0044 CI 985-290-9172 C	~~Manny Mitten~~
14. ~~ouisiana~~	~~North Shore~~Manny Mitten	2211 Engineers Road, Unit M ~~Belle Chasse, Louisiana 70037~~	North Shore	Louisiana	70037	504-475-0044 CI 985-290-9172 C	~~Manny Mitten~~
15.	Ed Mahoney	44 George Aggott Rd.	Needham	Massachusetts	02492	617-538-4560	
16.	Frank Foster	713 Northeast Dr. #65	Davidson	North Carolina	28036	317-985-2327	
17.	Frank Foster	713 Northeast Dr. #65	Davidson	North Carolina	28036	317-985-2327	
18. ~~exas~~	~~Frisco~~Alan Soukup	207 King Rd., Suite 301 ~~Frisco, Texas 70534~~	Frisco	Texas	70534	972-322-4355 214-736-1881 CI	~~Alan Soukup~~
19. ~~exas~~	~~Houston~~Stephen Desselle	10015 N Eldridge Parkway Ste. #E100 ~~Houston, Texas 77065~~	Houston	Texas	77065	832-515-1533 832-918-3993 CI	~~Stephen Desselle~~
20. ~~exas~~	~~Lewisville~~Alan Soukup	207 King Rd. Suite 301 ~~Frisco, Texas 70534~~	Frisco	Texas	70534	972-322-4355 214-736-1881 CI	~~Alan Soukup~~
21. ~~ex~~	~~McKinney~~Duane Larkin	8613 Broad Meadow Lane ~~McKinney, Texas~~	McKinney	Texas	75071	972-369-1144	~~Duane Larkin~~

State	CityFranchisee	Address	City	State	Zip	PhoneTelephone	Owner Name(s)
as		75071					
22. exas	North DallasAlan Soukup	207 King Rd. Suite 301 Frisco, Texas 70534	Frisco	Texas	70534	972-322-4355 214-736-1881 CI	Alan Soukup
23. exas	Northeast DallasDuane Larkin	8613 Broad Meadow Lane McKinney, Texas 75071	McKinney	Texas	75071	972-369-1144	Duane Larkin
24. exas	Northeast San AntonioAmy Sheegog	5417 Bandera Rd., Suite 607 San Antonio, Texas 78238	Northeast San Antonio	Texas	78238	817-938-1032 C 210-762-3925 CI	Amy Sheegog
25. exas	Northwest San AntonioAmy Sheegog	5417 Bandera Rd., Suite 607 San Antonio, Texas 78238	Northwest San Antonio	Texas	78238	817-938-1032 C 210-762-3925 CI	Amy Sheegog
26. exas	PAlano Soukup	207 King Rd. Suite 301 Frisco, Texas 70534	Frisco	Texas	70534	972-322-4355 214-736-1881 CI	Alan Soukup
27. exas	San AntonioAmy Sheegog	5417 Bandera Rd., Suite 607 San Antonio, Texas 78238	San Antonio	Texas	70534	817-938-1032 C 210-762-3925 CI	Amy Sheegog
28. exas	South San AntonioAmy Sheegog	5417 Bandera Rd., Suite 607 San Antonio, Texas 78238	South San Antonio	Texas	78238	817-938-1032 C 210-762-3925 CI	Amy Sheegog
29. exas	West Houston 1Kris/Karen Stewart	22003 Chesterwick Dr. Katy, Texas 77450	Katy	Texas	77450	832-788-3118	Kris/Karen Stewart
30. ex	West Houston 2Kris/Karen Stewart	22003 Chesterwick Dr. Katy, Texas 77450	Katy	Texas	77450	832-788-3118	Kris/Karen Stewart

~~State~~	~~City~~Franchisee	Address	City	State	Zip	~~Phone~~Telephone	~~Owner Name(s)~~
~~as~~							
31. ~~exas~~	~~West San Antonio~~Amy Sheegog	5417 Bandera Rd., Suite 607 ~~San Antonio, Texas 78238~~	West San Antonio	Texas	78238	817-938-1032 C 210-762-3925 CI	~~Amy Sheegog~~
32.	Val Bacerot	3131 South Freeway #38	Houston	Texas	77098	832-483-9639	
33.	Bret Craytor	15012 Badger Ranch Blvd.	Woodway	Texas	76712	254-289-1105	
34.	Bret Craytor	15012 Badger Ranch Blvd.	Woodway	Texas	76712	254-289-1105	
35. ~~irginia~~	~~Richmond~~Michael Dean	7499 Whitepine Road ~~Richmond, Virginia~~	Richmond	Virginia	23237	804-414-0512	~~Michael Dean~~

Franchise Agreement Signed But Outlet Not Yet Open as of December 31, ~~2021~~2022

~~State~~Owner Name(s)	~~City~~Address	~~Address~~City	~~Phone~~State	~~Owner Name(s)~~Phone
~~North Carolina~~Robert and Courtney Reeder	~~Davidson~~1199 Kendrick Rd., Atlanta, Georgia 30319	~~713 Northeast Dr. #65 Davidson North Carolina 28036~~Sandy Springs	~~317-985-2327~~Georgia	~~Frank Foster~~509-771-1247
~~North Carolina~~Robert and Courtney Reeder	~~Davidson~~1199 Kendrick Rd., Atlanta, Georgia 30319	~~713 Northeast Dr. #65 Davidson North Carolina 28036~~Alpharetta	~~317-985-2327~~Georgia	~~Frank Foster~~509-771-1247
~~North Carolina~~Chris Hodes	~~Raleigh~~305 W. 51st Street, Kansas City, Missouri 64112	~~3905 W. 108th S. St. Jenks, Oklahoma 74037~~Overland Park	~~860-681-7162~~Kansas	~~Jason Davis~~816-863-6577
Robert Couture	226 Pearl Street, Unit 1L, Springfield, Massachusetts 01105	Springfield	Massachusetts	310-922-5436
Chris Hodes	305 W. 51st Street, Kansas City, Missouri 64112	Ballwin	Missouri	816-863-6577
Chris Todd	3216 Hollow Creek Rd., Germantown, Tennessee 38138	Memphis	Tennessee	818-667-8285
Chris Hodes	305 W. 51st Street, Kansas City, Missouri 64112	Austin	Texas	816-863-6577
Chris Hodes	305 W. 51st Street, Kansas City, Missouri 64112	Round Rock	Texas	816-863-6577
Josh Green	3487 Chambery Lane, Riverton, Utah 84065	Riverton	Utah	801-870-1312
Josh Green	3487 Chambery Lane, Riverton, Utah 84065	Salt Lake City	Utah	801-870-1312

Franchisees Who Had An Outlet Terminated, Cancelled, Not Renewed or Otherwise Ceased To Do Business

The following is a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise ceased to do business under the Franchise Agreement during the most recently completed fiscal year ending December 31, 20212022, or who had not communicated with us within ten weeks of the date of the disclosure document issuance date.

StateOwner Name(s)	City	State	Current Business Phone or Last Known Home Phone	Owner Name(sReason (i.e. Termination/Transfer)
ColoradoBob Anderson	BoulderTemicula	California	970-380-2491574 229-0922	Troy HergenreterTermination
ColoradoJason Davis	Colorado SpringsRaleigh	North Carolina *	719 287 4826860-681-7162	Lance RayTermination
Colorado	Denver		303-810-1622	Micah Jefferson

*The franchise agreement for this location was terminated prior to opening for business.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

~~**EXHIBIT J**~~
~~**TO THE FRANCHISE DISCLOSURE DOCUMENT**~~
~~**State Effective Dates**~~

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	~~May 5, 2022, as amended January 4, 2023~~Pending
~~Hawaii~~	~~Not registered~~
Illinois	~~April 28, 2022, as amended December 16, 2022~~Pending
Indiana	~~July 1, 2022, as amended December 16, 2022~~Pending
Maryland	~~May 26, 2022, as amended January 26, 2023~~Pending
Michigan	~~August 4, 2022, as amended December 15, 2022~~April 28, 2023
Minnesota	~~June 7, 2022, as amended January 5, 2023~~Pending
New York	~~August 10, 2022, as amended January 3, 2023~~Pending
North Dakota	~~May 4, 202, as amended December 20, 2022~~Pending
Rhode Island	~~May 1, 2022, as amended December 28, 2022~~Pending
South Dakota	~~May 3, 2022, as amended December 15, 2022~~Pending
Virginia	~~July 13, 2022, as amended December 20, 2022~~Pending
Washington	~~August 25, 2022, as amended December 23, 2022~~Pending
Wisconsin	~~April 22, 2022, as amended December 15, 2022~~Pending

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

EXHIBIT ~~K~~
~~TO THE FRANCHISE DISCLOSURE DOCUMENT~~G

RECEIPTS

RECEIPT

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

If BlueFrog Plumbing and Drain, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, BlueFrog Plumbing and Drain, LLC must give you this disclosure document at the earlier of its 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, BlueFrog Plumbing and Drain, LLC or an affiliate in connection with the proposed franchise sale. Under Michigan law, BlueFrog Plumbing and Drain, LLC must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, BlueFrog Plumbing and Drain, LLC must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, BlueFrog Plumbing and Drain, LLC or an affiliate in connection with the proposed franchise sale.

If BlueFrog Plumbing and Drain, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, ~~DC~~D.C. 20580, and the appropriate state agency listed in Exhibit A.

BlueFrog Plumbing and Drain, LLC's registered agents authorized to receive service of process are set forth on Exhibit ~~B~~A.

Date of Issuance: April ~~20, 2022, as amended December 14, 2022~~28, 2023

The franchise seller(s) involved with the sale of this franchise are:

____ ~~Christina Rogers, 2929 Carlisle St., Suite 100, Dallas, Texas 75204, (254) 793-7798~~

____ Jessica Wescott, 2929 Carlisle St., Suite 100, Dallas, Texas 75204, (866) 606-9681

____ Caleb Ward, 2929 Carlisle St., Suite 100, Dallas, Texas 75204, (940) 781-9850

____ _____ (insert name, if applicable)

I have received a disclosure document dated **April** ~~20, 2022, as amended December 14, 2022. State registration effective dates are listed on the State Effective Dates page. The disclosure document~~**28, 2023** that included the following Exhibits:

A – List of State Administrators / Agents
B -1 – Franchise Agreement
B-2 – Sample General Release
B-3 – Consent to Transfer
C – State Addenda to Disclosure Document
D – Table of Contents of Confidential Operations Manual
E – Financial Statements
F – List of Current and Former Franchisees
G – Receipts

~~A. State Appendix and List of Administrators~~
~~B. Agents for Service of Process~~
~~C. Franchise Agreement and Exhibits~~
~~D. Telephone Number and Website URL Assignment~~
~~E. Table of Contents of Manual~~
~~F. Financial Statements~~
~~G. List of Current Franchisees and Franchisees Who have Left the System~~
~~H. Franchisee Disclosure Questionnaire~~
~~I. General Release (Sample Form)~~
~~J. State Effective Dates~~
~~K. Receipts~~

Please sign and print your name below, date and return one copy of this receipt to BlueFrog Plumbing and Drain, LLC and keep the other for your records.

If a business entity:

_____
(Name of Business Entity)

If an individual:

_____
(Name of Individual)

Sign: _____ Sign: _____

Title: _____ Dated: _____

Name: _____

Dated: _____

[KEEP THIS RECEIPT FOR YOUR RECORDS]

RECEIPT

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

If BlueFrog Plumbing and Drain, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, BlueFrog Plumbing and Drain, LLC must give you this disclosure document at the earlier of its 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, BlueFrog Plumbing and Drain, LLC or an affiliate in connection with the proposed franchise sale. Under Michigan law, BlueFrog Plumbing and Drain, LLC must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, BlueFrog Plumbing and Drain, LLC must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, BlueFrog Plumbing and Drain, LLC or an affiliate in connection with the proposed franchise sale.

If BlueFrog Plumbing and Drain, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, ~~DC~~D.C. 20580, and the appropriate state agency listed in Exhibit A.

BlueFrog Plumbing and Drain, LLC's registered agents authorized to receive service of process are set forth on Exhibit ~~B~~A.

Date of Issuance: April ~~20, 2022, as amended December 14, 2022~~28, 2023

The franchise seller(s) involved with the sale of this franchise are:

____ ~~Christina Rogers, 2929 Carlisle St., Suite 100, Dallas, Texas 75204, (254) 793-7798~~

____ Jessica Wescott, 2929 Carlisle St., Suite 100, Dallas, Texas 75204, (866) 606-9681

____ Caleb Ward, 2929 Carlisle St., Suite 100, Dallas, Texas 75204, (940) 781-9850

____ _____ (insert name, if applicable)

I have received a disclosure document dated **April** ~~20, 2022, as amended December 14, 2022. State registration effective dates are listed on the State Effective Dates page. The disclosure document~~**28, 2023** that included the following Exhibits:

A – List of State Administrators / Agents
B -1 – Franchise Agreement
B-2 – Sample General Release
B-3 – Consent to Transfer
C – State Addenda to Disclosure Document
D – Table of Contents of Confidential Operations Manual
E – Financial Statements
F – List of Current and Former Franchisees
G – Receipts

~~A. State Appendix and List of Administrators~~
~~B. Agents for Service of Process~~
~~C. Franchise Agreement and Exhibits~~
~~D. Telephone Number and Website URL Assignment~~
~~E. Table of Contents of Manual~~
~~F. Financial Statements~~
~~G. List of Current Franchisees and Franchisees Who have Left the System~~
~~H. Franchisee Disclosure Questionnaire~~
~~I. General Release (Sample Form)~~
~~J. State Effective Dates~~
~~K. Receipts~~

Please sign and print your name below, date and return one copy of this receipt to BlueFrog Plumbing and Drain, LLC and keep the other for your records.

If a business entity:

_____
(Name of Business Entity)

If an individual:

_____
(Name of Individual)

Sign: _____

Title: _____

Name: _____

Dated: _____

Sign: _____

Dated: _____

[RETURN THIS COMPLETED RECEIPT]