Franchise
Disclosure Document

FRANCHISE DISCLOSURE DOCUMENT

PHP Franchise, LLC
A Delaware limited liability company
9750 E. 150th Street
Noblesville, IN 46060
(317) 456-0177
rcarpenter@phparamedics.com
heatingairparamedics.com

As a Heating + Air Paramedics franchisee you will operate a business providing residential heating and air conditioning installation, repair, replacement and maintenance services approved by the Franchisor ("Franchised Business").

The total investment necessary to begin operation of a Heating + Air Paramedics Franchised Business ranges from $105,250 to $205,800. This includes $42,500 to $47,500 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in the 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 Ryan Carpenter at 9750 9750 E. 150th Street Noblesville, IN 46060 , telephone (317) 456-0177.

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

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

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

Issuance date: March 30, 2022

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 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 B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Heating + Air Paramedics 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 Heating + Air Paramedics franchisee?	Item 20 or Exhibit 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 requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The Franchise Agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Indiana. 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 Indiana than in your own state.

2. **Mandatory Minimum Payments**. You must make minimum royalty 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. **Unregistered Trademark**. The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or servies with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

4. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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.

NOTICE REQUIRED
BY
STATE OF MICHIGAN

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, according to the Michigan Department of Attorney General, Consumer Protection Division (the "Division"), the provisions are void and cannot be enforced against you:

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

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

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

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

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

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

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from

exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

Franchise Administrator
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

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

To simplify the language in this disclosure document, "Heating + Air Paramedics", "our", "us", "we", or "Franchisor" refers to PHP Franchise, LLC, the franchisor. "You", "your" or "Franchisee" refers to the person, or any corporation, partnership or legal entity who buys a Heating + Air Paramedics franchise, including the franchisee's owners and partners.

Franchisor

We are a Delaware limited liability company, formed on October 13, 2021. Our principal business address is 9750 E. 150th Street. Noblesville, IN 46060. We conduct business under the trade and service mark "Heating + Air Paramedics". We also conduct business and offer franchises under the trade and service mark "Plumbing Paramedics". The Plumbing Paramedics franchises are offered under a separate franchise disclosure document. We began offering franchises under these marks in November 2021. We do not operate any businesses of the type offered in this disclosure document. We have never, prior to the date of this disclosure document, offered franchises in any line of business.

Parent, Predecessors, and Affiliates

Our parent company, Threshold Brands, LLC ("Threshold Brands"), maintains its principal place of business at 77 North Washington Street, Boston, MA, 02114. Threshold Brands is a wholly owned subsidiary of HS Group Holding Company, LLC, which maintains its principal place of business at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111.

Affiliates

Our affiliate, Plumbing Heating Paramedics, LLC, operates a residential heating and air conditioning installation, repair, replacement and maintenance services business of the type that we offer under this disclosure document and may provide products or services to our franchisees. Plumbing Heating Paramedics, LLC has been in business since February 21, 2011 and has a principal place of business at 9750 E. 150th Street, Noblesville, IN 46060. It has never sold franchises in any line of business.

Our affiliate, Maid Pro Franchise, LLC ("MaidPro"), is a franchisor of home cleaning services businesses for residential and commercial customers. MaidPro's principal place of business is 77 North Washington Street, Boston, Massachusetts 02114. MaidPro began offering franchises on February 1, 1997 and as of December 31, 2021 had 242 franchises in the US and 10 franchises in Canada.

Our affiliate, FlyFoe, LLC ("FlyFoe"), is a franchisor of businesses providing mosquito and tick control services for residential and commercial customers. FlyFoe's principal business address is 77 North Washington Street, Boston, Massachusetts 02114. FlyFoe began offering franchises in February 2018 and as of December 31, 2021 had 8 franchises.

Our affiliate, Men In Kilts US, LLC ("MIK"), is a franchisor of businesses providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services. MIK's principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK began offering franchises in March 2019 and as of December 31, 2021 had 10 franchises.

Our affiliate, Pestmaster Franchise Network, LLC ("Pestmaster"), is a franchisor of businesses providing structural and agricultural pest control and related services. Pestmaster's principal business address is 9716

South Virginia Street, Suite E, Reno, Nevada 89511. Pestmaster has been offering franchises since June 1991 and as of December 31, 2021 had 47 franchises.

Our affiliate, USA Insulation Franchise, LLC ("USA Insulation"), is a franchisor of businesses providing residential insulation services. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. USA Insulation has been offering franchises since March 2006 and as of December 31, 2021 had 66 franchises.

Our affiliate, Men In Kilts Canada Inc. ("MIK Canada"), is the franchisor of the Men In Kilts brand in Canada. Its principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK Canada through its predecessor has been offering Men In Kilts franchises since 2011 and as of December 31, 2021 had 19 Men In Kilts franchises in Canada.

Our affiliate, Sir Grout Franchising, LLC ("Sir Grout"), is the franchisor of the Sir Grout franchise system. Its principal business address is 484 Plainsman Circle, Cumming, GA 30028. Sir Grout has been offering franchises since August 2007 and as of December 31, 2021 had 44 franchises.

Except as disclosed above, neither we, nor our parent, nor our affiliates, currently operates any other types of businesses which offer franchises or provide products or services to our franchisees. Except as disclosed above, we have no parent, predecessors or affiliates required to be disclosed in this Item. Neither we nor any of our affiliates disclosed above have offered franchises in any line of business except as disclosed above. Except as disclosed above none of our affiliates disclosed above have ever conducted the type of business a Heating + Air Paramedics franchisee will operate.

Agents for Service of Process

Please refer to Exhibit A for agents for service of process.

The Business We Offer

We license and grant to qualified parties the right to operate a franchise to provide residential heating and air conditioning installation, repair, replacement and maintenance services to the public, utilizing the Heating + Air Paramedics System within a designated area we refer to as your "Territory".

Your competition may include heating and air conditioning service businesses operated by franchised and independently owned heating and air conditioning service businesses, including our affiliate Plumbing Heating Paramedics, LLC. You will also compete with large national retailers that offer heating and air conditioning services and products and 'do it yourselfers'.

We serve all types of residential property, including single-family homes and single- and multi-unit apartment buildings. The heating and air conditioning industry is typically not seasonal.

Applicable Regulations

Heating, air conditioning and related home repair and improvement services are regulated businesses in most jurisdictions. In most jurisdictions you must obtain a permit or license issued by the state or local government agencies regulating heating and air conditioning installation, repair, replacement or maintenance services before you can begin to provide these services. You may also be required to obtain a certificate of qualification from the federal Environmental Protection Agency before you can provide these services. In order to qualify for this permit or license you may be required to serve an apprenticeship, complete training programs or to take one or more examinations. You will be responsible for all costs and

expenses arising out of compliance with these requirements. You will also be obligated to comply with those laws and regulations that apply generally to the conduct of all businesses.

ITEM 2
BUSINESS EXPERIENCE

Chairman of the Board of Managers – Ervin Cash

Mr. Cash is the Chairman of our Board of Managers. Since August 2021 Mr. Cash has been the Chairman of the Board of Managers for our parent, Threshold Brands, LLC, and since August 2020 Mr. Cash has been Chairman of the Board of Managers of Threshold Brands' parent, HS Group Holdings, LLC. Since May 2018, Mr. Cash has been CEO and President of Strategies for Impact, Inc., located in Montecito, California. From March 2016 to May 2018, Mr. Cash was CEO & President of SloanLED, located in Ventura, California.

Vice President and Manager – Caroline Peck

Ms. Peck is our Vice President and a member of our Board of Managers. Since August 2021 Ms. Peck has been the Vice President and a Manger of our parent, Threshold Brands, LLC, and since August 2020 Ms. Peck has been the Vice President and a Manager of Threshold Brands' parent, HS Group Holdings, LLC. Since June 2017, Ms. Peck has been an Associate with The Riverside Company.

Vice President, Secretary and Manager – Stephen Rice

Mr. Rice is our Vice President and Secretary and a member of our Board of Managers. Since August 2021 Mr. Rice has been the Vice President, Secretary and a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Rice has been the Vice President, Secretary and a Manager of Threshold Brands' parent, HS Group Holdings, LLC. Since October 2010, Mr. Rice has been a Principal of The Riverside Company, located in Cleveland, Ohio.

Manager – Ryan Farris

Mr. Farris joined us as a member of our Board of Managers in November 2021. Mr. Farris has been with AlphaGraphics since September 2015 and has been the President and COO of AlphaGraphics since October 2017 and, since August 2020, he has also served as the President and COO of PostNet International Franchise Corp., both located in Lakewood, Colorado.

Manager – Steven Siegel

Mr. Siegel is a member of our Board of Managers. Since August 2021 Mr. Siegel has served as a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Siegel has served as a Manager of Threshold Brands' parent, HS Group Holdings, LLC. From January 2005 to present, Mr. Siegel has been serving as a Managing Partner at Brookside Consulting Company.

Manager – Mark Kushinsky

Mr. Kushinsky is a member of our Board of Managers. Since August 2021 Mr. Kushinsky has served as a Manager of our parent, Threshold Brands, LLC and since August 2020 Mr. Kushinsky has served as a Manager of Threshold Brands' parent, HS Group Holdings, LLC. From April 2008 to July 2020, Mr. Kushinsky was Chief Executive Officer of MaidPro Franchise Corporation, located in Boston, MA.

Chief Executive Officer – Hagan Kappler

Ms. Kappler is our Chief Executive Officer ("CEO"). She also serves as the CEO of our affiliated companies. Since August 2021 Ms. Kappler has served as the CEO of our parent, Threshold Brands, LLC and its parent, HS Holdings Group, LLC. From April 2018 to January 2021, Mrs. Kappler was the Division President for ServiceMaster Clean and Merry Maids in Memphis, TN. From October 2014 to March 2018, Mrs. Kappler was Vice President of Corporate Development for Ingersoll Rand in Davidson, NC.

Chief Financial Officer – Lawrence Fox

Since February 2022, Mr. Fox has served as our Chief Financial Officer ("CFO"), and as the CFO of our parent, Threshold Brands, LLC and of Threshold Brands' parent, HS Group Holdings, LLC. He also serves as CFO of our affiliated companies. Mr. Fox was our interim CFO from October 2021 to January 2021. Before joining us, Mr. Fox served as the CFO of Something Sweet, Inc. in New Haven, CT from February 2021 to September 2021. Mr. Fox was a Senior Director with Huron Consulting in Chicago, IL from August 2007 to January 2021.

Chief Legal Officer – Robert G. Huelin

Mr. Huelin is our Chief Financial Officer ("CLO"). He also serves as CLO of our affiliated companies. Since August 2021 Mr. Huelin has served as the CLO of our parent, Threshold Brands, LLC. Since May 2021 Mr. Huelin has served as the CLO of our affiliate, MaidPro Franchise, LLC in Boston, MA. From December 2014 to May 2021 Mr. Huelin was the Vice President, Legal and Compliance for Wireless Zone, LLC and its predecessors in Rocky Hill, CT.

Chief Growth Officer – R. Scott Sutton

Mr. Sutton is our Chief Growth Officer ("CGO"). He also serves as the CGO of our affiliated companies.Since July 2021, Mr. Sutton has been Chief Growth Officer of our affiliate MaidPro Franchise, LLC, in Boston, MA. From August 2010 to July 2021, he was VP of Business Development at Deluxe Corporation (d/b/a/ Safeguard Business Systems) in Dallas TX.

Chief Operating Officer – Andrea Hohermuth

Ms. Hohermuth is our Chief Operating Officer ("COO"). She also serves as the COO of our affiliated companies. Since July 2020, Ms. Hohermuth has served as the COO of our affiliate MaidPro Franchise, LLC in Boston, MA. From January 2021 to July 2021 Ms. Hohermuth was the Interim Chief Executive Officer of our affiliate MaidPro Franchise, LLC in Boston, MA. From December 2018 to July 2020, Ms. Hohermuth was the Senior Vice President of Technology & Operations for MaidPro Franchise Corporation in Boston, MA. From November 2015 to December 2018, Ms. Hohermuth was the Vice President of Technology for MaidPro Franchise Corp. in Boston, MA.

President – Ryan Carpenter

Mr. Carpenter is our President and founder. Mr. Carpenter founded our affiliate Plumbing Heating Paramedics, LLC in Noblesville, IN and has served as its President since 2011.

Vice President, Franchise Development – James Nichols

Mr. Nichols is our Vice President, Franchise Development. Mr. Nichols has been the Vice President, Franchise Development for our affiliate, MaidPro Franchise, LLC, since June 2021. Before that Mr. Nichols

was the Director of Sales for Authority Brands in Columbia, Maryland from July 2019 to June 2021. From January 2012 to July 2019 Mr. Nichols was the Director of Sales for Direct Energy in Houston, Texas.

Franchise Development Manager – Ken Stallings

Ken Stallings is our Director of Franchise Development. He joined us in October 2021. Before that Mr. Stallings was the Senior Resale Manager for Driven Brands in Charlotte, NC from January to June 2020. From May 2016 to September 2019 he was the Strategic Franchise Development Manager for TBC Corporation in Palm Beach Gardens, FL.

Heating + Air General Manager – Jennifer Arnett

Jennifer Arnett is our Heating + Air General Manager. She joined us in October 2021. Ms. Arnett has also served as the Heating and Air Conditioning General Manager for Plumbing Heating Paramedics, LLC since April 2013.

Franchise Operations Manager – Court Aiken

Court Aiken joined us as our Franchise Operations Manager in January 2022. He has been the owner of A Squared Restaurant Group, LLC in West Chester, OH since October 2019. From July 2017 to February 2019 Mr. Aiken was the Vice President of Operations for Neighborly in Waco, TX. From March 2017 to July 2017 Mr. Aiken was the Chief Operations Officer for Comprehensive Employment Solutions in Heldsberg, CA.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

Our CFO, Lawrence Fox, was the CFO of Something Sweet, Inc., with a principal place of business at 724 Grand Avenue, New Haven, CT, 06511, from February 2021 until September 2021. On or about July 2, 2021, Something Sweet, Inc. filed a voluntary petition for bankruptcy under Chapter 11 of the Bankruptcy Code. The petitioner has no relationship to us or any of our affiliates. The petition was converted by order of the Court to an action under Chapter 7 of the Bankruptcy Code on or about December 6, 2021. The matter remains pending in the US Bankruptcy Court for the District of Delaware, Case No. 21-10992 (CSS).

Except as stated above, there is no bankruptcy information required to be disclosed in this Item.

ITEM 5
INITIAL FEES

You will pay us an initial franchise fee of $40,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is due at the time you sign the Franchise Agreement and is nonrefundable.

You must purchase from us a package of marketing materials for use in branding and marketing your Franchise which includes front door colored decals/vinyl prints, interior wall decals/prints, framed posters/wall hangings, marketing and promotional materials, exterior garage door decals/prints, and exterior

signage (the "Initial Marketing Package"). The cost for the Initial Marketing Package will be between $2,500 to $7,500, depending on the style and type of exterior sign you purchase. You must purchase the Initial Marketing Package no later than 30 days before opening your Franchise. This amount is nonrefundable.

We may offer to a first-time franchisee, who is not a franchisee (or the owner of a franchisee) of a brand owned by any of our franchisor affiliates, the option of waiving the Initial Franchise Fee in exchange for an increase to the Continuing Royalty rate by an additional 1.5% of Gross Consumer Sales (example the 5% royalty will increase to 6.5%) for 14 years (the Initial 7 year Term and the first 7 year renewal term, if renewed). Any decision to offer this discount to a first-time franchisee will be granted in our sole discretion and we have the right to evaluate each first-time franchisee on an individual basis and can terminate this practice at any time. See Franchise Agreement, Exhibit 5.

In very limited circumstances we may reduce the Initial Franchise Fee paid by a franchisee based upon various factors, including whether they are a veteran, an existing franchisee of one of our affiliated brands, our need for a franchisee in the market area in which they will be operating, their experience in the field, the number of franchises they are purchasing or on other criteria we may adopt. We have no policy and there is no pattern as to when we may agree to a reduction. Any reductions will be granted in our sole discretion, we have the right to evaluate each situation on an individual basis and can terminate this practice at any time.

If a qualified individual or entity has offered heating and air conditioning services similar or identical to the services provided by a Heating + Air Paramedics franchisee for at least 12 months and that have generated more than $100,000 in sales during the immediately preceding 12 month period (a "Conversion Franchisee"), then we offer the opportunity to enter into a Conversion Franchise Addendum to our Franchise Agreement, under the terms of which we will (i) waive the Initial Franchise Fee, and (ii) reduce the monthly Continuing Royalty to 2% of Gross Sales for the first 24 months of the Franchise Agreement term.

We pay a referral fee ("Referral Fee") to any current franchisee for each candidate referred to us who meets our qualifications and signs a Franchise Agreement. Currently, the Referral Fee is $10,000 for each successful referral of a candidate who is not a current franchisee of our brand or any of our affiliate brands.

We reserve the right to change, modify or discontinue any of these discount and referral programs at any time. You may not combine more than one discount or referral fee.

All amounts in this Item 5 are deemed fully earned and non-refundable when paid.

ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Continuing Royalty	5% of your monthly Gross Sales or $1,500 per month, whichever is greater.[2]	10th of each month based on the prior calendar month.	Payable to us.
Marketing Fee	2% of your monthly Gross Sales.	10th of each month based on the prior calendar month.	Payable to us.

Type of Fee[1]	Amount	Due Date	Remarks
Call Center Fee[3]	3% of your monthly Gross Sales.	10th of each month based on the prior calendar month.	Payable to us.
Convention Fee	$100 per month.	10th of each month.	Payable to us.
Transfer Fee	25% of the then-current initial franchise fee.	Before transfer.	Payable to us by you or the buyer (subject to applicable state law).
Renewal Fee	20% of then-current initial franchise fee.	At time you sign new franchise agreement.	Payable to us if you are eligible to renew and elect to do so.
Technology Fee[4]	$500 per month.	10th of each month.	Payable to us.
Initial Training Fee	Initial training for the franchisee and two additional persons designated by the franchisee is free. For each additional attendee the fee is $500 per day.	Before the start of training.	Payable to us.
Additional Training	Then-current registration fee per person per day for each day of training. Currently $500 per attendee per day.	Before the start of training.	Payable to us.
Training Expenses	Our costs of travel, lodging and food when we travel to provide you training at your Franchise.	Upon billing.	Payable to us.
Interest[5]	We charge interest on overdue payments at a rate of 12% per annum or maximum rate permitted by applicable law, whichever is greater.	Upon billing, once you are more than 5 days overdue on any payment.	Payable to us.
Audit Fee	Our costs and expenses of conducting an audit of your financial records.	Upon billing, at the completion of the audit.	Payable to us.
Indemnification	Our damages we incur and all expenses and costs of defense.	Upon billing.	You must reimburse us if we are sued or held liable for claims arising from your business or conduct.
Marketing Materials	$2,500-$7,500 depending upon the package you purchase.	Upon billing.	Payable to us.
Insurance	Our costs to purchase insurance for you if you fail to purchase insurance on your own behalf.	Upon billing.	Payable to us.
Advance Payments	You must pay us all amounts we advance on your behalf or for which we have become obligated on your behalf to pay.	Upon billing.	Only payable if you fail to pay amounts owed and we pay them for you.

Type of Fee[1]	Amount	Due Date	Remarks
Step-In Fee	All costs we incur if we step-in to operate your Franchised Business.	Upon billing.	Only payable if we determine that the operation of your Franchised Business is in jeopardy and step-in to operate it.
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees. Amount will vary under the circumstances.	Immediately after notice from us.	You only pay this amount if we must pursue you for amounts you owe us or other breaches of your agreements with us or if we need to defend any claim you bring against us.

Note 1
You must pay all fees, payments, and charges described in Item 6 to us through EFT. You must sign the EFT Authorization attached as an exhibit to the Franchise Agreement. None of these fees are refundable. All fees and other amounts in the chart above are paid to us and are non-refundable. We intend that all fees will be uniform for all new franchisees, subject to the identified discounts in Item 5.

Note 2
The minimum monthly Continuing Royalty of $1,500 will not be imposed until the earlier of the first of the month immediately following the date that is 90 days after the Effective Date of the Franchise Agreement or when the Franchisee begins operations. However, a Conversion Franchisee must pay the Minimum Royalty immediately as of the Effective Date. But the Continuing Royalty for a Conversion Franchisee will be reduced to 2% of Gross Sales for the first 24 months of the Franchise Agreement term. A franchisee that signs the First Franchise Option Amendment exhibit to the Franchise Agreement will pay a Continuing Royalty of 6.5% of Gross Sales.

Gross Sales includes all of your revenue from the operation of the Franchise, including customer sales, equipment sales, equipment rentals, cash sales, fees, financing and sales tax. Gross Sales excludes your costs of financing. You may not deduct discounts, rebates, referral fees, return costs or any other costs from Gross Sales.

Note 3
The Call Center Fee covers part of the cost for our central call center to receive and process customer inquiries, appointments and service calls.

Note 4
The Technology Fee covers the cost for the software platform you must use to operate your Franchised Business.

Note 5
If any fee or payment due under the Franchise Agreement is not paid on the date it is due, you must pay to us interest at the rate of the lesser of 12% per annum, or the maximum rate permitted by applicable law, from the date these amounts were originally due. Also applies to amounts owed for understatements of Gross Sales.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	$40,000[1]	Lump Sum.	At Signing of Franchise Agreement.	Us.
Initial Marketing Package	$2,500 to $7,500[2]	Lump Sum.	30 days prior to opening.	Us.
Vehicle	$9,200 to $53,800[3]	As Incurred.	Prior to opening.	Car dealers, wrap vendors, installers.
Training (including salary, travel, lodging and meals)	$6,000 to $8,000[4]	As Incurred.	During Training.	Employees, Airlines, Hotels and Restaurants.
Equipment	$5,000 to $12,500[5]	As Incurred.	Upon taking possession of a facility.	Suppliers.
Facility Lease	$4,800 to 15,000[6]	As Incurred.	As Incurred.	Landlord.
Technology	$1,250 to $8,000[7]	As Incurred.	Upon taking possession of a facility.	Suppliers.
Initial Inventory	$2,500 to $10,000[8]	As Incurred.	As Incurred.	Suppliers.
Miscellaneous Opening Costs	$13,000 to $16,000[9]	As Incurred.	As Incurred.	Us, Suppliers and Governmental Agencies.
Advertising	$6,000 to $10,000[10]	As Incurred .	As Incurred.	Suppliers.
Additional Funds – 3 Months	$15,000 to $25,000[11]	As Incurred.	As Incurred.	Suppliers, Employees.
Total	**$105,250 - $205,800**[12]			

Note 1
This fee is non-refundable.

Note 2
This fee is non-refundable. The package includes front door colored decals/vinyl prints, interior wall decals/prints, framed posters/wall hangings, marketing and promotional materials, exterior garage door decals/prints, and exterior signage. The fee for the Initial Marketing Package will vary depending on the style and type of exterior sign you purchase.

Note 3
The low estimate is for the lease of a vehicle meeting our specifications. The high estimate is for the purchase of this vehicle. Currently you can acquire one of five specific models of Ford vehicle for use in the operation of the Franchised Business: (i) Ford 250 Tall-Top Transit 148 WB; (ii) Ford Transit Connect; (iii) Ford Transit w/14 ft century box truck; (iv) Ford E350 w/14 ft century box truck; or (v) Ford F150 4-

Door Pickup. We are not a supplier of vehicles and we do not designate a specific or preferred supplier. Each of these amounts include the cost to install branded wraps. These costs are not refundable.

Note 4
Airfare and hotel costs may be refundable by the vendor, but our training fees and other costs are non-refundable. The training costs assume a minimum of 1 and a maximum of 3 attendees, participating in the full Initial Training Program at our facility currently located in Noblesville, IN.

Note 5
These costs are non-refundable. You must purchase certain equipment to operate the business, including a hammer drill, a duct cleaning machine, shelving and other storage equipment.

Note 6
These costs are non-refundable. This amount represents an estimate, based on our business experience, of the costs of the first three months lease for a facility that meets our specifications, including furnishings, utilities improvements and build-out. The low estimate assumes an 1800 square foot facility with a rental rate of $10 per square foot. The high estimate assumes a 2,400 square foot facility with a rental rate of $18 per square foot. This cost may vary unpredictably based on the location of your facility. These estimates are for a site meeting our specifications including the size range discussed above, suitable phone/internet service and power, a front door, an overhead door, an office work space and a warehouse or garage space suitable for storing a vehicle and necessary inventory and equipment. We have assumed minimal build-out costs.

Note 7
These costs may be refundable. The technology costs assume the purchase of between 1 and 4 sets of equipment, which shall include either a desktop or laptop computer, a printer, a scanner, a copier, full internet access with appropriate network security, point-of-sale software, estimating and proposal software, job costing software, financial and accounting software, a mobile device (e.g, iPad or Android tablet) that is suitable to run our job costing software, and a mobile credit card processer.

Note 8
These costs may be refundable. The initial inventory you need to purchase will vary, but these estimates assume a minimum cost to stock the required vehicle and a maximum cost that reflects approximately enough parts and materials to fully stock multiple vehicles.

Note 9
These costs are non-refundable. This estimate includes insurance, uniforms, printed materials, legal costs and utilities.

Note 10
These costs are non-refundable. The low estimate assumes you only spend the minimum required amount of $2,000 per month in local advertising during the first 3-months of operation. The high estimate assumes you spend $10,000 during this period. These are only minimum amounts and we recommend that you spend more.

Note 11
This amount includes estimated operating expenses you should expect to incur during the first 3 months of operation, which includes permits and licensure, insurance premiums, maintenance and repair costs. It excludes real estate lease costs which are covered above, any revenue generated by your Franchised Business, taxes, and compensation for your employees as compensation depends on the region of the

country your Franchised Business is in as well as the location of your Franchised Business in that region. We have relied on the experiences of our affiliate in opening locations in Indiana.

Note 12
This is only an estimate of your initial investment and is based on our estimate of costs and market conditions prevailing as of the date of this disclosure document. You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise. We do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, your business experience, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges, interest or debt service obligations.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must purchase from us, as the sole supplier, the Initial Marketing Package, which includes window decals, interior and exterior signage, wall decals, and sales brochures. We will not approve any alternate supplier for the Initial Marketing Package.

You must utilize our central call center to receive and process customer inquiries, appointments and service calls. We may approve you to operate your own call center or to utilize an alternate vendor if you can demonstrate to our satisfaction that the alternate vendor can meet our standards and specifications for quality and performance. Factors considered in our assessment of an alternate vendor include staffing, volume processing, call service quality and lead conversion rates.

You must purchase and use uniforms and branded apparel that meet our standards and specifications. We have only one supplier of uniforms and apparel who is not affiliated with us. We will not approve any alternate supplier for uniforms and apparel.

You must acquire a vehicle for use in the operation of the Franchise that meets our specifications. Currently you can acquire one of five specific models of Ford vehicle for use in the operation of the Franchised Business: (i) Ford 250 Tall-Top Transit 148 WB; (ii) Ford Transit Connect; (iii) Ford Transit w/14 ft century box truck; (iv) Ford E350 w/14 ft century box truck; or (v) Ford F150 4-Door Pickup. We are not a supplier of vehicles and we do not designate a specific or preferred supplier. You must have your vehicle wrapped in such a manner to meet our specifications. We have only one supplier of vehicle wraps. We will not approve alternate suppliers of vehicle wraps. You may choose your own installer or detailer to wrap the vehicle.

You must have computer equipment, including either a desktop or laptop computer, a printer, a scanner, a copier, full internet access with appropriate network security, point-of-sale software, estimating and proposal software, job costing software, financial and accounting software, accounting software, our customer service software, a mobile device (e.g, iPad or Android tablet) that is suitable to run our job costing software, and a mobile credit card processer. We are not a supplier of these items and we do not designate a specific or preferred supplier. However, you must use the scheduling and proposal-writing software we require and we have only one approved supplier for this software. We do not plan on approving other suppliers of this software.

You must use the on-line platform we specify to manage and record your financial information. You must purchase this product from our approved vendor. We do not plan on approving other suppliers of this platform.

You must use our designated website hosting platform. We are the sole vendor for this platform and we do not approve alternative vendors.

You must acquire a single office, garage or warehouse facility that meets our requirements, which include being a minimum of 1,800 and a maximum of 2,400 square feet in size and suitable to store your vehicle and necessary equipment and inventory. You may acquire the property from any supplier.

Your insurance must meet our specifications as to coverage and limits we specify from time to time. You must purchase such insurance from an A-rated carrier, but we do not otherwise have approved or preferred carriers or brokers. We currently require you to carry:

(i) Comprehensive general liability insurance, including errors and omissions coverage and products and ongoing or completed operations and personal and advertising injury coverage, in the amount of at least $1,000,000.00 per occurrence and $2,000,000.00 in the aggregate;

(ii) Comprehensive automobile liability insurance in the amount of at least a combined single limit for bodily and property damage of $1,000,000.00, or greater if required by state law;

(iii) Umbrella liability coverage over general liability, including automobile and employer's liability, with at least $1,000,000 per occurrence;

(iv) Worker's compensation coverage in the limits required by state law, employer's liability insurance with limits of $500,000 per accident; $500,000 per employee disease; and $500,000 policy limit for disease; and

(v) Business interruption insurance in an amount no less than the amount necessary to satisfy your obligations under the franchise agreement and any leases for office or warehouse space for a minimum period of six months.

We may require you to purchase other products and services from our approved or preferred suppliers. We may designate a sole supplier but we typically permit you to choose from among suppliers. We do not provide specifications for standard commercial products or services, but we may develop specifications for customized products and services. If we designate a sole supplier, or if we create product specifications, you may request our approval for alternate suppliers or products if you can demonstrate that such alternate suppliers or products meet our quality, price and performance standards and we have not named a single supplier for the item. All such requests must be submitted in writing. We do not charge a fee for our review of an alternative supplier. We will generally notify you of our approval or disapproval within 30 days of our receipt of all the information and samples we request.

We may receive rebates, volume discounts, promotional incentives or other revenue arising from your purchase of specified products and services. We intend to make a profit on any products or services we sell to you. As of the issuance date of this disclosure document we have received no revenue from franchisees for the purchase of any products or services.

Except for the materials and services described above, there are currently no other items or services for which we, or our affiliates, are approved suppliers or the only approved suppliers. Except for us or an affiliate, there are no approved suppliers in which any of our officers owns an interest.

Currently, you are not required to use any other suppliers for goods or services; however, we reserve the right to require you to do so in the future. Except as described above, you are not required to purchase or lease, products, equipment, or services that meet our specifications. Although we do not provide our specifications without a request, if you request them for the items above we will provide them to you. We can modify the specifications at any time upon notice to our franchisees.

You can expect that the items you purchase to meet our specifications will represent 75% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent approximately 60% of your total annual expenses.

Negotiated Prices

We may negotiate purchase arrangements with our approved suppliers on your behalf, including price terms.

Material Benefits

We do not provide any material benefits to you based on your use of designated or approved suppliers.

Cooperatives

We do not have any purchasing or distribution cooperatives.

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ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in Agreement	Disclosure Document Item
A.	Site selection and acquisition/lease	Section 10 of Franchise Agreement	Items 7, 11 and 12
B.	Pre-opening purchases/leases	Sections 7 and 10 of Franchise Agreement	Items 5, 7, 8 and 11
C.	Site development and other pre-opening requirements	Section 10 of Franchise Agreement	Items 5, 7, 8 and 11
D.	Initial and ongoing training	Section 6 of Franchise Agreement	Item 6, 7 and 11
E.	Opening	Sections 7 and 10 of Franchise Agreement	Item 11
F.	Fees	Sections 6, 10, 11, 12, 19, 30, 31, 36 of Franchise Agreement; Sections 4 and 5 of Conversion Franchise Addendum	Items 5, 6, 8 and 11
G.	Compliance with standards and policies/Operations Manual	Sections 6, 10, 12, 15 and 21 of Franchise Agreement	Items 8, 11, 15 and 16
H.	Trademarks and proprietary information	Sections 8, 9 and 19 of Franchise Agreement	Items 8, 13 and 14
I.	Restrictions on products/services offered	Sections 5 and 10 of Franchise Agreement	Items 8 and 16
J.	Warranty and customer service requirements	Section 10 of Franchise Agreement	Items 6 and 16
K.	Territorial development and sales quotas	Section 5 of Franchise Agreement	Item 12
L.	Ongoing product/service purchases	Sections 7 and 10 of Franchise Agreement	Item 8
M.	Maintenance, appearance and remodeling requirements	Section 21 of Franchise Agreement	Not Applicable
N.	Insurance	Section 15 of Franchise Agreement	Items 6, 7 and 8
O.	Advertising	Sections 10 and 12 of the Franchise Agreement	Items 6 and 11
P.	Indemnification	Sections 27 and 32 of Franchise Agreement	Not Applicable
Q.	Owner's participation / management / staffing	Section 10 of Franchise Agreement	Items 11 and 15
R.	Records and reports	Section 13 of Franchise Agreement	Item 6
S.	Inspections and audits	Section 13 of Franchise Agreement	Items 6 and 11
T.	Transfer	Sections 18 - 20 of Franchise Agreement	Items 6 and 17
U.	Renewal	Section 4 of Franchise Agreement	Items 6 and 17
V.	Post-termination obligations	Section 17 of Franchise Agreement	Items 6 and 17

Obligation		Section in Agreement	Disclosure Document Item
W.	Non-competition	Section 23 of Franchise Agreement; Spousal Non-Disclosure and Non-Competition Agreement	Item 17
X.	Dispute resolution	Section 26 of Franchise Agreement	Item 17
Y.	Guaranty of franchisee obligations[1]	Franchise Agreement, Exhibit 2	Item 15
Z.	Spousal Non-Disclosure and Non-Competition Agreement[1]	Section 24 of Franchise Agreement and Franchise Agreement, Exhibit 6	Item 15

Note 1
If you are a legal or business entity or you transfer your Franchise Agreement to a corporation, limited liability company or partnership, you and any other owners must sign a personal guaranty of all obligations under the Franchise Agreement. The form of personal guaranty is attached as an exhibit to the Franchise Agreement. We do not require your spouse or domestic partner to sign the Franchise Agreement or personal guaranty, but we do require that your spouse or domestic partner sign a Spousal Non-Disclosure and Non-Competition Agreement, attached as an exhibit to the Franchise Agreement.

ITEM 10
FINANCING

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

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

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

Our Pre-Opening Assistance

(1) Review your site to approve or disapprove it based upon our specifications. (Franchise Agreement – Section 10). We do not provide you with site selection or build-out assistance at your chosen facility. We do not sell any sites. We will approve or reject your site based on specified criteria, including a size range of 1,800 to 2,400 square feet, suitable phone/internet service and power, a front door, an overhead door, an office work space and a warehouse or garage space suitable for storing a vehicle and necessary inventory and equipment. You must submit to us information and materials we require and obtain our approval of the site. We will generally approve or reject a site that you have proposed within 30 days of your submission of complete site information that we require. If you fail to obtain our approval of your site or open the Franchised Business within 120 days of the date you sign the Franchise Agreement we can terminate the Franchise Agreement and retain all amounts you have paid us. (Franchise Agreement – Sections 10 and 16).

(2) Although we will provide a sample facility design, you are not obligated to follow our design and we do not conform your premises to local ordinances or building codes or obtain any required permits on your behalf. (Franchise Agreement – Section 5(b)). You must secure and occupy a location we approve no later than 12-months after you begin operating, but we will approve you to use a temporary space for that 12-month period. If you do not find a suitable location to operate after 12 months, we may terminate the Franchise Agreement and retain all fees you have paid us. (Franchise Agreement – Section 10).

(3) We provide the Initial Marketing Package for branding the location which includes front door colored decals/vinyl prints, interior wall decals/prints, framed posters/wall hangings, marketing and promotional materials, exterior garage door decals/prints, and exterior signage. (Franchise Agreement – Section 10). While we will arrange for delivery of these items, we do not install them for you.

(4) We provide the Initial Training Program to the principal owner of the franchise and up to 2 other persons selected by you. (Franchise Agreement – Section 6).

(5) We will loan you a copy of our manual that contains various information including mandatory and suggested specifications, standards and procedures. We may modify any manual periodically in our discretion. (Franchise Agreement – Sections 9 and 34). As of the issuance date of this Disclosure Document, the Operations Manual contains 175 pages. A copy of the table of contents of the Operations Manual is attached to this disclosure document as Exhibit H.

We expect the length of time from signing the Franchise Agreement to the opening of your Franchised Business to be no more than 120 days. Some factors that may affect this timing include how long it takes you to select a suitable site for your Franchised Business and obtaining a lease or sublease; any shortages of, or delays in obtaining any furniture, fixtures, equipment, inventory and supplies, vehicles, and signs; your ability to secure any necessary financing; finding employees; and obtaining any licenses and permits. The Continuing Royalty is due after the first calendar month in which you begin operating.

Our Post-Opening Assistance

(1) We will operate the call center for use by your customers. (Franchise Agreement – Section 11).

(2) We will provide access to and support for your use of our required job costing, invoicing and inventory management software. (Franchise Agreement – Section 7).

(3) We will attempt to negotiate with vendors and suppliers for the introduction of new products and services, and for favorable pricing, delivery and return terms. (Franchise Agreement – Section 10).

(4) We will periodically update our standards, including our vehicle standards and branding requirements. (Franchise Agreement – Sections 9, 10 and 34).

(5) We will provide you with recommendations, and sometimes requirements, for equipment, vehicles, office space, warehouse and storage design, inventory, marketing and office management practices. (Franchise Agreement – Section 10). We do not deliver or install these items.

(6) We will set accounting and revenue tracking guidelines and standards for creating and submitting monthly profit & loss statements to us. (Franchise Agreement – Section 7).

(7) We will provide you with a platform for building and hosting a website for your franchise. (Franchise Agreement – Sections 10 and 12).

(8) We will furnish you with reasonable operating assistance through our representatives as we deem appropriate. (Franchise Agreement – Section 2(f)).

Advertising

We do not run any advertisements for you or on behalf of the franchise system, and we do not commit to spending any amounts on advertising at the local, state, regional or national level. We do not operate an advertising fund. We have no obligation to conduct advertising.

We collect a Marketing Fee equal to 2% of your monthly Gross Sales. (Franchise Agreement – Sections 11 and 12). We can spend this fee in any way we see fit, either on advertising or otherwise, and we do not deposit these fees in any advertising fund.

Local Advertising

You must spend a minimum of $2,000 per month on advertising the Franchise to customers and potential customers in your Territory. (Franchise Agreement – Section 12). You may advertise in any medium, including radio, digital, social media, tv, print and billboards. You may develop and produce your own advertising, provided it meets our standards and we approve it.

We do not have an advertising cooperative and you are not required to participate in an advertising cooperative. We do not have an advertising council that advises us on advertising policies. If we form one, we anticipate it will only be advisory, as we will make all final decisions as it relates to advertising.

Computer Equipment, Software, Hardware, and Systems

You must have the computer equipment that we require, including either a desktop or laptop computer, a printer, a scanner, a copier, full internet access with appropriate network security, point-of-sale software, estimating and proposal software, job costing software, financial and accounting software, , a mobile device (e.g, iPad or Android tablet) that is suitable to run our job costing software, and a mobile credit card processer. You must be PCI-DSS compliant. You are responsible for all costs of upgrading, improving, replacing and maintaining your computer equipment. (Franchise Agreement – Section 7). We estimate the cost of the computer equipment to range between $1,250 and $8,000. We estimate the cost of annual updates and upgrades to range between $275 and $750.

We will have independent access to all of your computer systems and software, including all customer and financial information you maintain.

Neither we, nor any affiliate nor any third party has an obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer systems.

The Initial Training Program and Other Training

Initial Training Program

The principal owner of the franchise must attend and complete to our satisfaction our Initial Training Program. The Initial Training Program must be completed before the opening of your Franchised Business (within 120 days of signing the Franchise Agreement). You may invite up to two other persons to participate in the Initial Training Program at no cost to register. All other persons must register at a cost of $500 per day, per person. This cost is nonrefundable and must be paid before the Initial Training Program begins. Training will take place virtually and at our headquarters in Noblesville, Indiana, or at another location designated by us. Training is scheduled when as needed to support new franchisees. You are responsible for all costs for lodging, transport, meals, salaries, and any other expenses incurred to attend the training.

We estimate the training will require approximately 60 hours. We expect the 60 hours to take from 5-7 business days. (Franchise Agreement – Section 6).

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Facilities and Vehicles	5	4	Virtual or Noblesville, IN
Managerial, Financial & Legal	4	0	Virtual or Noblesville, IN
Marketing & Advertising	5	4	Virtual or Noblesville, IN
Operations Manual	4	0	Virtual or Noblesville, IN
Recruiting	4	0	Virtual or Noblesville, IN
Sales & Customer Service	12	8	Virtual or Noblesville, IN
Technology & Software	4	6	Virtual or Noblesville, IN
Total Hours:	**38**	**22**	

TOTAL ESTIMATED INITIAL TRAINING PROGRAM – 60 HOURS

The primary instructor is Ryan Carpenter, the founder of the concept and our President. He has been with us since our formation. Ryan has more than 20 years' experience in providing heating and air conditioning services. Jennifer Arnett our Heating and Air Conditioning General Manager, will be a secondary instructor. Jennifer has been with us since 2013 and she has more than 8 years' experience in heating and air conditioning services. We use our Operating Manual as the primary tool in our program.

Conferences and Additional Training Sessions

We may, at our option, conduct conferences or additional training sessions. We may charge registration fees for these programs. The cost is currently $500 per day per person is nonrefundable and is due before the training begins. You may be required to attend these conferences or training sessions/programs. We may, at our option conduct a Convention that you must attend. You are solely responsible for paying all related expenses, including travel, transportation, food/meals, hotel/lodging and wages while attending the Conventions, and training sessions/programs. You must pay us a monthly Convention Registration Fee of $100 per month which is not refundable.

ITEM 12
TERRITORY

You must operate the business from a location that we approve. You must receive our written approval before changing locations. You may operate from more than one location within your territory, provided we approve the locations. When considering whether to allow you to change the location of your Franchised Business or operate from additional locations, the new or additional locations must be in your territory, may not be within the territory of another of our franchisees and must meet our other then-current requirements for a location.

You will be awarded a territory that includes a minimum of population of 200,000 persons at the time the Franchise Agreement is signed, determined by us through reference to census data published by the United States government. The territory will be delineated by zip codes, Census Tract or other boundaries. As long as you are in compliance with your Franchise Agreement and any other agreements with us and any of our affiliates, we will not operate or grant a third party the right to operate under the Heating + Air Conditioning Paramedics name a business providing residential heating and air conditioning installation, repair, replacement and maintenance services that is operated from a site physically located in your territory. Other than this limitation there are no other prohibitions on us in your territory.

You may serve customers outside your territory provided that the customer is not located within the territory of another Heating + Air Conditioning Paramedics franchisee. If we subsequently grant a territory to another franchisee that includes customers you currently service, you will lose the right to service those customers. Otherwise you may not perform services at a residence outside of your territory. You cannot solicit customers via the Internet, telemarketing or other direct marketing efforts unless we approve of those efforts. In any event, all of your advertising must be approved by us, and you must obtain our written approval before you establish any website, web page, or social networking or social media site, profile, account or hashtag, relating to or making reference to us, your Franchised Business or the System.

Reserved Rights

Among other things, we and our affiliates have the right to (a) establish or license franchises and/or company-owned heating and air conditioning services businesses offering similar or identical products and services, (i) under the Marks or other marks anywhere outside of the territory or (ii) under names, symbols, or marks other than the Heating + Air Paramedics mark inside the territory; (b) sell or offer, or license others to sell or offer, any products and services using the Marks or other marks through any similar and dissimilar channels of distribution, including, without limitation, through telephone, mail order, kiosk, retail, co-branded sites and sites located within other retail businesses, Intranet, Internet, web sites, wireless, email or other forms of e-commerce, for distribution inside and outside of the territory; (c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the territory; and (d) acquire, be acquired by, or merge with other parties that provide heating and/or air conditioning services, and other related services anywhere (including inside or outside of the Territory) and, even if such businesses are located in the Territory, and that following an acquisition we may operate, franchise or license those other businesses and/or facilities under any names or marks, including the Licensed Marks, regardless of the location of these businesses and/or facilities, which may be inside or outside the Territory. We will not compensate you for any of our activities, including soliciting or accepting orders in your territory, even if they have an impact on your Franchised Business. 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 cannot unilaterally change your territory, and there are no minimum quotas required. You will not receive any options, rights of first refusal, or similar rights to acquire additional franchises. We will not pay you any compensation for soliciting or accepting orders in your territory.

ITEM 13
TRADEMARKS

The principal Heating + Air Paramedics commercial symbol which we will license to you appears on the cover of this disclosure document.

You may also use any other current or future trademarks that we may designate to identify Heating + Air Paramedics franchisees. By trademark, we mean trade names, trademarks, service marks, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like ("e-names") and associated logos, designs, symbols, trade dress and other commercial symbols and logos used to identify your business.

The following is a description of the principal trademarks pending registration on the Principal Register of the United States Patent and Trademark Office (USPTO), and which we will license to you (the "Marks"):

Mark	Application No.	Application Date
Heating + Air Paramedics	97/097,523	October 28, 2021
	97/097,525	October 28, 2021

We do not have a federal registration for these principal trademarks. Therefore, these trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use either of these trademarks is challenged, you may have to change to alternative trademarks, which may increase your expenses. Presently, there are no effective determinations of the USPTO or of the trademark administrator of any state or court, of any pending interference, opposition, or cancellation proceedings involving any of the above Marks. Nor are there any pending proceedings of material federal or state litigation involving the Marks and their use. All registrations for the Marks have been renewed on a timely basis and all appropriate maintenance affidavits have been filed with the USPTO, in each case if applicable. We do not know of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks discussed above. Except as discussed below, there are no currently effective agreements that limit our right to use or license the use of these Marks.

We obtained the rights to use, and to license to our franchisees, the Heating + Air Paramedics stylized logo, the Heating + Air Paramedics word mark and all other marks, logos, commercial symbols and other intellectual property related to Heating + Air Paramedics owned by our affiliate, Plumbing Heating Paramedics, LLC, under a Trademark License Agreement dated October 29, 2021 between us and our affiliate. Under the terms of that License Agreement, our affiliate may continue to operate its own Heating + Air Paramedics business under these marks, provided it does not do so within any territory granted to any of our franchisees. We are not restricted in any way in which we use these items and the length of the License Agreement is indefinite. We therefore essentially have all the rights as the owner of the intellectual property to license others to use the intellectual property. If the License Agreement were terminated you would have to stop using the Marks and all other intellectual property licensed to us under the License Agreement.

You must notify us immediately when you learn about an infringement of, or challenge to your use of, our trademarks. We have no obligation to protect your right to use any of our trademarks or to protect you against claims of infringement or unfair competition arising out of use of the trademarks. You must notify us of the use of, or claims of rights to, a trademark that is identical to or confusingly similar to our trademarks. If you notify us, we have no obligation under the franchise agreement to take any action, but we may. We, not you, have the right to control any administrative proceedings or litigation involving a

trademark licensed by us to you. If we elect to control the defense and settlement of a claim we will indemnify you against all damages you are held liable for in the proceeding as long as you cooperate fully with us in the defense of the proceeding. But we will not indemnify or reimburse you if we have elected not to assume or control the defense and settlement of the claim, or if the claim against you arises out your use of the trademarks in violation of the franchise agreement

You must modify or discontinue the use of a trademark if we modify or discontinue it. You have no rights to compensation or otherwise under the Franchise Agreement if we require you to modify or discontinue a trademark. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents nor patent applications pending that are material to a Heating + Air Paramedics franchise.

We claim trade secret and copyright protection for our manuals, intranet and database of materials, forms, video and audio recordings, social media postings, documents, images, training materials, advertising materials, trademarks, trade names, service marks, word marks and trade dress, financial information, our trade secrets and other proprietary and confidential materials whether or not marked or designated as confidential (the "Confidential Information"). These copyrights have not been registered with the United States Registrar of Copyrights. We grant you the rights to use these items for the term of the Franchise Agreement. You may not use our Confidential Information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the materials we claim copyright protection in nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend our copyrights.

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

You must participate personally in the operation of the Franchise. You or one of your owners if you are an entity must be the license holder for the Franchised Business, if required by applicable law.

If you want to retain and use an on-site supervisor other than yourself, they must complete our Initial Training Program and be approved by us. You will be solely responsible for all costs of registering your supervisor for and attending the Initial Training Program. We recommend that any on-site supervisor be a properly licensed technician or person with similar heating and/or air conditioning services experience. Your on-site supervisor must agree to maintaining the confidentiality of our Confidential Information, and any other proprietary and trade secret material. The on-site supervisor need not have any ownership interest in your Franchised Business.

If you are a legal or business entity or you transfer your Franchise Agreement to a corporation, limited liability company or partnership, you and any other owners must sign a personal guaranty of all obligations

under the Franchise Agreement. The form of personal guaranty is attached as an exhibit to the Franchise Agreement. We do not require your spouse or domestic partner to sign the Franchise Agreement or personal guaranty, but we do require that your spouse or domestic partner sign a Spousal Non-Disclosure and Non-Competition Agreement, attached as an exhibit to the Franchise Agreement. If your spouse or domestic partner breaches this Agreement we can seek remedies and enforce the provisions of that Agreement against both you and your spouse or domestic partner. We can also terminate your Franchise Agreement.

ITEM 16
RESTRICTIONS ON SERVICES OFFERED BY FRANCHISE

You must offer and provide all the products and services we require. You may not offer or provide any products and services not authorized by us, or which you are not licensed to provide. You are specifically limited to providing approved products and services to customers who are located in your territory unless we otherwise agree. We may add additional products and services you must offer and can withdraw any products or services we authorize you to provide. You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications when providing services through your Franchised. Unless we otherwise approve, you cannot operate other businesses from your Franchised Business.

You may not create or issue your own gift cards or gift certificates. You must also participate in all gift card and gift certificate programs we establish. We can also implement pricing policies, such as maximum price policies, and minimum advertised price policies, and you must abide by these policies.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision		Section in Franchise Agreement	Summary
A.	Length of the Franchise term	Section 3	7 years.
B.	Renewal or extension of the term	Section 4	If you are in good standing and you meet our specified conditions, including signing our then-current franchise agreement, you may renew for an additional 7-year term.
C.	Requirements for Franchisee to renew or extend	Section 4(b)	Notice of intent to renew at least 6 months before expiration, no current defaults, you cannot have received three or more defaults during the term, be current with all amounts due, no defaults of supplier agreements; sign our then-current franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement) 1 month before expiration, pay a renewal fee, and sign a general release (subject to state law).

Provision		Section in Franchise Agreement	Summary
D.	Termination by Franchisee	None	You may terminate on any grounds available under applicable state law.
E.	Termination by Franchisor without cause	None	Not Applicable.
F.	Termination by Franchisor (with cause)	Section 16(a)-(b)	We can terminate if you fail to cure a default, or if you default under certain conditions (subject to applicable state law).
G.	"Cause" defined - defaults which can be cured	Sections 16(a)	Any default for which we provide you notice and a period of time to cure.
H.	"Cause" defined - defaults non-curable defaults	Section 16	Non-curable defaults; defaults where you fail to cure within the prescribed period; wilful understatement of Gross Sales by 3% or more in a calendar month; failing to obtain or approval of your site or open within 120 days of the date you sign your Franchise Agreement; making a false statement to us; sale or transfer or the Franchise or an ownership interest therein without written consent from us; receiving 3 or more default notices during the term of your Franchise Agreement; conviction of a felony or crime of moral turpitude or crime related to operating the Franchise; insolvency or filing bankruptcy; failure to comply with laws or regulations after notice from the authorities; violating a covenant of confidentiality or non-disclosure in this Agreement; selling or offering for sale products and services not approved by us; public actions or omissions or social media activity that damages the System or the Marks; failure to operate the Franchise in strict accordance with our standards; infringement of the Marks; abandonment of the Franchise for 3 consecutive calendar days without written permission from us; failing to move into an approved location from which to operate the Franchise by the end of 12 months from beginning operations; failure to purchase and maintain insurance.
I.	Franchisee's obligation on termination/non-renewal	Sections 8, 9(e), 10(f), 17, 23, 24, and 25(e)	Cease business, de-identify, keep Confidential Information confidential or return it as required, pay amounts due within 7 days of termination, turn over customer data to us, sign a termination agreement if required, assign accounts receivable, assets or interests in public listings (i.e., telephone numbers) as required, avoid competing with us for 18 months in the Territory and adjacent territories if assigned to other franchisees, name us attorney-in-fact to shut down social media presence or shut down social media presence as required, pay costs of enforcement of any termination obligations.
J.	Assignment of contract by Franchisor	Section 20	No restriction on our right to sell or assign the Franchise Agreement in whole or part (subject to state law).

Provision		Section in Franchise Agreement	Summary
K.	"Transfer" by Franchisee -defined	Section 19(a)	Includes transfer or assignment of the Franchise Agreement, the Franchise, or any ownership interest in the Franchise
L.	Franchisor's approval of transfer by Franchisee	Section 19(a)	We must approve all transfers.
M.	Conditions for Franchisor's approval of transfer	Section 19(b)	Proposed transferee must qualify, must demonstrate financial wherewithal, you and the proposed transferee must sign our Consent to Transfer and Release Agreement and satisfy all of its terms (subject to state law), including payment of a transfer fee, sign our then-current franchise agreement (which may contain materially different terms and conditions than the transferor's original Franchise Agreement), owners must sign a personal guaranty, and completing required training.
N.	Franchisor's right of first refusal to acquire your business	Section 18	We can match any offer for your business.
O.	Franchisor's option to purchase your assets	Section 18	Upon your receipt of a bona fide written offer for the Franchise that you intend to accept, we can match the offer and purchase the Franchise.
P.	Death or disability of Franchisee	Section 22	In the event of your death or permanent disability or that of any person with a controlling interest in the Franchisee, the executor, administrator, or personal representative must work with us to ensure that not later than 180 days later there is a transfer of control or a transfer of the Franchise. The Franchise must continue in operation during the 180 day period.
Q.	Non-competition covenants during the term of the Franchise	Section 23(b)(i)	No diversion of customers to a competitor or involvement in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered in your Franchised Business.
R.	Non-competition covenants after the franchise is terminated or expires	Section 23(b)(ii)	For 18 months after the termination or expiration of your Franchise Agreement you may not divert customers to a competitor or engage or be involved in any manner in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered in your Franchised Business, within your former territory or within any immediately adjacent territories to your former territory that are licensed to another Heating + Air Paramedics franchisee.
S.	Modification of the Franchise Agreement	Section 34	No modification of the franchise agreement unless you and we agree in writing, but we can unilaterally change our manuals.
T.	Integration/merger clause	Section 34	Only the terms of the franchise agreement and other related written agreements are binding (subject to state law). No other promises are enforceable. However,

Provision		Section in Franchise Agreement	Summary
			nothing in the Franchise Agreement or in any related document is intended to disclaim our representations made in this disclosure document.
U.	Dispute resolution by arbitration or mediation	Section 26	Except for certain claims, all disputes must be arbitrated before the American Arbitration Association in Indianapolis, Indiana (subject to state law).
V.	Choice of forum	Section 25(b)	Litigation must be in the state or federal courts located in Marion County, Indiana (subject to state law).
W.	Choice of law	Section 25(a)	Indiana law applies (subject to state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchises.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Ryan Carpenter, 9750 E. 150th Street, Noblesville, IN 46060, (317) 456-0177, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2019 to 2021

(Column 1) **Outlet Type**	(Column 2) **Year**	(Column 3) **Outlets at the Start of the Year**	(Column 4) **Outlets at the End of the Year**	(Column 5 **Net Change**
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company-Owned*	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	**2019**	**1**	**1**	**0**
	2020	**1**	**1**	**0**
	2021	**1**	**1**	**0**

*The "company-owned" outlet disclosed in the Table above is owned and operated by our affiliate.

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2019 to 2021

(Column 1) **State**	(Column 2) **Year**	(Column 3) **Number of Transfers**
All States	2019	0
	2020	0
	2021	0
Total	**2019**	**0**
	2020	**0**
	2021	**0**

Table No. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2019 to 2021

(Col. 1) **State/Province**	(Col. 2) **Year**	(Col. 3) **Outlets at Start of Year**	(Col. 4) **Outlets Opened**	(Col. 5) **Terminations**	(Col. 6) **Non-Renewals**	(Col. 7) **Reacquired by Franchisor**	(Col. 8) **Ceased Operations–Other Reasons**	(Col. 9) **Outlets at End of Year**
All States	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Total	**2019**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2020	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table No. 4
STATUS OF COMPANY-OWNED* OUTLETS
FOR YEARS 2019 to 2021

(Col. 1) **State**	(Col. 2) **Year**	(Col. 3) **Outlets at Start of Year**	(Col. 4) **Outlets Opened**	(Col. 5) **Outlets Reacquired From Franchisees**	(Col. 6) **Outlets Closed**	(Col. 7) **Outlets Sold to Franchisees**	(Col. 8) **Outlets at End of Year**
Indiana	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Totals	**2019**	**1**	**0**	**0**	**0**	**0**	**1**
	2020	**1**	**0**	**0**	**0**	**0**	**1**
	2021	**1**	**0**	**0**	**0**	**0**	**1**

*****The "company-owned" outlet disclosed in the table above is owned and operated by our affiliate.

Table No. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2021

(Column 1) **State**	(Column 2) **Franchise Agreements Signed But Outlet Not Opened**	(Column 3) **Projected New Franchised Outlet in the Next Fiscal Year**	(Column 4) **Projected New Company-Owned Outlets in the Next Fiscal Year**
Indiana	0	4	0
Tennsesse	0	2	0
Nevada	0	1	0
Michigan	0	2	0
Illinois	0	1	0
Missouri	0	2	0
Pennsylvania	0	1	0
Total	**0**	**13**	**0**

We did not have any franchisees as of the issuance date of this disclosure document. We did not have any franchisees who have had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily, ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2021, or who had not communicated with us within 10 weeks of the issuance date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. We did not have any franchisees who signed confidentiality clauses with us during the last 3 fiscal years that would prevent them from speaking openly about their experiences with us.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Included as Exhibit B is the audited consolidated financial statements of our parent, HS Group Holding Company, LLC, as of December 31, 2020 and December 31, 2021. Our parent, HS Group Holding Company, LLC guarantees our performance under the Franchise Agreement (see Exhibit B).

ITEM 22
CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document:

C. Franchise Agreement and Exhibits
Exhibits
1. Territory
2. Guaranty Agreement
3. Telephone Listing Agreement
4. Electronic Funds Transfer Authorization
5. First Franchise Option Amendment
6. Spousal Non-Disclosure and Non-Competition Agreement
7. Franchise Compliance Questionnaire

D. State Specific Addenda
E. Form of Conditional Consent to Transfer and Release Agreement
G. Conversion Franchise Addendum

ITEM 23
RECEIPTS

See the last two pages of this disclosure document for detachable documents (one for retention by you and one for us) acknowledging receipt of the disclosure document by you.

EXHIBIT A

PHP FRANCHISE, LLC

LIST OF STATE AGENCIES/AGENTS

FOR SERVICE OF PROCESS

STATE	AGENCY	PROCESS, IF DIFFERENT
California	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 1-866-275-2677	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013
Hawaii	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	
Illinois	Office of Attorney General Consumer Protection and Franchise Division 500 South Second Street Springfield, IL 62706 217-782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, IN 46204 371-232-6681	Administrative Office of the Secretary of State 200 West Washington Street Indianapolis, Indiana 46204
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore Maryland 21202
Michigan	Consumer Protection Division Antitrust and Franchise Unit Michigan Dept of Attorney General G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, MI 48909 517-373-7117	
Minnesota	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 651-539-1500	

STATE	AGENCY	PROCESS, IF DIFFERENT
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 212-416-8222	New York Secretary of State 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 212-416-8236
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capital 5th Floor Bismarck, ND 58505-0510 701-328-4712	North Dakota Securities Department 600 East Boulevard Avenue State Capital 5th Floor Dept 414 Bismarck, ND 58505-0510
Rhode Island	Rhode Island Division of Securities Department of Business Regulations Bldg. 69, 1st Floor John O. Pastore Complex 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	
South Dakota	Department of Labor and Regulation Director of Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 605-773-3563	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Wisconsin Dept. of Financial Institutions Division of Securities Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-8557	

EXHIBIT B

FINANCIAL STATEMENTS AND GUARANTEE

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Financial Report
December 31, 2021

Contents

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Consolidated statements of changes in members' equity	5
Consolidated statements of cash flows	6-7
Notes to consolidated financial statements	8-25

RSM

RSM US LLP

Independent Auditor's Report

Board of Directors
HS Group Holding Company LLC and Subsidiaries d/b/a Threshold Brands

Opinion

We have audited the consolidated financial statements of HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the related consolidated statements of operations, changes in members' equity, and cash flows for the year ended December 31, 2021 and for the period from August 13, 2020 (Acquisition Date) through December 31, 2020, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the year ended December 31, 2021 and for the period from August 13, 2020 (Acquisition Date) through December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Responsibilities of Management for the Financial Statements

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

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

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.

RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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.

RSM US LLP

Detroit, Michigan
March 29, 2022

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	**$ 7,181,077**	$ 8,915,866
Accounts receivable, net	**3,103,333**	2,197,809
Inventory	**643,430**	167,250
Prepaid expenses and other current assets	**824,037**	1,064,157
Total current assets	**11,751,877**	12,345,082
Property and equipment, net	**2,351,757**	1,689,699
Other assets:		
Goodwill, net	**46,891,935**	35,677,018
Intangibles, net	**20,870,313**	18,020,275
Notes receivable	**94,716**	257,110
Capitalized contract costs	**2,797,306**	1,569,127
Total other assets	**70,654,270**	55,523,530
Total assets	**$ 84,757,904**	$ 69,558,311
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	**$ 535,257**	$ 361,253
Accrued expenses	**3,371,998**	1,358,054
Current portion of long-term debt	**284,372**	125,000
Current portion of deferred franchise and territory fees	**3,035,222**	2,694,343
Total current liabilities	**7,226,849**	4,538,650
Long-term debt, net	**27,233,503**	11,964,677
Deferred franchise and territory fees, net of current portion	**3,820,652**	2,668,558
Other liabilities	**210,500**	-
	31,264,655	14,633,235
Total liabilities	**38,491,504**	19,171,885
Members' equity	**46,266,400**	50,386,426
Total liabilities and members' equity	**$ 84,757,904**	$ 69,558,311

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Operations
Year Ended December 31, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2021	2020
Revenues:		
Recurring revenue	**$ 35,732,914**	$ 5,781,317
Franchise fee revenue	**1,148,834**	283,548
Total revenues	**36,881,748**	6,064,865
Operating expenses:		
Cost of services	**7,426,467**	380,075
General and administrative expenses	**13,518,147**	2,434,096
Payroll and benefits	**16,589,524**	3,599,307
Depreciation and amortization expenses	**6,451,934**	1,473,992
Transaction expenses	**2,054,118**	3,045,954
Total operating expenses	**46,040,190**	10,933,424
Loss from operations	**(9,158,442)**	(4,868,559)
Other expense (income):		
Interest expense (income)	**1,364,806**	(2,689)
Other (income) expense	**(135,282)**	19,673
Other expense	**1,229,524**	16,984
Net loss	**$ (10,387,966)**	$ (4,885,543)

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Changes in Members' Equity
Year Ended December 31, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

Balance, August 13, 2020 - Pushdown of basis from Riverside, net of transaction expenses	$ 29,879,014
Contributed capital related to acquisitions	25,392,955
Net loss	(4,885,543)
Balance, December 31, 2020	50,386,426
Issuance of Class A units	1,150,000
Contributed capital related to acquisitions	5,150,000
Foreign currency translation	(32,060)
Net loss	(10,387,966)
Balance at December 31, 2021	**$ 46,266,400**

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Cash Flows
Year Ended December 31, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2021	2020
Cash flows from operating activities:		
Net loss	**$ (10,387,966)**	$ (4,885,543)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**6,370,658**	1,473,992
Accretion of debt issuance costs	**122,886**	-
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	**(487,558)**	556,040
Prepaid expenses and other current assets	**407,111**	(590,962)
Inventories	**(476,180)**	-
Notes receivable	**162,394**	(12,037)
Capitalized contract costs	**(1,228,179)**	(41,967)
Accounts payable and accrued expenses	**1,252,712**	(341,995)
Deferred franchise and territory fees	**330,255**	7,041
Other liabilities	**210,500**	-
Net cash used in operating activities	**(3,723,367)**	(3,835,431)
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	**(13,460,421)**	(22,841,392)
Purchase of property and equipment	**(972,162)**	(73,905)
Purchases of intangibles assets	**(200,000)**	-
Proceeds from sales of equipment	**208,379**	-
Net cash used in investing activities	**(14,424,204)**	(22,915,297)
Cash flows from financing activities:		
Borrowings on long-term debt	**16,000,000**	12,500,000
Payment of debt issuance costs	**(551,094)**	(410,323)
Payments on long-term debt	**(143,594)**	(533,611)
Proceeds from capital contributions	**1,150,000**	22,638,948
Net cash provided by financing activities	**16,455,312**	34,195,014
Effect of exchange rate changes on cash	**(42,530)**	-
Net (decrease) increase in cash and cash equivalents	**(1,734,789)**	7,444,286
Cash and cash equivalents, beginning	**8,915,866**	1,471,580
Cash and cash equivalents, ending	**$ 7,181,077**	$ 8,915,866

(Continued)

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Cash Flows (Continued)
Year Ended December 31, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2021	2020
Supplemental disclosures of cash flow information:		
Interest paid	**$ 1,077,276**	$ -
Income taxes paid	**$ -**	$ -
Supplemental schedule of noncash operating, investing and financing activities:		
Pushdown accounting of acquisition of business:		
Net assets acquired	**$ -**	$ 11,892,873
Goodwill	**-**	18,063,821
Subtotal	**-**	29,956,694
Pushdown of basis from Riverside, net of transaction costs	**-**	(29,879,014)
Working capital adjustment	**-**	(77,680)
	$ -	$ -
Acquisition of businesses:		
Assets acquired	**$ 6,096,407**	$ 12,467,823
Liabilities assumed	**(2,105,264)**	(3,560,093)
Net identifiable assets acquired	**3,991,143**	8,907,730
Goodwill	**15,536,934**	18,530,396
Net assets acquired	**19,528,077**	27,438,126
Less cash acquired	**(917,656)**	(2,087,657)
Add due from seller	**-**	244,930
Less units issued as consideration	**(5,150,000)**	(2,754,007)
Cash purchase price	**$ 13,460,421**	$ 22,841,392

See notes to consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

Nature of business: HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (collectively, the Company) through its wholly owned subsidiaries including Threshold Brands LLC, MaidPro Franchise, LLC (MaidPro), FlyFoe, LLC (FlyFoe), Men In Kilts US, LLC (Men in Kilts), Men in Kilts Canada Inc. (MIKC), Pestmaster Franchise Network, LLC (PFN), Pestmaster Services, L.P. (PSI), Kaigan LLC (Kaigan), USA Insulation Franchise, LLC (USA), USA Enterprises, LLC (USAE), FDIE, LLC (FDIE), Sir Grout Franchising, LLC (SGF), Sir Grout, LLC (SG), Plumbing Heating Paramedics LLC (PHP) and PHP Franchise LLC (PHPF) is in the business of selling franchises as well as operating certain franchises and supply companies.

MaidPro is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide residential and office cleaning services in the United States and Canada. MaidPro began franchising operations in January 1997 and conducts operations from its principal office in Massachusetts.

FlyFoe was established on November 30, 2017. FlyFoe is a franchisor that provides support, guidance, and training to its franchisees. FlyFoe's franchisees provide mosquito and tick control services and other related services in the United States.

Men in Kilts was established on March 29, 2019, and MIKC was established in 2002. They are each franchisors that provides support, guidance, and training to its franchisees. Their franchisees provide exterior house cleaning services, including window cleaning, gutter cleaning, house washing, and pressure washing for both residential and commercial properties in the United States and Canada.

PFN operates as a franchisor of pest control services throughout the United Sates. It provides territorial rights for operation of their businesses, giving initial training and ongoing support for franchisees. The customer base is both residential and commercial. It began operations in 1981. PSI and Kaigan operate certain Pestmaster franchises.

USA was established on March 22, 2006. It is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide insulation services for both residential and commercial buildings. USAE operates certain USA franchises. FDIE is an operating company that primarily provides inventory to USA franchises. FDIE manufactures foam insulation and related chemicals and equipment that it sells and ships directly to franchisees.

SGF was established in 2004. It is a franchisor that provides a variety of services across grout and tile restoration (e.g., cleaning, repair, color sealing, re-caulking), stone restoration (e.g., floor and countertop polishing, crack repair), surface coatings (e.g., durability coating, slip-resistance coatings), and sandless hardwood refinishing. SG also acts as a product supplier for franchisees, where supplies are purchased from vendors and directly shipped to the franchisees.

PHP was established in 2011. It provides HVAC and plumbing services to residential customers throughout Indiana. PHP offers HVAC system repairs, HVAC system replacements, plumbing system repairs, and recurring maintenance check-ins. PHPF is a newly established franchisor that will sell franchises providing services similar to PHP.

Note 1. Summary of Significant Accounting Policies (Continued)

Significant accounting policies:

Basis of presentation: The consolidated balance sheets are presented as of December 31, 2021 and 2020. The consolidated statements of operations, changes in members' equity, and cash flows are presented for the year ended December 31, 2021 and for the period August 13, 2020 (acquisition date) through December 31, 2020. The accompanying consolidated financial statements of the Company include its wholly owned subsidiaries.

All intercompany transactions have been eliminated. The accompanying consolidated financial statements have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Company follows to ensure its financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these notes to the consolidated financial statements are to the FASB Accounting Standards Codification (ASC).

Revenue recognition policy: The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows: identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when or as performance obligations are satisfied.

Nature of services

The Company's franchise agreements include (a) the right to use its symbolic intellectual property over the term of each franchise agreement, (b) preopening services, such as training, (c) ongoing services, such as management of the advertising fund contributions and support services for the franchisees, and (d) a license to use the Company's internal-use software which is hosted on the Company's software as a service (SaaS) platform. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day-to-day, the symbolic intellectual property is accessed over time and the customer (the franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities).

The Company's revenue consists primarily of franchise revenue (which is discussed above), which includes franchise royalties, advertising fund contributions, franchise fees, and support services performed for franchisees. Initial franchise fees are based on the market type selected and are paid at the time an individual franchise agreement is signed. Territory fees are for the purchase of additional territory over and above the minimum qualified households allowable based on the market type selected and are also paid at the time an individual franchise agreement is signed.

The Company also operates certain franchise locations. The revenue for these consists of revenue recognized at a point in time as the service is completed.

Note 1. Summary of Significant Accounting Policies (Continued)

Payment terms

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. Agreements may include initial and renewal franchise fees, sales-based royalties, and fees for administrative services performed for the franchisee.

The Company believes its franchising agreements do not contain a significant financing component because (a) the timing of the upfront payment does not arise for the reason of provision of financing to the Company and (b) the sales-based royalty is variable and based on factors outside the Company or the franchisee's control.

Revenue recognition

Initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement beginning when the agreement is signed. Franchise agreements typically have a term of 5 to 10 years with the option to renew for an additional five years if the franchisee is in compliance with the terms of the franchise agreement.

Continuing royalties are calculated as a percentage of franchisees' reported sales that are related entirely to the Company's performance obligation under the franchise agreement. These royalties are considered variable consideration, but because they relate to a license of intellectual property, they are not included in the transaction price. Instead, royalty revenue is recognized as franchisee sales occur. Advertising contributions received from the Company's franchisees are recorded as a component of franchise royalties and fees in the consolidated statements of operations.

Contract balances

The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred franchise and territory fees) also is recorded.

Commission costs

The Company defers those direct and incremental costs associated with the sale of franchises. Deferred costs are charged to earnings when the related deferred franchise and territory fees are recognized as revenue over the term of the respective agreement. The Company has determined the period of benefit for direct and incremental costs associated with the sale of franchises to be the initial term of the franchise agreement. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition. Deferred costs are recorded in prepaid expenses and other current assets and other noncurrent assets in the accompanying consolidated balance sheets.

The Company collects funds from its franchisees for advertising pursuant to the Company's franchise agreements at a percentage of franchisee sales. These advertising services are not considered distinct because they are highly dependent and interrelated to the franchise right. Advertising contributions are considered part of the transaction price for the franchise right and recognized as revenue as the underlying sales occur. The advertising costs incurred for franchisees will be expensed in accordance with the Company's normal policy.

Cash and cash equivalents: The Company considers all short-term, highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. Cash equivalents consist of money market accounts.

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its franchisees and customers to make required payments. Management considers the following factors when determining the collectability of specific accounts: credit worthiness of franchisees, past transaction history with the franchisee, current economic industry trends, and changes in franchisee payment terms. Certain franchisees are on payment plans for outstanding balances but continue to make payments in accordance with the established payment plans. If the financial conditions of the Company's franchisees or customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to the allowance. Accounts receivable that remain outstanding after the Company has made reasonable collection efforts are written off against the allowance and a credit to accounts receivable. Recoveries of accounts receivable previously written off are recorded when received. The allowance for doubtful accounts on accounts receivable was approximately $491,000 and $681,000 at December 31, 2021 and 2020, respectively.

Notes receivable: The Company enters into promissory notes with franchisees that allow the franchisees to defer payments of certain amounts of franchise fees and due to the Company. Promissory notes are repaid through monthly installments of principal and interest over a three year period. Notes receivable are stated at the amount the Company expects to collect from outstanding notes entered into with franchisees. Management considers the following factors when determining the collectability of the outstanding notes receivables: creditworthiness of franchisees, past transaction history with the franchisee, current economic industry trends, and changes in franchisee payment terms. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to the allowance. At December 31, 2021 and 2020, the allowance recorded against the notes receivable was de minimis.

Concentration of credit risk: The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. The Company grants credit to its franchisees and customers. Consequently, the Company's ability to collect the amounts due from franchisees and customers is affected by economic fluctuations. The Company routinely assesses the financial strength of its franchisees and customers and believes that its accounts receivable credit risk exposure is limited.

Franchisor advertising: Advertising costs of the franchisor are charged against income during the period the advertising is displayed. Advertising costs are expensed as incurred and totaled approximately $2,148,000 and $184,000 for the year ended December 31, 2021 and for the period from August 13, 2020 (acquisition date) through December 31, 2020, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

Software development costs: Costs for software developed for internal use are accounted for in accordance with ASC 350, Intangibles – Goodwill and Other - Internal-Use Software. ASC 350 requires the capitalization of certain costs incurred in connection with developing or obtaining internal-use software. In accordance with ASC 350, the Company expenses costs incurred in the preliminary project stage of developing or acquiring internal use software, such as research and feasibility studies, as well as costs incurred in the post-implementation/operational stage, such as maintenance and training. Capitalization of software development costs occurs only after the preliminary project stage is complete, management authorizes the project, and it is probable that the project will be completed and the software will be used for the function intended. Costs associated with the purchase and development of computer software are capitalized and amortized on a straight-line basis over the estimated useful life of the related asset. Software development costs are recorded in property and equipment in the accompanying consolidated balance sheets. The Company capitalized software development costs of $130,490 and $2,867 for the year ended December 31, 2021 and for the period from August 13, 2020 (acquisition date) through December 31, 2020, respectively.

Property and equipment: Property and equipment is stated at cost, net of accumulated depreciation and amortization. Expenditures for additions and improvements are capitalized while maintenance and repair expenditures are charged to operations as incurred. When assets are sold or otherwise retired from service, their cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is included in the results of operations. Depreciation and amortization is computed using the straight-line method based on the following estimated useful lives:

	Years
Equipment	5-10
Vehicles	5-10
Furniture and fixtures	3-5
Leasehold improvements	Lesser of useful life or lease term
Software development costs	3-7

Goodwill and intangibles: Goodwill is recognized for the excess of the fair value of an acquired business over the fair value of the identifiable net assets acquired. Under FASB ASC Topic 350, Intangibles—Goodwill and Other, the Company elected the accounting alternative to amortize goodwill on a straight-line basis over 10 years.

The Company has elected the provisions of FASB Accounting Standards Update (ASU) 2014-18, *Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination*. ASU 2014-18 specifies that a private company that elects the accounting alternative to recognize or otherwise consider the fair value of intangible assets as a result of any in-scope transactions should no longer recognize separately from goodwill: (1) customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of the business and (2) noncompetition agreements.

The Company tests its recorded goodwill for impairment upon a triggering event. Factors that could trigger an impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the overall business, significant negative industry or economic trends and a sustained period where market capitalization, plus an appropriate control premium, is less than member's equity. Goodwill is tested using a fair-value approach at the entity level. No indications of impairment were identified for the years ended December 31, 2021 or 2020.

Note 1. Summary of Significant Accounting Policies (Continued)

Intangible assets include franchise agreements, trade names, trade secrets and software. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which range between 7 to 25 years.

Long-lived assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If impairment is considered, recoverability of these assets is measured by a comparison of the carrying amount of the asset to estimated future undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount of which the carrying amount of the asset exceeds the fair value of the asset. No impairment loss has been recognized by the Company as of December 31, 2021 and 2020.

Fair value measurements: The Company uses the fair value measurement and disclosure guidance for all assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that management believes market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2: Inputs to the valuation methodology include quoted prices in markets that are not active or quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable, reflecting the entity's own assumptions about assumptions market participants would use in pricing the asset or liability.

Income taxes: As a limited liability company, the Company is treated as a partnership for federal and state income tax purposes. As such, the taxable income of the Company is allocated in the tax returns of its members for federal and state tax purposes in accordance with their respective percentage ownership. Accordingly, no provision for federal income taxes is included in the consolidated financial statements. Entity-level, composite state and local income taxes (benefits) are accrued at the applicable rates, if any, and are included in the consolidated statements of operations.

The FASB provides guidance for how uncertain tax provisions should be recognized, measured, disclosed, and presented in the consolidated financial statements. The Company identifies its tax positions taken or expected to be taken in the course of preparing its tax returns and determines whether any tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Management has determined that there are no uncertain tax positions at December 31, 2021 and 2020.

Note 1. Summary of Significant Accounting Policies (Continued)

Debt issuance costs: Debt issuance costs are carried at cost less accumulated amortization as a direct deduction from the carrying amount of the related loan. The costs are amortized over the term of the related loan using a method that approximates the effective interest rate method. Amortization expense is classified in interest expense in the accompanying consolidated statements of operations. Gross debt issuance costs were $961,417 and $410,323 at December 31, 2021 and 2020, respectively. Accumulated amortization and amortization expense recognized on debt issuance costs was approximately $123,000 as of December 31, 2021 and de minimis as of December 31, 2020.

***Foreign currency translation*:** The functional currency of the Company's international subsidiary is the Canadian dollar. Foreign currency denominated assets and liabilities are translated into United States dollars at the rate of exchange in effect at year-end. Income and expenses are translated at a weighted average rate of exchange for the year ended December 31, 2021. The aggregate effect of translating the financial statements is included in foreign currency translation in the statement of changes in members' equity.

***Reclassifications*:** Certain reclassifications have been made to previously reported 2020 amounts in order to conform to the 2021 presentation. Such reclassifications had no effect on net loss.

Use of estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Recent accounting pronouncements*:** In March 2019, the FASB issued ASU 2019-01, Leases (Topic 842): *Codification Improvements*, which addressed issues lessors sometimes encounter. Specifically the ASU addresses issues related to (1) determining the fair value of the underlying asset by the lessor that are not manufacturers or dealers (generally financial institutions and captive finance companies), and (2) lessors that are depository and lending institutions, which should classify principal and payments received under sales-type and direct financing leases within investing activities in the cash flow statement. The ASU also exempts both lessees and lessors from having to provide the interim disclosures required by FASB ASC 250-10-50-3 in the fiscal year in which a company adopts the new leases standard. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases (Topic 842) Effective Dates for Certain Entities*, which delays the effective date of ASU 2019-01 for certain entities. This ASU is effective for the Company beginning on January 1, 2022. The Company is currently evaluating the impact of this new guidance on its consolidated financial statements.

***Subsequent events*:** The Company evaluated subsequent events for potential required disclosure through March 29, 2022, which is the date the consolidated financial statements were available to be issued.

Note 2. Acquisition of Businesses

HS Group: On August 13, 2020, by the effects of the purchase agreement, Riverside acquired HS Group Holding Company, LLC which at the time included the entities of MaidPro, Flyfoe and Men in Kilts, in exchange for fair value of total consideration of $29,956,694.

The acquisition was funded through equity contributions from Riverside and the issuance of member units to the sellers.

Note 2. Acquisition of Businesses (Continued)

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. Goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. In accordance with the pushdown basis of accounting, the net assets of the Company were adjusted to their estimated fair values as of the date of acquisition. The total consideration and net assets of the Company are summarized in the following table:

Consideration:	
Cash	$ 27,229,014
Due to seller	77,680
2,650 Class A Units of HS Group Holding Company, LLC	2,650,000
Total invested capital	$ 29,956,694
Recognized amount of net assets of the Company:	
Cash	$ 1,471,580
Receivables	1,541,311
Prepaid expenses and other assets	175,027
Capitalized contract costs	1,116,623
Notes receivable	29,610
Property and equipment	225,979
Intangible assets	11,555,000
Accounts payable	(335,540)
Accrued expenses and other liabilities	(334,383)
Deferred franchise and territory fees	(3,643,077)
Total identifiable net assets acquired	11,802,130
Goodwill	18,154,564
	$ 29,956,694

The fair value of the 2,650 Class A Units was determined on the basis of contemporaneous contributed capital of other members' of the Company's Class A Units on the acquisition date.

As of December 31, 2020, the Company had not yet finalized the purchase price allocation. During the year ended December 31, 2021, the Company made adjustments to the preliminary purchase price allocation as additional information became available. Accordingly, the Company recorded an adjustment to Goodwill of approximately $91,000.

In connection with the transaction, Riverside incurred $1,307,039 of transaction expenses which were netted with the total pushdown of basis from Riverside within the consolidated statement of changes in members' equity.

Of the $11,555,000 of identified intangible assets, $7,258,000 was assigned to franchise agreements (10-year life), $2,610,000 was assigned to trade names (20-year life), and $1,687,000 to developed software (7-year life).

Note 2. Acquisition of Businesses (Continued)

Pestmaster: Effective September 23, 2020, the Company acquired 100% of the membership interest in PFN, PSI and Kaigan for total consideration of $9,970,416.

The acquisition was funded through equity contributions and the issuance of membership units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. The majority of goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:	
Cash	$ 9,290,124
1,000 Class A Units of HS Group Holding Company, LLC	864,150
Due from seller	(183,858)
Total invested capital	$ 9,970,416
Recognized amount of identifiable assets acquired and liabilities assumed:	
Cash	$ 30,402
Receivables	849,588
Prepaid expenses and other assets	32,436
Capitalized contract costs	89,523
Notes receivable	67,356
Property and equipment	851,603
Intangible assets	2,796,000
Accounts payable	(289,723)
Accrued expenses and other liabilities	(360,622)
Deferred franchise and territory fees	(601,732)
Notes payable	(533,611)
Total identifiable net assets acquired	2,931,220
Goodwill	7,039,196
	$ 9,970,416

The fair value of the 1,000 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

As of December 31, 2020, the Company had not yet finalized the purchase price allocation. The Company was in on-going negotiations with the seller on the working capital adjustment. During the year ended December 31, 2021, the Company made adjustments to consideration and the preliminary purchase price allocation as additional information became available and the working capital adjustment was finalized. Accordingly, the Company recorded an adjustment to Goodwill of $133,000 during the period, primarily related to the working capital adjustment.

Note 2. Acquisition of Businesses (Continued)

In connection with the transaction, the Company incurred $1,663,661 of transaction expenses which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $2,796,000 of identified intangible assets, $1,879,000 was assigned to franchise agreements (10-year life) and $917,000 was assigned to trade names (20-year life).

USA Insulation: Effective December 23, 2020, the Company acquired 100% of the interest in USA, USAE and FDIE for total consideration of $17,283,852.

The acquisition was funded through equity contributions, draw down of debt, and the issuance of membership units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired and liabilities assumed recognized at fair value at the date of acquisition:

Consideration:	
Cash	$ 15,638,925
Due from seller	(244,930)
2,200 Class A Units of HS Group Holding Company, LLC	1,889,857
Total invested capital	$ 17,283,852
Recognized amount of identifiable assets acquired and liabilities assumed:	
Cash	$ 2,057,255
Receivables	362,950
Prepaid expenses and other assets	210,738
Capitalized contract costs	321,014
Notes receivable	34,678
Property and equipment	602,280
Intangible assets	4,162,000
Accounts payable	(163,956)
Accrued expenses and other liabilities	(549,809)
Deferred franchise and territory fees	(1,111,051)
Total identifiable net assets acquired	5,926,099
Goodwill	11,357,753
	$ 17,283,852

The fair value of the 2,200 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $1,382,293 of transaction expenses which were expensed as incurred in the accompanying consolidated statement of operations.

Note 2. Acquisition of Businesses (Continued)

Of the $4,162,000 of identified intangible assets, $1,605,000 was assigned to franchise agreement (10-year life), $1,476,000 was assigned to trade names (20-year life) and $1,081,000 was assigned to trade secrets (25-year life).

Men in Kilts Canada: On February 8, 2021, the Company acquired 100% of the assets in MIKC for total consideration of $1,450,854.

The acquisition was funded through equity contributions and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. Goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:		
Cash	$	1,300,854
150 Class A Units of HS Group Holding Company, LLC		150,000
Total invested capital	$	1,450,854
Recognized amount of net assets of the Company:		
Other current assets	$	34,500
Intangible assets		927,000
Accrued expenses and other liabilities		(69,593)
Total identifiable net assets acquired		891,907
Goodwill		558,947
	$	1,450,854

The fair value of the 150 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $252,478 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $927,000 of identified intangible assets, $829,000 was assigned to franchise agreements (10-year life) and $98,000 was assigned to trade names (20-year life).

Note 2. Acquisition of Businesses (Continued)

Plumbing Heating Paramedics: Effective May 7, 2021, the Company acquired 100% of the membership interest in PHP for total consideration of $5,380,087.

The acquisition was funded through equity contributions, draw down of debt and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:		
Cash	$	2,436,860
Due from seller		(56,773)
3,000 Class A Units of HS Group Holding Company, LLC		3,000,000
Total invested capital	$	5,380,087
Recognized amount of identifiable assets acquired and liabilities assumed:		
Cash	$	783,815
Receivables		265,090
Prepaid expenses and other assets		20,621
Property and equipment		195,658
Intangible assets		905,000
Accounts payable		(11,857)
Accrued expenses and other liabilities		(630,062)
Deferred service contract		(130,955)
Notes payable		(132,500)
Extended warranties		(541,548)
Total identifiable net assets acquired		723,262
Goodwill		4,656,825
	$	5,380,087

The fair value of the 3,000 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred $669,400 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

The $905,000 of identified intangible assets were assigned to trade names (20-year life).

Note 2. Acquisition of Businesses (Continued)

Sir Grout: Effective September 13, 2021, the Company acquired 100% of the membership interest in SGF and SG for total consideration of $12,697,136.

The acquisition was funded through equity contributions, draw down of debt and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired and liabilities assumed recognized at preliminary fair value at the date of acquisition:

Consideration:	
Cash	$ 10,697,136
1,354 Class A Units of HS Group Holding Company, LLC	2,000,000
Total invested capital	$ 12,697,136
Recognized amount of identifiable assets acquired and liabilities assumed:	
Cash	$ 133,841
Receivables	152,790
Other assets	66,092
Intangible assets	2,612,000
Accounts payable	(5,338)
Accrued expenses and other liabilities	(128,159)
Deferred revenue	(455,252)
Total identifiable net assets acquired	2,375,974
Goodwill	10,321,162
	$ 12,697,136

The fair value of the 1,354 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

The Company has not yet finalized the purchase price allocation. The Company is in on-going negotiations with the seller on the working capital adjustment. The Company may make adjustments to the purchase price allocation within the allowed one-year measurement period should additional information become available that would warrant an adjustment.

In connection with the transaction, the Company incurred $697,658 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the $2,612,000 of identified intangible assets, $2,029,000 was assigned to franchise agreements (10-year life) and $583,000 was assigned to trade names (20-year life).

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31, 2021 and 2020:

	2021	2020
Equipment	$ 594,155	$ 430,803
Vehicles	1,408,474	928,882
Furniture and fixtures	74,083	80,209
Leasehold improvements	503,139	311,006
Software development costs	133,357	2,867
Total property and equipment	2,713,208	1,753,767
Less accumulated depreciation and amortization	(361,451)	(64,068)
Property and equipment, net	$ 2,351,757	$ 1,689,699

Depreciation expense for the year ended December 31, 2021, and for the period from August 13, 2020 (acquisition date) through December 31, 2020, was approximately $297,000 and $64,000, respectively.

Note 4. Intangible Assets and Goodwill

Following is a summary of intangible assets:

	December 31, 2021			
	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	9.03	$ 13,600,000	$ 1,544,043	$ 12,055,957
Trade names	19.08	6,789,000	364,499	6,424,501
Software	5.62	1,687,000	333,957	1,353,043
Trade secrets	23.98	1,081,000	44,188	1,036,812
		$ 23,157,000	$ 2,286,687	$ 20,870,313
Goodwill	9.08	$ 52,088,447	$ 5,196,512	$ 46,891,935

	December 31, 2020			
	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	9.69	$ 10,742,000	$ 337,589	$ 10,404,411
Trade names	19.75	5,003,000	61,749	4,941,251
Software	6.62	1,687,000	92,438	1,594,562
Trade secrets	24.98	1,081,000	949	1,080,051
		$ 18,513,000	$ 492,725	$ 18,020,275
Goodwill	9.75	$ 36,594,217	$ 917,199	$ 35,677,018

Note 4. Intangible Assets and Goodwill (Continued)

The change in the carrying value of goodwill for the year ended December 31, 2021 and for the period from August 13, 2020 (acquisition date) through December 31, 2020 is as follows:

Balance, beginning of period	$ -
Additions of goodwill	36,594,217
Amortization expense	(917,199)
Balance at December 31, 2020	35,677,018
Additions of goodwill	15,536,934
Amortization expense	(4,279,313)
Measurement period adjustment	(42,704)
Balance at December 31, 2021	$ 46,891,935

A measurement period adjustment was recorded in 2021 that related primarily to the working capital adjustment for the acquisition of Pestmaster and an adjustment to notes receivable for the acquisition of HS Group Holding Company, LLC. The net effect adjusted goodwill by approximately $43,000. The effect of amortization expense was de minimis.

Amortization expense recognized on intangible assets and goodwill totaled $1,793,962 and $4,279,313, respectively, as of December 31, 2021. Amortization expense recognized on intangible assets and goodwill totaled $492,725 and $917,199, for the period August 13, 2020 (acquisition date) through December 31, 2020, respectively.

The future estimated aggregate amortization expense for intangibles and goodwill as of December 31, 2021, is as follows:

	Goodwill	Intangibles
Years ending December 31:		
2022	$ 5,208,845	$ 1,984,346
2023	5,208,845	1,984,346
2024	5,208,845	1,984,346
2025	5,208,845	1,984,346
2026	5,208,845	1,984,346

Note 5. Long-Term Debt

In connection with the Company's acquisition of USA on December 23, 2020, the Company entered into a credit agreement with a financial institution. Maximum borrowings under the credit agreement allow for $2,000,000 of a revolving loan, $12,500,000 of a senior secured term loan and $20,000,000 of additional term loans, which are secured by substantially all of the assets of the Company. The available borrowings on the revolver are limited to a borrowing base, calculated from the adjusted senior debt to earnings before interest, taxes, depreciation and amortization (EBITDA) as further defined in the credit agreement. In connection with the agreement, the Company incurred debt issuance costs of $410,323, which are amortized over the term of the credit agreement.

In connection with the Company's Acquisition of PHP on May 7, 2021, the Company signed the First Amendment to the Loan Agreement (the First Amendment) which provided an additional term loan of $4,000,000. The Company incurred debt issuance costs of $100,000, which are amortized over the term of the credit agreement.

Note 5. Long-Term Debt (Continued)

On September 13, 2021, the Company signed the Second Amendment to the Loan Agreement (the Second Amendment), which granted approval for the acquisition of Sir Grout, LLC, and provided an additional term loan of $12,000,000. The Company incurred debt issuance costs of $451,094, which are amortized over the term of the credit agreement.

The interest rate is a floating rate equal to the lesser of London Interbank Offered Rate (LIBOR) plus the applicable margin and the maximum rate, as defined in the credit agreement, which is 6.5% as of December 31, 2021. Principal payments are due quarterly on the first day of each quarter in an amount equal to $71,093 and with a balloon payment on December 23, 2025. There is $28,356,406 outstanding on the senior secured term loan at December 31, 2021, and nothing drawn down on the revolving loan or the additional term loans.

The credit agreement includes certain ratios and excess cash flow payments. The credit agreement is collateralized by all business assets of the Company. As of December 31, 2021, the Company was in compliance with its debt covenants.

Amortization of debt issuance costs was approximately $123,000 for the year ended December 31, 2021 and de minimis for the period from August 13, 2020 (acquisition date) through December 31, 2020.

A summary of long-term debt is as follows as of December 31, 2021 and 2020:

	2021	2020
Term loan	$ 28,356,406	$ 12,500,000
Less unamortized debt issuance costs	(838,531)	(410,323)
Less current portion	(284,372)	(125,000)
	$ 27,233,503	$ 11,964,677

Future maturities of long-term debt are as follows:

2022	$ 284,372
2023	284,372
2024	284,372
2025	27,503,290
	$ 28,356,406

Note 6. Commitments and Contingencies

Operating lease: The Company leases buildings for their operating locations, which include leases that are held with related parties. Total rent expense for the year ended December 31, 2021 was approximately $1,208,000 and approximately $303,000 for the period August 13, 2020 (acquisition date) through December 31,2020, respectively. Related party rent expense for the year ended December 31, 2021 was approximately $184,000 and approximately $60,000 for the period August 13, 2020 (acquisition date) through December 31,2020, respectively.

Note 6. Commitments and Contingencies (Continued)

Future minimum lease commitments for the years ending December 31 are as follows:

2022	$ 1,304,478
2023	1,215,191
2024	1,215,070
2025	1,118,024
2026	400,947
Thereafter	564,049
	$ 5,817,759

Legal matters: From time to time, the Company may be involved in legal actions arising in the ordinary course of business or, conditions may exist that may result in a loss but will only be resolved when one or more future events occur or fail to occur. Each of these actions or matters is assessed by the Company's management and legal counsel to evaluate the perceived merits of any proceeding or claim, as well as any relief sought or expected to be sought. Such assessment involves the exercise of judgment. The Company establishes accruals for losses that management deems to be probable and subject to reasonable estimate. If the assessment indicates that a potentially material loss contingency is not probable but reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Related-party transaction: A company related to the Company's majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in general and administrative expense on the accompanying consolidated statements of operations. The total expense for the year ended December 31, 2021, and for the period from August 13, 2020 (acquisition date) through December 31, 2020, is approximately $294,000 and $100,800, respectively.

Note 7. Members' Equity

Members' equity consisted of the following membership units:

	2021	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	62,608
Class B Units	6,510	5,137

Note 7. Members' Equity (Continued)

	2020	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	138,525
Class B Units	4,440	1,367

Class A Units have voting rights on all matters requiring the consent, approval or vote of the Members. The Class A Units receive preference on distributions.

Class B Units are profit interests that do not have voting rights and have been issued to designated management employees of the Company without any corresponding capital contribution. The holders of these units are entitled to share in the appreciation of the Company's assets that occur subsequent to the date of grant. The Class B Units are dilutive to the participating preferred units.

The Company has issued 6,452 and 1,367 units to certain management employees as of December 31, 2021 and 2020, respectively. The units substantially vest upon a change in control of the Company, if still employed. The fair value of the awards at the date of grant is estimated using option pricing models. The expected terms assumption reflects the period for which the Company believes the awards will remain outstanding and is based on the expected behavior of the award holders. The Company determined the volatility of the fair value of its units through comparison to similar entities considering such characteristics as industry, stage of life cycle, size, and financial leverage. The risk free rate reflects the U.S. Treasury yield curve for similar expected life instruments in effect at the time of grant. During the year ended December 31, 2021, and for the period from August 13, 2020 (acquisition date) through December 31, 2020, there were 1,314 and zero units forfeited, respectively.

For the year ended December 31, 2021 and for the period from August 13, 2020 (acquisition date) through December 31, 2020 there was unrecognized compensation costs related to the Class B Units of approximately $2,250,000 and $504,000, respectively. The unrecognized compensation costs will be recognized at the time the vesting criterion is probable to occur.

GUARANTEE OF PERFORMANCE

For value received, **HS GROUP HOLDING COMPANY, LLC**, a Delaware limited liability company (the "Guarantor"), located at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111, absolutely and unconditionally guarantees to assume the duties and obligations of **PHP FRANCHISE, LLC**, located at 9750 E. 150th Street, Noblesville, IN 46060 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2022 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Newport Beach (city), CA (state), on the 25th day of March, 2022.

GUARANTOR:

HS GROUP HOLDING COMPANY, LLC

By: Hagan Kappler

Name: Hagan Kappler

Its: Chief Executive Officer

EXHIBIT C

PHP FRANCHISE, LLC
FRANCHISE AGREEMENT

PHP FRANCHISE AGREEMENT
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PHP FRANCHISE, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made by and between PHP FRANCHISE, LLC, a Delaware limited liability company (hereinafter "we" or "us" or "our" or "Franchisor"), and [PERSON OR ENTITY], {a [ENTITY INFORMATION] or [an individual]} with a [primary residence] or [principal place of business] at _____ (hereinafter "you" or "your" or "Franchisee"). Each of the Franchisor and Franchisee is a "Party" and collectively the "Parties". The Parties hereby agree as follows:

1. <u>The System</u>.

(a) Franchisor has developed a residential heating and air conditioning installation, repair, replacement and maintenance services utilizing proprietary and confidential manuals and publications, software and hardware, service techniques, trade dress, design, image, know-how, protocol, services and products, prototypes, trade secrets, market analysis, sales and merchandising methods, training of franchisees and business personnel, advertising and marketing techniques, record keeping and business management practices that are licensed, along with the Licensed Marks (as defined below), to the Franchisee under this Agreement (collectively, the "System").

(b) Franchisor is the licensor of the Heating + Air Paramedics trade names, trademarks, service marks, e-names, trade dress, logos and logotypes, designs, symbols, and other indications of origin, including, but not limited to, the word mark "Heating + Air Paramedics" and associated logos and symbols as are now or hereafter designed by us and licensed to the Franchisee (the "Licensed Marks").

(c) Franchisor retains the right to modify any and all aspects of the System and/or the Licensed Marks, as well as the products, items and services delivered under this Agreement, and to modify the standards, specifications and other requirements contained in our manuals, publications, intranet, training programs, policies and any other materials we may promulgate from time-to-time. You acknowledge and agree that you must comply with all such changes at your sole expense.

(d) If you conceive or develop any improvements or additions to the System, new trade names, trade and service marks or other commercial symbols, new products or services that might be offered under the System, or any advertising or promotion ideas related to the System or the Licensed Marks (collectively, "Innovations"), you will fully disclose the Innovation(s) to us without disclosure to any other person. You may not utilize any Innovations in the operation of the Franchise without our prior written approval. Any Innovation we approve for use may be used by you, by us and by all other franchisees of the System, without any obligation to pay you royalties or any other compensation. You assign to us, without charge, all rights, including the right to grant sublicenses to any such Innovation, together with the goodwill associated with the same. We may, at our discretion, make application for and own copyrights, trade names, trademarks and service marks relating to any such Innovation, which shall be considered our property and trade secret.

(e) We reserve the right, for us and our affiliates, to develop, operate and franchise similar or dissimilar systems, for the same, similar or different products, goods and/or services, under trademarks, service marks and commercial symbols same as, similar to or different from the Licensed Marks, without offering them to you.

2. <u>Grant of Right</u>.

(a) Franchisee shall have the right to own and operate a Heating + Air Paramedics franchise

(the "Franchise") for the Term (as defined below). The Franchise shall be operated from a business location that we approve within the Territory (as defined below) we grant to you. The boundaries of the Territory and the required business location are stated on Exhibit 1 attached hereto. The grant of right shall terminate immediately upon the termination or expiration of this Agreement.

(b) Franchisee shall have the right to utilize the Licensed Marks for the operation of the Franchise in accordance with the System.

(c) As long as you are in compliance with this Agreement and any other agreements with us and any of our affiliates, we will not operate or grant a third party the right to operate under the Heating + Air Paramedics name a business providing residential heating and air conditioning installation, repair, replacement and maintenance services that is operated from a site physically located in your Territory.

(d) Among other things, we and our affiliates have the right to: (a) establish or license franchises and/or company-owned heating or air conditioning services businesses offering similar or identical products and services, (i) under the Licensed Marks or other marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Heating + Air Paramedics mark inside the territory; (b) sell or offer, or license others to sell or offer, any products and services using the Licensed Marks or other marks through any similar and dissimilar channels of distribution, including, without limitation, through telephone, mail order, kiosk, retail, co-branded sites and sites located within other retail businesses, Intranet, Internet, web sites, wireless, email or other forms of e-commerce, for distribution inside and outside of the Territory; (c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; and (d) acquire, be acquired by, or merge with other parties that provide heating or air conditioning services, and other related services anywhere (including inside or outside of the Territory) and, even if such businesses are located in the Territory, and that following an acquisition we may operate, franchise or license those other businesses and/or facilities under any names or marks, including the Licensed Marks, regardless of the location of these businesses and/or facilities, which may be inside or outside the Territory. We will not compensate you for any of our activities, including soliciting or accepting orders in your Territory, even if they have an impact on your Franchise.

(e) You agree and acknowledge that the Heating + Air Paramedics brand, the System and the Licensed Marks are valuable assets and that Franchisor generates substantial goodwill from the brand, the System and the Licensed Marks. You further agree and acknowledge that it is a material breach of this Agreement that causes irreparable harm to us and creates good cause for the immediate termination of this Agreement if you or any directors, members, owners, partners, agents, general managers, affiliates, subsidiaries, employees, representatives, heirs, successors or assigned engage in any conduct which: (i) reflects materially and unfavorably on the System or the Licensed Marks, including by causing damage to or impairing the use of the brand, the System or the Licensed Marks; (ii) harms or reflects materially and unfavorably on our reputation or the reputation and public perception of the Heating + Air Paramedics brand, the System or the Licensed Marks; (iii) breaches any of our obligations to our suppliers, vendors or other business partners; or (iv) is a breach of any applicable federal, state or municipal law.

(f) Franchisor will furnish you with reasonable operating assistance through our representatives as we deem appropriate. This ongoing assistance may include audits, inspections, visits, communications, evaluations of your operations, sales and profitability, and recommendations for improvements. You will remedy any deficiencies or unsatisfactory conditions which we identify, including any failure to adhere to our standards and specifications, according to our instructions.

(g) Limitation of Liability. While Franchisor agrees to apply its skill and judgment to train and assist you in the operation of the Franchise, you agree that FRANCHISOR MAKES NO WARRANTY CONCERNING ITS SERVICES WHICH WILL BE PROVIDED AS IS, AND FRANCHISOR WILL

NOT BE LIABLE TO YOU OR TO ANY THIRD PARTY FOR THE PERFORMANCE OR FAILURE TO PERFORM OF ANY OF OUR EMPLOYEES, ADVISORS, CONSULTANTS OR CONTRACTORS.

3. Term and Effective Date.

This Agreement shall take effect when it is accepted and signed by our authorized representative (the "Effective Date"). The term of this Agreement shall continue for seven (7) years from the Effective Date (the "Term"). If this Agreement is signed as part of the renewal of the Franchise, then the Effective Date shall be the first day after the expiration of the Term of the expiring franchise agreement, or the date upon which all Parties hereto have signed this Agreement, whichever is later.

4. Renewal.

(a) You may be eligible to renew the grant of right under Section 2 if you meet all conditions set forth below.

(b) Conditions for renewal are as follows:

i. You must notify us that you intend to renew by providing written notice not less than six (6) months prior to the expiration of the Term. Failure to provide the required notice shall act as a waiver of your option to renew; and

ii. You must not be in default of this Agreement, or any other agreement ancillary hereto; and

iii. You must not have not received three (3) or more notices of default during the Term, regardless of whether you cured the default(s); and

iv. You must have paid to us all amounts due and owing, including any Continuing Royalties, fees, and amounts payable to our affiliates or vendors; and

v. You must not be in default of any agreement with any of our affiliates, vendors, or suppliers; and

vi. No later than one (1) month prior to the expiration of the Term, you must sign a new franchise agreement in the then-current form offered by us. Such franchise agreement may contain terms different from this Agreement, including, but not limited to, performance standards, and different renewal terms, if any, royalty, fees, and territory; and

vii. You must pay us a renewal fee of twenty percent (20%) of the then-current initial franchise fee, such amount payable at the time you sign a new franchise agreement; and

viii. Except to the extent prohibited by applicable state law, execute and deliver to us a general release (under seal if necessary) and waiver, in a form satisfactory to us, of any and all claims of any nature whatsoever you might have against us, our subsidiaries or affiliates (if applicable) and our officers, members, managers, directors, attorneys, shareholders, agents and employees, successors, assigns and personal representatives, in their corporate and individual capacities, and all Indemnitees (as hereinafter defined in Section 27(a)).

(c) If you do not meet all of the conditions for renewal stated above, you waive your right to renew and Franchisor has the absolute right to refuse to renew and to grant a franchise within the Territory to any other person.

(d) Franchisor can agree to permit Franchisee to continue to operate after the end of the Term for a period of not more than six (6) months. Such agreement shall be in a writing signed by both Parties. If Franchisor permits, during the six (6) month period Franchisee shall operate under the terms and conditions of this Agreement on a month-to-month basis. Franchisor may elect, at any time during the six month period, to terminate this Agreement at the end of the then-current month upon written notice to Franchisee.

5. Territory.

(a) Franchisor's grant of right permits you to operate a Heating + Air Paramedics franchise location in a territory identified on Exhibit 1 attached hereto (the "Territory").

(b) You must operate the Franchise from a business location inside the Territory that we approve. We will provide a sample facility design that you may use in connection with remodeling your location, but you are not obligated to follow our design.

(c) Provided that a customer's residence is not within the territory granted to another Heating + Air Paramedics franchisee, you may provide services to customers outside the Territory upon our approval. If a customer you service outside of your Territory is, subsequent to you providing service, included in a territory granted to another Heating + Air Paramedics franchisee, you must cease servicing such customer and notify us so that we can transfer service to the appropriate franchisee.

(d) Unless we otherwise approve, you cannot operate other businesses from your Franchise location. You may not accept orders within the territory of another Heating + Air Paramedics franchisee.

(e) You agree to concentrate your promotional efforts on the development of the Franchised Business in the Territory. We have prescribed certain conditions, terms and limitations under which you may perform services outside the Territory, which are set forth above in Subsection 5(c). You agree to follow our "Territorial Policy", which may, in our sole discretion, be periodically modified by us. You agree that we may enforce the Territorial Policy when, and as we deem appropriate, in our sole discretion. You acknowledge that we may, in our sole discretion, impose sanctions for violations of the Territorial Policy. You may not hold us liable for violations of the Territorial Policy by any other Heating + Air Paramedics franchisee under any circumstances.

6. Training and Conventions.

(a) You must successfully complete a pre-opening training program created and delivered by us, at a time and place as we direct. You are required to complete the pre-opening training to our reasonable satisfaction and failure to do so is a material breach of this Agreement.

(b) The "Owner" of the Franchisee (meaning the majority owner or designated member, director, shareholder or partner) must attend the pre-opening training program without payment of a registration fee. You may send two persons to the pre-opening training in addition to the Owner for no registration fee. All additional attendees must pay our then current registration fee which as of the Effective Date is $500 per person. You are responsible for all other costs of attending the pre-opening training program, including but not limited to travel, lodging, meals and materials. We refer to this training program

as our "Initial Training Program".

(c) We may provide for your benefit, or require you to attend at our sole discretion, additional training programs. You will pay all costs of attending any training programs we offer, including but not limited to the then-current registration fee, travel, lodging, meals and materials.

(d) You shall pay a monthly Convention Fee of $100. We may conduct conventions or host meetings of some or all of our franchisees. ("Conventions"). The duration, curriculum and location of the Conventions will be determined by us, in our sole and exclusive discretion. You may attend, or be required by us to attend at our sole discretion, one or more Conventions. You will pay all costs of attending any Conventions, including, but not limited to, the registration fee, travel, lodging, meals and materials.

7. Systems and Technology.

(a) You must use, in the operation of the Franchise, only hardware and software that meets our standards and specifications, including but not limited to point-of-sale software, estimating and proposal software, job costing software, financial and accounting software, computer systems, mobile computer systems, network systems, security software and systems, credit card processing systems and software, email and communications software and phone systems. You are responsible for all costs of purchasing, maintaining and upgrading required hardware and software to ensure compliance with our standards and specifications.

(b) You will purchase all required hardware and software only from our Approved Sources (as defined below). You will purchase any specific hardware or software products that we designate.

(c) You will take all steps necessary to ensure the protection of all customer and vendor Personal Identifiable Information ("PII") and other data in accordance with applicable local, state and federal laws. You will bear all costs of protecting PII and other data and all costs of compliance with applicable laws.

(d) You will take all steps necessary to ensure that the Franchise is PCI-DSS compliant, and you will bear all costs of compliance. You will, upon request, provide us with appropriate certification, in a form acceptable to us, that you have achieved and maintained PCI-DSS compliance.

8. Trademarks.

(a) Franchisor grants Franchisee a limited, non-exclusive, revocable, non-transferable, and non-sublicensable license to use and display the Licensed Marks during the Term, subject to our control and discretion. You acknowledge that the Licensed Marks are valid, and that valuable goodwill belonging solely to Franchisor is attached to the Licensed Marks. You acknowledge and agree that we have licensed and will in the future license other franchisees to use the Licensed Marks. You agree that you will never directly or indirectly contest the validity or ownership of the Licensed Marks and that you will only use the Licensed Marks in connection with the promotion, advertising, and operation of the Franchise in the Territory as expressly authorized in writing by us. All your use of the Licensed Marks shall inure to our benefit.

(b) Upon termination or expiration of this Agreement, you expressly appoint us as your attorney-in-fact to discontinue your use of the Licensed Marks or to effectuate an assignment of same to us or our designee. You hereby ratify and approve all acts of Franchisor as your attorney-in-fact. This power, being coupled with an interest, is irrevocable during the Term and following the termination of this Agreement or the expiration of the Term.

(c) You shall not use the Licensed Marks or any words or symbols confusingly similar thereto as part of any corporate or other legal name or with any prefix, suffix or other modifying words, terms, designs or symbols or in any other manner or form other than as expressly authorized herein. You shall not combine any Licensed Mark with any other mark or name or show any Licensed Mark in close proximity to any other mark or name so as to give an impression of combination, or otherwise create or use any combined mark of which any Licensed Mark or recognizable part thereof, is an element. You may not use any Licensed Marks in connection with the sale of any product or service we have not authorized or in any other manner not explicitly authorized in writing by us. All uses of the Licensed Marks are subject to our approval, and you shall promptly cease any such use upon receipt of notice of objection from us.

(d) You agree not to obtain or seek to obtain any trademark or service mark registration of any of the Licensed Marks in any jurisdiction in your own name or in the name of any other person. If local laws require that you file an assumed or trade name, you shall state in such filing or affidavit that the same is made "as a franchise of PHP Franchise, LLC". You shall refrain from the use of the Licensed Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject us to liability therefor. You shall not advertise or use in advertising or on any digital or social media platform or any other form of promotion any of the Licensed Marks without appropriate use and description of either "R", "TM", "SM" or "C" registration symbols and/or such other appropriate notice of ownership, registration or copyright as we may require.

(e) You understand and agree that following the expiration or termination of this Agreement for whatever reason, no monetary amount will be deemed attributable to any good will associated with your use of the Licensed Marks or in connection with your operation of the Franchised Business.

(f) You shall immediately notify us of any apparent infringement of, or challenge to, your use of any of said Licensed Marks or claim by any person other than us in connection with any such infringement, challenge or claim. Franchisor will determine whether to institute any trademark action and will alone control the litigation related thereto. You agree to assist us in the pursuit of such litigation, as we may request. If we undertake the defense or prosecution of any litigation or administrative proceeding relating to any of the Licensed Marks, you agree to execute any and all documents and to do such acts and things as, in the opinion of our legal counsel, are reasonably necessary to carry out such defense or prosecution. You will have no right to make any demand against any such alleged infringer of the Licensed Marks or to prosecute any claim of any kind or nature whatsoever against such alleged infringer of the Licensed Marks for or on account of such infringement. We will indemnify and hold you harmless from any such suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your use of the Licensed Marks in accordance with this Agreement if you have promptly notified us of the claim and cooperated in our defense.

9. <u>Confidentiality and Non-Disclosure</u>.

(a) We will provide you with an operations manual, access to an intranet and database of materials, forms, video and audio recording, social media, documents, images, training materials, advertising materials, the Licensed Marks, financial information, our trade secrets and other proprietary and confidential materials whether or not marked or designated as confidential (collectively, the "Confidential Information"). You acknowledge and agree that such Confidential Information is of great value and that you are obligated to protect and keep confidential all such Confidential Information and to use it solely to operate the Franchise and for no other purpose.

(b) Any and all customer data and customer account information, whether compiled or

developed by you or any other person, are owned by us, are our proprietary property and you shall not use the customer lists for any purpose whatsoever other than the operation of the Franchise. To the extent that you may have or claim any right, title or interest in or to such customer lists and contents, you hereby assign to us all of your right, title and interest. You will, upon demand, promptly deliver to us all customer data and account information.

(c) You acknowledge that your entire knowledge of the System and the Confidential Information is derived from information disclosed to you by us pursuant to this Agreement and you will:

(i) fully and strictly adhere to all security procedures prescribed by us, in our sole and exclusive discretion, for maintaining the secrecy of the Confidential Information; and

(ii) not disclose the Confidential Information to any other person or entity; and

(iii) notwithstanding Section 9(c)(ii), you may disclose the Confidential Information to your employees only to the extent necessary to operate the Franchise; and

(d) You agree and acknowledge that the harm to us from any violation of this Section 9 cannot be calculated or compensated with damages, and that we are therefore entitled to seek equitable relief in the event you violate this Section, including preliminary or permanent injunctive relief or specific performance, and that such equitable relief does not limit or waive our right to recover damages from you, including our costs and attorney's fees incurred to enforce our rights under this Section 9.

(e) The provisions of this Section shall survive any termination or expiration of this Agreement.

10. <u>Franchisee Obligations</u>.

(a) You must obtain the approval of your site and open the Franchise no later than one-hundred twenty (120) days after the Effective Date.

(b) <u>Pre-Opening Requirements</u>.

(i) You must, before opening the Franchise, acquire and receive all personal and corporate licenses and permits necessary to legally operate the Franchise in your Territory. You must provide us with copies of such permits and licenses upon our request.

(ii) If this Agreement is signed by an individual or by common law partners, such individuals or partners must, before opening the Franchise, establish a corporate entity (i.e., a C-corp, S-corp, LLC, etc) and provide us with all requested information regarding such entity. You agree to enter into any assignment or novation agreements that we require.

(iii) All persons with an ownership interest in the Franchise shall enter into the Guaranty Agreement, attached hereto as Exhibit 2.

(iv) You must purchase or lease a single office, garage, or warehouse facility that meets our requirements and that is approved by us. Our standards for this facility include but are not limited to a minimum/maximum size of between 1,800 and 2,400

square feet and a floorplan suitable to store your vehicle and all necessary equipment and inventory. If you are unable to locate an approved location prior to opening, we may permit you to operate the Franchise from a temporary location for a period of up to twelve (12) months. In this case, if you are unable to move into a location we have approved within twelve (12) months from beginning operations, we may terminate this Agreement for cause.

(v) You must purchase or lease at least one (1) vehicle of the model and type specified by us and you must purchase and install on this vehicle the wrap and detailing that we specify. You must use at least one (1) vehicle in the operation of the Franchise at all times. You shall maintain all your vehicles in good appearance and operating condition according to our specifications.

(vi) You must purchase from us a package of marketing materials for use in branding and marketing your Franchise (the "Initial Marketing Package"). The fee for the Initial Marketing Package will vary, depending on the style and type of exterior sign you purchase. You must purchase the Initial Marketing Package no later than 30 days before opening your Franchise.

(c) You shall operate the Franchise in strict accordance with all standards, specifications, requirements, proposals, commitments, rules of conduct, guides, policies, practices and any other form of directive promulgated by us, whether set out in this Agreement, in our operations manual or manuals, on our intranet or other on-line or digital platform or knowledge repository, in our trainings, in our published materials, in videos, recordings or social media, or any other format or source where we provide information and direction to our franchisees.

(d) An Owner, or a designated on-site supervisor approved by us, shall at all times be present and oversee the operation of the Franchise on a full-time basis. Any on-site supervisor you designate and we approve must complete our pre-opening training program as an additional or subsequent attendee.

(e) Franchisee, and all of its managers, members, shareholders, directors, officers, employees, agents, and representatives shall, at all times, adhere to the highest standards of integrity and ethical conduct in the operation of the Franchise and otherwise.

(f) Franchisee shall pay all amounts due and owing to Franchisor on time in accordance with our directives. You shall pay us by electronic funds transfers and you shall provide us with the authorization for direct withdrawals and automatic payments by completing Exhibit 4 attached hereto. All costs and expenses, including any resulting from the dishonor by your bank of any electronic funds transfer, shall be your sole responsibility. This authorization is irrevocable and shall remain in effect until thirty (30) days after the termination or expiration of this Agreement. Any amounts not paid on time shall be subject to interest payable to us at the rate of twelve percent (12%) per annum, or the maximum rate permitted by applicable law, whichever is less.

(g) You agree to operate the Franchise only from the location we have approved that is within your Territory. You may not relocate from this location unless and until we have approved the new location. You shall maintain your location in an attractive and orderly condition according to our standards.

(h) You shall comply at all times with all federal, state and municipal laws, regulations, privacy laws, data protection or security laws, by-laws, orders, rulings and permits and pay any and all taxes, assessments, fees, fines and penalties arising out of the operation of the Franchise. You must at all times maintain the licensure required by applicable law to operate the Franchise.

(i) You must purchase only supplies, inventory, equipment, materials and other products and services that strictly meet our standards and specifications and that are approved by us (the "Goods and Services"). You must purchase the Goods and Services from us, or from our designated suppliers and vendors (collectively, the "Approved Sources"). You must comply with all terms and conditions applicable to purchases from the Approved Sources and you must pay all amounts due and owing to the Approved Sources on time and in full. Purchasing any Goods and Services from unapproved sources, or purchasing unapproved Good and Services, is a material breach of this Agreement. We may have a single Approved Source for various Goods and Services, which may be us, an affiliate or an unrelated third party.

(j) You shall sell, and offer for sale, only the goods and services we authorize and no others. You may submit a request to us to approve additional products and services, or to vary our standards and specifications and we reserve the right, in our sole discretion and business judgment, to approve or reject any such request. All requests must be in writing and must identify the product or service to be approved and the manner in which such product or service differs from, or complies with, our standards and specifications for similar products and services. You agree to comply with any requests or requirements we may impose as part of the review and approval of your request, including but not limited to signing any documents, transferring to us rights of ownership in physical goods or intellectual property, completing or participating in testing and otherwise providing us with all information and support necessary to assess and respond to your request.

(k) You consent and grant us the right to freely use, for any purpose including but not limited to commercial purposes, sales, advertising, marketing and promotion, social media postings, and any other general use required by us, any photographs, images, social media postings, text, video, voice, audio and digital recordings, writings, captions and any other material related to you, your employees or to the Franchise. You will, upon request, provide us with images, photographs, text, video, audio or digital media and you will obtain for us any necessary consents from persons appearing in such materials.

(l) You promise and agree that you will not, in any manner, interfere with, disparage, disturb, disrupt, or jeopardize the System, our business, our employees or any business of our other franchisees. You further agree to not, directly or indirectly, in your own capacity or through or for another person, corporation or other entity, make any statements or comments of a defamatory or disparaging nature regarding (i) us or any of our affiliates; (ii) any shareholder, director, officer, employee, agent or representative of ours or any of our affiliates, or (iii) our products or services or those of any of our affiliates.

(m) You will notify us, in writing, within twenty-four (24) hours of receipt of notice of the commencement of, or the threat of, any action, suit or proceeding against you, and of the issuance of or the threat of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which arises out of, concerns, or may affect the operation or financial condition of the Franchise, us, or the goodwill associated with the Licensed Marks including, without limitation, any criminal action or proceedings brought by you against your employees, customers, or other persons. You agree that you will not commence any action, suit or proceeding that affects us, or the goodwill associated with the Licensed Marks, without our prior written approval.

11. <u>Fees</u>.

(a) The fee for the purchase of the Franchise is $40,000 (the "Initial Franchise Fee"), unless modified pursuant to Exhibit 1 attached hereto.

(b) In consideration of our grant to you of a license to use the Licensed Marks and the Heating + Air Paramedics System, you must pay us a monthly continuing royalty (the "Continuing Royalty") which

shall be five percent (5%) of your monthly Gross Sales, or One Thousand Five Hundred Dollars ($1,500) per month, whichever is greater. The $1,500 minimum Continuing Royalty will not be imposed until the earlier of the first of the calendar month immediately following the day that is ninety (90) days after the Effective Date of this Agreement or the month in which the Franchisee begins operation.

(c) "Gross Sales" shall mean all of your revenue from the operation of the Franchise, including but not limited to customer sales, equipment sales, equipment rentals, cash sales, fees, financing and sales tax. Gross Sales excludes your costs of financing. You may not deduct discounts, rebates, referral fees, return costs or any other costs from Gross Sales.

(d) You must pay us a monthly "Marketing Fee" equal to two percent (2%) of your monthly Gross Sales.

(e) You must pay us a monthly "Call Center Fee" equal to three percent (3%) of your monthly Gross Sales as consideration for utilizing our call center.

(f) You must pay us a monthly "Technology Fee" of Five Hundred Dollars ($500).

(g) You shall pay all fees under this Section 10 by electronic funds transfer, at the time and in the manner we designate. Any late payments due under this Section 10 shall be subject to interest in accordance with Section 10(f) above. All of these fees are non-refundable and are deemed to have been earned by us at the time they are due.

12. <u>Advertising and Promotion</u>.

(a) You must advertise and market the Franchise within the Territory. You must submit advertising and marketing materials to us for review and approval. You must utilize the Licensed Marks in your advertising and marketing materials only in accordance with our standards and specifications. Upon request, we will design, develop and produce your advertising and marketing materials. We may charge you for the costs of design, development and production as we deem appropriate.

(b) You must spend a minimum of Two Thousand Dollars ($2,000) per month to advertise and market the Franchise within the Territory on advertising that we approve.

(c) We will provide you with a platform for building and hosting a website for your franchise.

(d) We have no obligation to advertise your Franchise, the System, the licensed Marks or otherwise.

(e) You cannot solicit customers via the Internet, telemarketing or other direct marketing efforts unless we approve of those efforts. You must obtain our written approval before you establish any website, web page, or social networking or social media site, profile, account or hashtag, relating to or making reference to us, your Franchise or the System

13. <u>Inspections, Audit Reports and Records</u>.

(a) You shall maintain original, full and complete records, accounts, books, data, tax records and returns, and contracts which shall accurately reflect all particulars relating to the Franchise, and such statistical and other information or records that we may require during the Term and for a period of five (5) years thereafter. In addition, upon our request, you shall compile and present to us such data, computer

files, statistical or financial information regarding the operation of the Franchise as we may reasonably request.

(b) We shall have the right to examine and audit your records, accounts, books, data, tax records, returns, and contracts at all reasonable times. Any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of the Franchise or to assume any responsibility for your obligations under this Agreement or otherwise.

(c) At any time, upon our request, you shall deliver to us, in form acceptable to us, all records and information requested by us related to the operation of the Franchise and your performance under this Agreement. You must provide to us on a monthly basis, at a time and in a format prescribed by us, an unaudited profit and loss statement describing the financial performance of the Franchise for the prior calendar month. You must provide to us on a monthly basis, at a time and in a format prescribed by us, a report of your expenditures for local marketing.

(d) In the event any inspection or audit by us discloses an understatement of your total Gross Sales for any period or periods, you must pay us the amounts of Continuing Royalty or other fees and sums due us which were not paid as a result of such understatement, plus interest as provided in Section 10(f) above. If an inspection or audit discloses and understatement of Gross Sales for any period or periods, you will reimburse us for all of our costs and expenses incurred to conduct the inspection or audit.

(e) We may disclose to other franchisees, in a form we deem appropriate, your financial information related to the operation of the Franchise. You will keep this information confidential.

(f) We reserve the right to utilize an on-line computer monitoring system, and to use the on-line system to remotely examine or audit your records. We shall have independent access to all of your computer systems and you shall provide us with any passwords or login ability to access all such computer systems, including any software.

14. <u>Taxes and Advances</u>.

(a) You shall pay all taxes applicable to the operation of the Franchise as required by local, state or federal laws.

(b) You shall pay to us (or any subsidiary, affiliate or designee) promptly and when due the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected, or paid by us on the account of services or goods furnished by us to you through sale, lease or otherwise, or on account of collection by us of the Initial Franchise Fee, Continuing Royalties or any other payments to us called for by this Agreement.

(c) You must pay us all amounts, if any, advanced by us or which we have paid, or for which we have become obligated on your behalf for any reasons whatsoever, promptly upon our notice to you of such amounts being due and payable.

15. <u>Insurance</u>.

(a) You shall purchase and maintain, at your sole expense, insurance in amounts and with coverages that strictly meet our then-current standards and specifications. You shall purchase such insurance from an A-rated carrier You shall name us as an additional insured under all insurance policies, except for worker's compensation and employer liability policies. Your insurance shall be sufficient to protect the Franchise and shall include, but not be limited to, coverage for commercial loss, liability, fire,

auto, personal injury, death, property, theft, cybersecurity, worker's compensation and employment claims.

(b) You shall provide us with proof of coverage in the form of a certificate of insurance demonstrating the required coverages and minimum limits both before the Franchise begins operations and on an annual basis.

(c) If you fail to obtain and maintain the required insurance, we have the right, but not the obligation, to obtain the necessary insurance and to charge you for the insurance and our costs incurred to obtain it. If you are uninsurable, or if you refuse to obtain insurance or to obtain adequate insurance, or if you allow the insurance to lapse or expire we shall have the right to immediately terminate this Agreement

16. <u>Termination of the Franchise</u>.

(a) Except as described below, and subject to applicable state law, if you breach any term or condition of this Agreement, or any exhibit or ancillary document related hereto, we may, without waiving our rights, offer you an opportunity to cure such default. If you fail to cure any default within the time period prescribed by us, we may terminate this Agreement without further notice to you.

(b) The following events of default constitute good cause for immediate termination of this Agreement without prior notice or an opportunity to cure:

(i) You are determined by us to have wilfully understated your Gross Sales by three percent (3%) or more in any given month.

(ii) You fail to obtain our approval of your site or open the Franchise for business within one-hundred twenty (120) days of the Effective Date.

(iii) You make, or have made, any materially false statement or report to us in connection with this Agreement or your application to purchase the Franchise, or with respect to the ownership or operation of the Franchise.

(iv) You transfer or assign the ownership of the Franchisee, or ownership of the Franchise, or your rights and obligations under this Agreement, without our express written consent given in accordance with the terms of this Agreement.

(v) You receive from us three (3) or more notices of default or breach of this Agreement during the Term, regardless of whether such defaults are subsequently cured.

(vi) You, or any person owning any interest in the Franchise, are convicted of a felony, a crime of moral turpitude or a crime or offense relating to the operation of the Franchise.

(vii) You become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by you, or such a petition is filed against you and is not dismissed within thirty (30) days after filing thereof, or if a bill in equity or any other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you, or if a receiver or the custodian (permanent or temporary) of your assets or property, or any part thereof

is appointed.

(viii) You fail to comply with any law or regulation applicable to the operation of the Franchise.

(ix) You violate any covenant of confidentiality or non-disclosure in this Agreement or otherwise disclose, use, permit the use of, copy, duplicate, record, transmit or otherwise reproduce any Confidential Information without our prior written approval.

(x) You sell or offer for sale any products or services not approved by us, or you purchase Goods and Services from an unapproved source, or you violate the terms or conditions of our agreements with any Approved Sources.

(xi) You, by action or omission or through statements on social media or through your private actions or public statements, impair or damage the goodwill or reputation of the System, or damage the goodwill or reputation of us or impair or damage the goodwill or value of the Licensed Marks.

(xii) You fail to operate the Franchise in strict accordance with our standards and specifications.

(xiii) You infringe or misuse the Licensed Marks.

(xiv) You violate the non-competition provisions of this Agreement.

(xv) You abandon, vacate, desert, surrender, or otherwise cease operation of all or any part of the Franchise for a period of three (3) consecutive days without our express written consent.

(xvi) You fail to move into a location we have approved from which to operate the Franchise by the end of the twelfth month from the date you begin operations.

(xvii) You fail to purchase and maintain the required insurance.

17. <u>Post-Termination Obligations of Franchisee</u>.

(a) In the event of termination or expiration of this Agreement you shall either immediately or within the time limits established by us take the following actions:

(i) Cease to use the Licensed Marks and take action to remove all branding, decals, interior and exterior signage, advertising, marketing, and imagery from your business location and vehicles; and

(ii) Cease to operate the Franchise and cease marketing or advertising your business as a Heating + Air Paramedics franchise location; and

(iii) Pay all sums owed to us within seven (7) calendar days after the termination or expiration of this Agreement

(iv) Return to us all Confidential Information;

(v) Provide us all customer data and related information and cease communication with all customers;

(vi) Cease to use and take all steps necessary to end or delete all social media presentations of the Franchise, including but not limited to Facebook, Yelp and Instagram accounts and terminate all telephone listings and digital directory listings (i.e., Google);

(b) In lieu of or in addition to those actions described in subsection (a), we may require you to take the following actions:

(i) sign a termination agreement; and

(ii) assign to us the collection of your then-current accounts receivable from the Franchise; and

(ii) assign to us any interest you having in telephone numbers, telephone listings, social media accounts and digital directories, and enter into any agreements necessary to authorize us to change, transfer, or terminate your email addresses, domain names and comparable electronic identities.

18. <u>Right of to Purchase the Franchise</u>.

(a) If you desire to sell, transfer or assign the Franchise and have received approval from us to do so, and you subsequently receive from a third-party a bona fide written offer to purchase the Franchise or some or all of the ownership interest in the franchise, and you desire to accept such offer, then you must notify us in writing of the offer and its terms no later than five (5) business days after your receipt. We have the right, but not the obligation, to match the purchase price offered to you in such offer and to purchase the Franchise from you for such amount. We must notify you in writing within thirty (30) days of receiving all requested information under Section 18(b) whether we intend to exercise our right to purchase.

(b) You must promptly deliver to us all information that we request to permit us to conduct due diligence into the Franchise and your related business. If we exercise our right to purchase the Franchise, we will offer you a purchase agreement with suitable terms and conditions, including timing, to close the transaction and you agree to accept such terms and conditions.

(c) If we do not exercise our right to purchase, you may proceed with the sale, transfer or assignment in accordance with Section 19 of this Agreement, including our right to approve the transferee

(d) If, at any time prior to closing, there are any material changes in the offer from the third-party offeror, is shall trigger a new notification and review period and we shall have an opportunity, consistent with the terms of this Section, to exercise our right to purchase at the price of the revised offer.

(e) We may, at any time unrelated to the process described in this Section, make you an offer to purchase the Franchise and such offer shall be subject to negotiation and your right to accept or reject it in the normal course of business.

19. Transfer, Sale and Assignment.

(a) You may not transfer, sell, assign convey, give away, lease, have redeemed or encumber this Agreement or the Franchise, nor any ownership interest in the Franchisee or any party that directly or indirectly owns all or a portion of the Franchisee (including voting stock, securities convertible thereto, proprietorship, membership rights and general partnership interests) (a Transfer") without our prior written approval, and any such Transfer, sale or assignment without our approval shall be null and void and shall constitute a material breach of this Agreement.

(b) The proposed transferee must meet our standards for purchasing and operating a Heating + Air Paramedics franchise, and you must satisfy the following conditions:

(i) You must pay all amounts owed to us on or immediately before the date of the transfer; and

(ii) The proposed transferee must demonstrate to our satisfaction that it has the financial resources to successfully operate the Franchise; and

(iii) You, and the proposed transferee, purchaser or assignee, must enter into a Consent to Transfer and Release Agreement and satisfy all terms and conditions thereof; and

(iv) You must pay us a transfer fee of twenty five percent (25%) of the then-current franchise fee if your request for Transfer is approved. You may, without our written approval, assign the obligation to pay the transfer fee to the transferee, purchaser or assignee; and

(v) the transferee, including all shareholders, members and partners of the transferee, shall jointly and severally execute a new franchise agreement with Franchisor, on the terms then offered by Franchisor to new franchisees, except that all pre-opening obligations of the parties, other than the transferee's obligation to complete the Initial Training Program to Franchisor's satisfaction, shall be waived, including the obligation of the transferee to pay a new initial franchise fee; and

(vi) if the transferee is a corporation, limited liability company or partnership, each stock or membership certificate, or the partnership agreement, shall have conspicuously endorsed upon it a statement that it is held subject to, and further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement; and

(vii) if the transferee is a corporation, partnership, or limited liability company, no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consentt; and

(viii) if the transferee is a corporation, limited liability company or partnership, all the shareholders, members, or partners of the transferee shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under the terms of this Agreement.

(c) This Agreement may be assigned to a business entity wholly owned by you (the "Corporate

Franchisee"), provided that:

(i) you actively manage the business entity and continue to devote best efforts and full and exclusive time to the day-to-day operation and development of the Franchise;

(ii) the business entity is newly organized, and its activities are confined exclusively to acting as Franchisee under this Agreement;

(iii) you provide all documentation and information requested by us concerning the Corporate Franchisee;

(iv) the business entity executes a document in such form as shall be approved by us in which it agrees to become a party to, and be bound by, all the provisions of this Agreement;

(v) you remain personally liable in all respects under this Agreement and execute a Guaranty Agreement, a copy of which is attached as Exhibit 2 hereto by which you personally guarantee all obligations of the Corporate Franchisee under this Agreement;

(vi) any and all shareholders, directors, officers, members, partners and managers of the Corporate Franchisee shall each execute a Guaranty Agreement, a copy of which is attached as Exhibit 2 hereto, by which such shareholders, directors, officers, members, partners, managers or other owners personally guarantee all obligations of the Corporate Franchisee under this Agreement;

(vii) you agree not to sell, assign, pledge, hypothecate, mortgage or otherwise transfer or encumber your equity interest in the business entity; and

(viii) equity certificates and documents shall note in a legend sufficient under applicable law to constitute such notice that ownership in the Corporate Franchisee is subject to the terms of this Agreement and to allow such restrictions to be enforceable.

(d) We will act in good faith to timely review any request to Transfer. Our approval will not be unreasonably withheld, provided that the proposed transferee, purchaser or assignee meets our standards for franchise ownership.

(e) You may not grant a sub-franchise to any person or entity whatsoever.

20. <u>Assignment by Franchisor</u>.

This Agreement is fully assignable by us and shall inure to the benefit of any assignee or other legal successor to our interest. We shall have no obligations to you after our assignment of this Agreement.

21. <u>Upgrades and Improvements</u>.

We may from time-to-time require you to upgrade or improve the Franchise to reflect changes to the Licensed Marks or required changes in the operation of the System. Such changes may include the installation of new signs or fixtures, remodeling or reconstruction of your facility, replacement or repair of your vehicles, the purchase of new uniforms or equipment, changes to your inventory or supplies, updates to software and

hardware, re-design of websites or social media platforms and the purchase, use, refinishing or replacement of branded materials. You are required to make such upgrades or improvements at the time and in the manner prescribed by us. You are solely responsible for all costs of such upgrades or improvements.

22. Death, Disability or Permanent Incapacity of the Franchisee.

(a) In the event of your death or permanent disability or that of any person with a controlling interest in the Franchisee, the executor, administrator, or personal representative of that person (the "Representative") shall work with us to ensure that not later than one hundred and eighty (180) days after such death or permanent disability, a suitable transferee has been identified and a transfer of control or a transfer of the Franchise under Section 19 has been completed. The term "permanent disability" shall mean a mental, physical or emotional disability, incapacity, impairment, or condition that is reasonably expected to prevent or actually does prevent you (or an owner controlling you) from supervising the management and operation of the Franchise for a period of one hundred and twenty (120) days from the onset of such disability, incapacity, impairment or condition.

(b) Immediately upon receiving notice of an event of death or permanent disability, the Representative will notify us and take all reasonable steps necessary to ensure the continued operation of the Franchise, including the appointment of a manager approved by us.

(c) If control of the Franchise has transferred through a devise or inheritance by operation of law, and if the heirs or beneficiaries of any deceased person are unable to fully satisfy the conditions contained in this Agreement, the personal representative of the deceased Franchisee shall have a reasonable time, in our sole discretion, to dispose of the deceased's interest in the Franchise in accordance with Section 19 of this Agreement.

(d) If the Franchise is not transferred in accordance with Section 22(a) we may terminate this Agreement without further notice to you.

23. Covenants of Non-Disclosure, Non-Solicitation and Non-Competition.

(a) Franchisee and its supervisors, shareholders, directors, officers and guarantors (the "Covenant Parties") specifically acknowledge that they will receive valuable specialized training, trade secrets, and confidential information, including, without limitation, information regarding the management, operations, marketing, advertising, and related information, materials, methods and techniques of ours and the System which are beyond their present skills and experience, and that the value of this information arises not only from the time, effort and money that went into its compilation but also from its usage by all franchisees. The Covenant Parties acknowledge that such specialized training, trade secrets, and confidential information provide a competitive advantage and will be valuable to them in the operation of the Franchise, and that gaining access to such specialized training, trade secrets, and confidential information is therefore a primary reason why Franchisee is entering into this Agreement. You understand and agree that the restrictions contained in this Section are reasonable and necessary to protect our legitimate business interests.

(b) In consideration for the benefits described in Section 23(a), the Covenant Parties agree that:

(i) during the Term they will not, directly or indirectly, for themselves or through or on behalf of or in conjunction with any person, partnership, corporation or other business entity:

(a) solicit, divert or attempt to solicit or attempt to divert any business or customer

of the Franchise to any competitor, by direct or indirect inducement or otherwise; or

(b) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered by Franchisor.

(ii) For a period of eighteen (18) months after the Term, within the Territory and any immediately adjacent territories licensed to other Heating + Air Paramedics franchisees, they will not, directly or indirectly, for themselves or through or on behalf of or in conjunction with any person, partnership, corporation or other business entity:

(a) solicit, divert or attempt to solicit or attempt to divert any business of customer of the Franchise to any competitor, by direct or indirect inducement of otherwise; or

(b) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered by Franchisor.

(c) The Covenant Parties expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, you acknowledge that enforcement of the covenants made in this Section will not deprive any Covenant Parties of personal goodwill or the ability to earn a living.

(d) It is the express intention of the Parties to this Agreement to comply with all laws applicable to the covenants contained in this Agreement. If any of the covenants contained in this Section are found to exceed in duration, geography or scope those permitted by applicable law, the Parties expressly agree that such restrictive covenant may be reformed or modified by the final judgment of a court of competent jurisdiction or other lawful constituted authority to reflect a lawful and enforceable restriction, whether in duration, geography or scope, and that the covenants contained in this Section shall automatically be deemed to be amended and modified so as to comply with the judgment or order of such court or authority to the maximum extent permitted. If any one or more of the provisions contained in this Section shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if it never contained such invalid, illegal or unenforceable provisions.

(e) You agree that, if any Covenant Parties engage as an owner, member, partner, shareholder, officer, consultant, agent, operator, or in any managerial capacity in any similar business, it shall be conclusively presumed as a violation of the terms of this Section and Section 9 as an improper utilization of our Confidential Information and Section 8 as an infringement of the Licensed Marks.

(f) The provisions of this Section shall survive any termination or expiration of this Agreement.

24. Spousal Agreements.

Your spouse or domestic partner (and if you are a business entity, then the spouses or domestic partners of all shareholders, members, or partners) shall execute Confidentiality and Non-Competition Agreements in a form approved by us, at the time of the signing of this Agreement. The Confidentiality and Non-Competition Agreement shall prohibit spouses or domestic partners from disclosing or using any trade secrets, customer lists or other information, knowledge or know-how deemed confidential or proprietary by us concerning the System or the operation of Franchise and from competing with us during the Term and for eighteen (18) months following termination or expiration of this Agreement to the extent of the restrictions set forth in this Agreement.

25. Choice of Law; Jurisdiction; Waiver of Jury Trial.

(a) Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, this Agreement, including all exhibits and ancillary agreements, shall be governed by the law of the State of Indiana. The Parties agree, however, that if the Franchisee is not a resident of Indiana, or if the Franchisee is a corporation, limited liability company or partnership and is not organized or incorporated under Indiana law, and in either case, the Franchisee's business will not be operated in Indiana, then the Parties hereby waive the provisions of the Indiana Franchise Act and the regulations promulgated thereunder. If the Indiana Franchise Act does not apply to the Franchise relationship created hereby, but there is a statute in the state in which the Franchisee's location is situated that specifically governs relationships between franchisees and franchisors and that law would otherwise apply, then that particular law shall apply in lieu of the foregoing.

(b) You consent to personal jurisdiction in the State of Indiana over you in all claims, actions, suits, disputes, arbitrations, demands and other proceedings related to or arising out of this Agreement and waive any defense you may have of lack of personal jurisdiction or improper venue in any such proceeding. All claims, actions and suits must be brought in the state or federal courts located in Marion County, Indiana. and the Parties waive any objections they may have to either the jurisdiction or the venue in such courts and hereby consent to personal jurisdiction and venue in such courts. The only exception to the foregoing shall be: (1) if the courts of Indiana would have no jurisdiction over a named party in the litigation, and such party's involvement in the litigation is integral to the underlying claims and not principally for the purpose of circumventing the intent of the parties to name Indiana as the exclusive venue for any actions, then the action may be venued in any court having jurisdiction over all the parties and a significant nexus to the parties; and (2) to the extent that Franchisor believes it is necessary to seek injunctive relief against Franchisee, Franchisor may initiate that action in the county in which Franchisee has its principal office (which shall be the county in which Franchisee is domiciled, or the county in which the Franchise is located).

(c) The Parties irrevocably waive their right to a trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either Party. You and we acknowledge that this waiver of jury trial rights provides the Parties with the mutual benefit of uniform interpretation of this Agreement and resolution of any dispute arising out of this Agreement and any aspect of the Parties' relationship.

(d) The Parties agree to settle, mediate, litigate, arbitrate, or compromise disputes with third parties, without having the disposition of such disputes directly affect the contract or relationship between them. The Parties therefore each agree that a decision of an arbitrator or court of law in a dispute to which

one of us is not a party will not in any manner prevent the other Party from making similar arguments, or taking similar positions, in any subsequent action between them or between us and any other franchisee. The Parties therefore waive the right to assert that principals of collateral estoppel prevent either of us from raising any claim or defense in an action between them as a result of one of them having lost a similar claim or defense in another action.

(e) Any provision of this Agreement, which contemplates performance of any Party following termination of this Agreement or expiration of the Term, including, but not limited to, the non- competition, confidentiality and indemnification provisions of this Agreement, will survive such termination or expiration.

(f) Should any provision of this Agreement require judicial interpretation, the Parties agree that the court interpreting or construing the provision will not apply the assumption that any of the terms of this Agreement will be more strictly construed against the Party preparing the Agreement. Accordingly, you specifically acknowledge that: (i) we advised you to obtain legal counsel to review this Agreement, (ii) you obtained all professional advice that you believe necessary for your full understanding of the terms of this Agreement and the consequences of those terms, and (iii) you are entering into this Agreement intentionally and voluntarily and with full knowledge of its terms and conditions.

26. <u>Binding Arbitration</u>.

(a) This Agreement is a written agreement evidencing a transaction involving commerce and is, therefore, subject to the terms and provisions of the Federal Arbitration Act, Title 9, of the United States Code. Except as set forth in Section 29, any and all controversies or claims whatsoever arising out of or relating to this Agreement or to any ancillary agreement between the Parties or with regard to their interpretation, formation or breach, shall be settled by binding arbitration according to the commercial rules of the American Arbitration Association as hereinafter provided.

(b) Prior to submitting any claim or dispute to arbitration, you shall give notice thereof to us setting forth in reasonable detail the nature and basis of the claim or dispute. The Parties shall then seek to negotiate and resolve the dispute by direct negotiation between you and us over a period of not less than thirty (30) days. If the dispute is not resolved through negotiation or mediation, either Party may send written notice to (1) the other Party, and (2) the Regional Office of the American Arbitration Association in or closest to the location of our principal offices at that time invoking the binding arbitration provisions of this Subsection.

(c) You agree that any arbitration brought under this Section 26 shall be conducted on an individual basis and not a class-wide, multiple plaintiff or similar basis and that such disputes shall not be consolidated with the arbitration of any other disputes which might arise between us and any other Heating + Air Paramedics franchisees.

(d) Any arbitration shall be conducted in Indianapolis, IN or such other location as the Parties mutually agree before a single arbitrator who has been actively engaged in the practice of law for at least ten (10) years and has franchise law experience. If the Parties cannot agree upon an arbitrator, the arbitrator shall be selected in accordance with the American Arbitration Association rules. Prior to the commencement of hearings, the arbitrator shall provide an oath of undertaking of impartiality. The Parties agree that discovery prior to arbitration shall be restricted solely to exchanging lists of those witnesses and documents which may be presented at the hearing before the arbitrator. The award of the arbitrator shall be final. The Parties' further consent to the jurisdiction in any appropriate court to enforce the provisions of this Section and/or to enter a judgment upon any award rendered by the arbitrator. The costs and expenses

of arbitration, including the prevailing party's attorney's fees and costs and the compensation and expenses of the arbitrator, shall be borne by the non-prevailing party.

(e) In the event that any such controversy or claim involves any of your officers, directors, shareholders, employees, representatives or agents, then any such controversy or claim shall also be submitted to binding arbitration in the same manner as set forth above.

(f) In proceeding with arbitration and in making determinations hereunder, the arbitrator shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by us in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of this Agreement or any termination thereof. In the event that either Party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such Party notwithstanding said failure to appear.

(g) **YOU EXPRESSLY ACKNOWLEDGE THAT YOU HAVE READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND SPECIFICALLY AFFIRM THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS, OR UNDUE INFLUENCE ON THE PART OF US OR ANY OF OUR AGENTS OR EMPLOYEES.**

27. <u>Indemnification</u>.

(a) You agree at all times to defend at your own cost, and to indemnify and hold harmless to the fullest extent permitted by law, us, our subsidiaries, affiliates, successors, assigns and designees, and our directors, members, managers, officers, employees, agents, shareholders, attorneys, designees, and representatives (collectively the "Indemnitees") from all costs, damages and expenses incurred in connection with any action, suit, proceeding, claim, demand, arbitration, mediation, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon, directly or indirectly: (i) your operation of the Franchise, (ii) your conduct or the conduct of your directors, officers, managers, members, employees or agents or, (iii) the terms of this Agreement.

(b) For the purpose of this Section, the terms “costs, damages and expenses” include but are not limited to all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing same, and any and all expenses of recall refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

28. <u>Independent Contractor</u>.

(a) You understand and agree that you are and shall be an independent contractor. Nothing in this Agreement shall be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. You shall not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as is specifically provided for in this Agreement. We shall not have the power to hire or fire or control your employees and, except as herein expressly provided, we may not control or have access to your funds or the expenditure thereof, or in any other way exercise dominion or control over the Franchise.

(b) It is expressly understood and agreed that neither you nor any employee of yours will, in

any way, directly or indirectly, expressly or by implication, be construed to be an employee of ours for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal government agency.

(c) **YOU SHALL CONSPICUOUSLY IDENTIFY YOURSELF IN ALL DEALINGS WITH YOUR CUSTOMERS, CONTRACTORS, SUPPLIERS, PUBLIC OFFICIALS AND OTHERS, AS AN INDEPENDENT FRANCHISEE OF OURS, AND SHALL PLACE SUCH NOTICE OF INDEPENDENT OWNERSHIP ON ALL FORMS, BUSINESS CARDS, STATIONERY, ADVERTISING, SIGNS AND OTHER MATERIALS AND IN SUCH FASHION AS WE MAY, IN OUR SOLE AND EXCLUSIVE DISCRETION, SPECIFY AND REQUIRE FROM TIME TO TIME, IN OUR MANUALS (AS SAME MAY BE AMENDED FROM TIME TO TIME) OR OTHERWISE.**

29. Injunctive Relief.

You agree that we have the right to seek injunctive relief to: (i) enforce our rights to terminate this Agreement, (ii) prevent the infringement of the Licensed Marks, (iii) enforce your post-termination covenants, including the non-competition covenants, (iv) to prevent the disclosure of or improper or unauthorized use of the Confidential Information, (v) to enforce our right to binding arbitration, and (vi) for any other reason we, in our sole discretion, deem necessary to prevent you from irreparably damaging the System. If we seek injunctive relief it shall not be deemed or construed as a waiver by us of our right to invoke the binding arbitration provisions of this Agreement.

30. Enforcement Costs and Expenses.

You shall pay us on demand any and all costs and expenses we incur in successfully enforcing the terms of this Agreement, including legal fees and expenses and our administrative costs, whether such enforcement action is formal or informal, privately negotiated, mediated, arbitrated, tried or resolved through any other form of legal proceeding. Your duty to pay all of the above costs and expenses shall survive the termination or expiration of this Agreement.

31. Cross-Default; No Right to Set-Off.

(a) Any default by you of any other agreement between you and us shall be deemed a default under this Agreement, and any default by you under this Agreement shall be deemed a default under any and all other agreements between you and us. If the nature of such default under any other agreement would have permitted us to terminate this Agreement had said default occurred hereunder, we shall have the right to terminate this Agreement and all of the other agreements between you and us in the same manner as provided herein for termination of this Agreement.

(b) You shall not, for any reason, set-off against any amounts due to us any claims you assert to payment from us under this Agreement (as amended), the exhibits hereto and any ancillary agreements we may enter now or in the future. The existence of any claim or cause of action that you assert against us will not constitute a defense or bar to the enforcement of any of the provisions of this Agreement and must be pursued by you through a separate action.

32. Limitation of Actions.

You agree that you must bring any cause of action, claim, demand, or suit, arising out of or under this Agreement against us no later than one (1) year from the act, transaction or occurrence upon which such action is based. Any action or claim not brought within this one (1) year period shall be barred as a claim,

counterclaim, defense, or set-off. You understand that this time limit might be shorter than otherwise allowed by law.

33. Step-in Rights.

If, at any time during the Term, we determine that the operation of the Franchise is in jeopardy for any reason, then we shall have the right but not the obligation to "step-in" to your place as the operator of the Franchise and to operate the Franchise on your behalf until we determine, in our sole discretion, that the Franchise is no longer in jeopardy. You acknowledge that this right to "step-in" is necessary to preserve the value and integrity of the System and the Licensed Marks, and You authorize us to exercise the rights described here. You will reimburse us for all costs incurred when exercising step-in rights. You will indemnify and hold harmless PHP Franchise, LLC its officers, managers, members, agents, representatives, affiliates and employees, or anyone else acting on our behalf, against any claims, actions, losses, damages, harms and liabilities, including reasonable attorney's fees, incurred by us as the result of exercising our step-in rights under this Agreement.

34. Entire Agreement; Modification.

This Agreement, and attached exhibits and ancillary documents, constitute the entire agreement between the Parties with respect to its subject matter, and this Agreement supersedes all prior and contemporaneous oral and/or written agreements between the Parties. Nothing in this or in any related agreement, however, is intended to disclaim any representations we made in the Franchise Disclosure Document that we provided to you. No change, modification, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon us or you unless in writing and signed by an authorized officer of both you and us; provided, however, we may unilaterally modify any of our manuals.

35. Notices.

All notices required under this Agreement shall be made in writing and delivered to Franchisor by hand, certified mail or e-mail. If by hand, all notices shall be delivered to the Franchisor, attention Ryan Carpenter, President, at Franchisor's principal place of business, 9750 E. 150th Street Noblesville, IN 46060. If by certified Mail, all notices shall be mailed to the Franchisor, attention Ryan Carpenter, President, a Franchisor's principal place of business stated herein. If by email, all notices shall be delivered to Ryan Carpenter, President, at rcarpenter@phparamedics.com, and carbon copied to the Franchisor's legal department at rhuelin@thresholdbrands.com.

36. Miscellaneous.

(a) The titles of the sections and paragraphs are for convenience onlyand are not a part of the text of this Agreement.

(b) All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all invalid or unenforceable provisions were not contained herein, and all partially valid and enforceable provisions shall be interpreted and enforced to the extent they are intelligible, valid and enforceable.

(c) You shall not, on grounds of an alleged non-performance by us of any of our obligations or for any other reason, withhold payment of any amount due pursuant to us under this Agreement (as amended), the exhibits hereto or any ancillary agreements we may enter with you now or in the future. No endorsement or statement on any check or payment of any sum less than the full sum due to us shall be construed as an acknowledgement of payment in full or an accord and satisfaction, and we may accept and

cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. We may apply any payments made by you against any past due indebtedness of yours as we may see fit. We may set off against any sums payable to you hereunder any unpaid debts due from you to us.

(d) Except as otherwise expressly stated in this Agreement,any consent or approval required to be obtained from us, or decision to be made by us, may be granted or made by us in our sole and exclusive business judgment, which may take into account our assessment of, among other things, the long-term interests of us, the System and the Licensed Marks, without regard to its effect on you or any other Heating + Air Paramedics franchisee. Our business judgment will prevail even in cases where other alternatives may be reasonable, so long as we intend to benefit or act in a way that could benefit the System, enhance the value of the Licensed Marks, increase customer satisfaction, or minimize possible consumer, brand or location confusion or harm. If our activities or decisions are supported by our business judgment no court or judge or trier of fact, or any other person reviewing those activities or decisions may substitute his, her or its judgment for our judgment, in recognition of the fact that the long-term goals of a franchise system, and the long-term interests of both us and our franchisees, require that we have the latitude to exercise our business judgment in administering, managing, and overseeing the System.

(e) Neither Party hereto shall be liable for any loss or damage due to any delay in the performance of the terms hereof by reason of strikes, lockouts and other labor troubles, fires, riots, wars, embargos and commotion, or acts of God; provided, however, the forgoing shall not apply to a Party's payment obligations hereunder. Any such delay shall extend performance only so long as such event is in progress.

(e) In all respects, time shall be of the essence under this Agreement (as amended), the exhibits hereto, and any ancillary agreements we may enter into with you now or in the future.

(f) The provisions hereof shall be binding upon, and shall inure to the benefit of, the Parties hereto and their respective heirs, successors and assigns unless otherwise specifically restricted by the terms of this Agreement.

37. <u>Acknowledgements</u>.

(a) No representation has been made by us (or any employee, agent or salesperson thereof) and relied upon by you as to the future or past income, expenses, sales, volume or potential profitability, earnings or income of the Franchise, other than the information provided in our Franchise Disclosure Document.

(b) Prior to the execution of this Agreement, you have had the opportunity to contact all of our existing franchisees, if any.

(c) You have had the opportunity to independently investigate, analyze and construe both the business opportunity being offered hereunder, and the terms and provisions of this Agreement, utilizing the services of counsel, accountants or other advisors (if you so elect).

(d) You acknowledge that you have received a complete copy of this Agreement, with all attachments, addenda and exhibits referenced in this Agreement, and other related agreements, if any, with all material terms completed, at least seven (7) days prior to the date on which this Agreement was executed or you paid us anything. You further acknowledge that you received our Franchise Disclosure Document at least fourteen (14) days prior to the earlier of the date on which this Agreement was executed by you or you paid us anything.

(e) No representation or statement has been made by us (or any employee, agent or salesperson thereof) and relied upon by you regarding your ability to procure any required license or permit that may be necessary to operate the Franchise.

(f) You have been advised to consult with your own advisors with respect to the legal, financial and other aspects of this Agreement, the Franchise, and the prospects for your business. You have either consulted with such advisors or have deliberately declined to do so.

(g) You affirm that all information set forth in any and all applications, financial statements and submissions to us is true, complete and accurate in all respects, with you expressly acknowledging that we are relying upon the truthfulness, completeness and accuracy of such information.

(h) You agree and acknowledge that fulfillment of any and all of our obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be our sole responsibility and none of our agents, employees, representatives, nor any individuals associated with us or our affiliates shall be personally liable to you for any reason.

38. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Signatures may be delivered in original writing, or via email, facsimile, .pdf image or other form of digital or electronic signature.

[SIGNATURES ON FOLLOWING PAGE]

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

FRANCHISOR:

PHP Franchise, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Franchisee

By: _____
Franchisee

FRANCHISE AGREEMENT
Exhibit 1

The "Territory" shall be defined as follows:

The Territory shall include the geographical area of the following zip codes or Census Tracts:

[LIST]

FRANCHISE AGREEMENT
Exhibit 2

GUARANTY AGREEMENT

This Guaranty Agreement is entered into on this _____ day of _____, 20_____, between [NAME], a resident of [STATE] with a permanent residence at [ADDRESS] ("Guarantor"), and PHP Franchise, LLC of Noblesville, IN ("Franchisor").

RECITALS

A. WHEREAS, Franchisor and _____("Franchisee"), have entered into a Franchise Agreement dated [DATE]; and

B. WHEREAS, Guarantor is a shareholder, member, partner and/or owner of Franchisee;

NOW, THEREFORE, in consideration of, and as an inducement to Franchisor to enter into the Franchise Agreement with Franchisee and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor hereby covenants and agrees as follows:

1. Guarantor warrants that the facts contained in Recital A and B are correct;

2. Guarantor has read the terms and conditions of the Franchise Agreement;

3. Guarantor personally and unconditionally makes all the covenants, representations and agreements of Franchisee set forth in the Franchise Agreement, and that Franchisee is obligated to perform thereunder;

4. Guarantor personally, unconditionally, and irrevocably guarantees to Franchisor and its successors and assigns, that all of Franchisee's obligations, undertakings, agreements and covenants set forth in the Franchise Agreement, will be punctually paid and performed during the term of the Franchise Agreement and thereafter, as applicable;

5. Guarantor unconditionally and irrevocably agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement entered into by the Franchisee;

6. Upon default by Franchisee or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement;

7. Without affecting the obligations of any Guarantor under this Guaranty Agreement, Franchisor may, without notice to Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or any Guarantor, or settle, adjust or compromise any claims against Franchisee or any Guarantor;

8. Guarantor waives all demands and notices of every kind with respect to enforcement of this Guaranty Agreement, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any Guarantor, and any release of any Guarantor or other security for the Franchise Agreement or the

obligations of Franchisee;

9. Franchisor may pursue its rights against any Guarantor without first exhausting its remedies against Franchisee and without joining any other Guarantor hereto, and no delay on the part of Franchisor, in the exercise of any right or remedy, shall operate as a waiver of such right or remedy, and no single or partial exercise of such right or remedy, shall preclude the further exercise of such right or remedy. Guarantor shall be jointly and severally liable for all obligations under the Franchise Agreement and the Guaranty Agreement with all other guarantors guaranteeing the obligations under the Franchise Agreement regardless of whether such guarantors have executed this Guaranty Agreement or separate Guaranty Agreements;

10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of the deceased Guarantor shall be bound by the foregoing Guaranty Agreement, but only for defaults and obligations under the Franchise Agreement existing at the time of death; the obligations of all other Guarantors shall continue in full force and effect;

11. This Guaranty Agreement will continue and is irrevocable during the term of the Franchise Agreement and, after its termination or expiration with respect to those provisions that survive its termination or expiration;

12. Guarantor's obligations under this Guaranty Agreement are effective on the Effective Date of the Franchise Agreement, regardless of the actual date of signature;

13. This Guaranty Agreement is governed by Indiana law and Guarantor irrevocably submits to the jurisdiction and venue of the courts of Indiana;

14. If Franchisor is required to enforce this Guaranty Agreement in any judicial or arbitration proceeding or on any appeals, Guarantor must reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty Agreement;

15. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Guaranty Agreement.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty Agreement under seal.

_____
Signature

_____
Print Name

_____
Address

_____

FRANCHISE AGREEMENT
Exhibit 3

TELEPHONE LISTING AGREEMENT

THIS TELEPHONE LISTING AGREEMENT (the "Telephone Listing Agreement") is made and entered into as of the _____ day of _____, 20___ (the "Effective Date"), by and between PHP Franchise, LLC (the "Franchisor"), and _____ _____, a(n) _____(the "Franchisee").

1. **DEFINITIONS**

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement executed by Franchisor and Franchisee. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **TRANSFER; APPOINTMENT**

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire, during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Numbers and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be reasonably necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;

2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

3. **MISCELLANEOUS**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several in the event there is more than one party constituting Franchisee hereunder..

3.9 Governing Law. This Telephone Listing Agreement shall be governed by and construed under the laws of the state of Indiana, without regard to the application of Indiana's conflict of law rules.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

FRANCHISOR:

PHP FRANCHISE, LLC

By: _____

Date: _____

FRANCHISEE:

By: _____

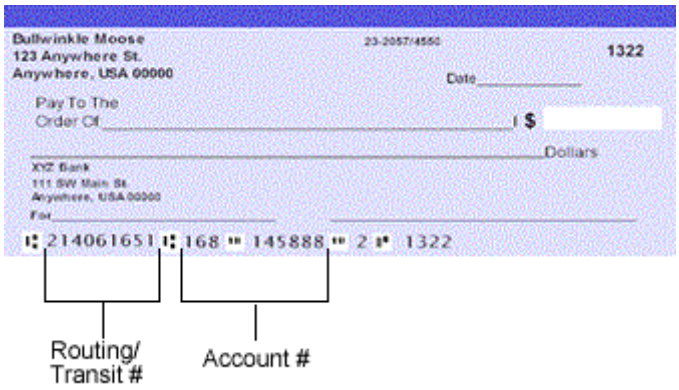
Date: _____

FRANCHISE AGREEMENT
Exhibit 4

ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS

Franchisee authorizes Franchisor to initiate electronic transfer of funds from its business bank account listed below for payment of any and all obligations of Franchisee to Franchisor under any franchise agreement, note, security agreement, or other document or agreement between Franchisee and Franchisor ("Obligations") as they become due. This Authorization is irrevocable by Franchisee, and will remain in effect until the last to occur of: the termination of all agreements between Franchisor and Franchisee; or the payment in full of all Obligations. Franchisee agrees to keep sufficient funds in the account listed below to pay all Obligations.

ACH Information		
Financial Institution:		
Branch:		
City	State:	Zip:
Routing/Transit Number:		
Account/Bank Number:		



Please fill out this form and attach a voided check.

IN WITNESS WHEREOF, Franchisee caused this Authorization to be executed under seal by a duly authorized officer below effective the [DATE].

[FRANCHISEE]

By: _____← Sign Here
Name: _____
Title of Entity officer (duly authorized)

FRANCHISE AGREEMENT
Exhibit 5

FIRST FRANCHISE OPTION AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO THE FRANCHISE AGREEMENT (the "Amendment") is made and entered into this _____ day of _____, 20__, by and between PHP FRANCHISE, LLC, ("Franchisor"), and _____, a _____ with its _____ at _____ (hereinafter "Franchisee").

RECITALS

WHEREAS, Franchisor and Franchisee desire to enter into a Franchise Agreement of even date herewith with respect to the operation of a business which provides residential heating and air conditioning installation, repair, replacement and maintenance services (hereinafter "the Franchise Agreement");

WHEREAS, Franchisor and Franchisee have agreed to amend the Franchise Agreement as set forth herein to provide certain discounts to Franchisee based upon Franchisee's (or Franchisee's owner's) status as a first time franchisee of Franchisor who desires this amendment ("First Time Option") as a condition to entering into the Franchise Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. The Recitals above are incorporated herein by reference.

2. Franchisor waives the Initial Franchise Fee stated in Section 11(a) of the Franchise Agreement.

3. Section 11(b) of the Franchise Agreement is hereby stricken and replaced as follows:

   "In consideration of our grant to you of a license to use the Licensed Marks and the Heating + Air Paramedics System, you must pay us a monthly continuing royalty (the "Continuing Royalty") which shall be six and one-half percent (6.5%) of your monthly Gross Sales, or One Thousand Five Hundred Dollars $1,500 per month, whichever is greater. The $1,500 minimum Continuing Royalty will not be imposed until the earlier of the first of the calendar month immediately following the day that is ninety (90) days after the Effective Date of this Agreement or the month in which the Franchisee begins operation."

4. Except as specifically amended above, all other provisions of the Franchise Agreement remain in full force and effect.

5. If there is a conflict between this Amendment and the Franchise Agreement, this Amendment will prevail.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

PHP FRANCHISE, LLC

By:_____

FRANCHISEE

By:_____

FRANCHISE AGREEMENT
Exhibit 6

SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This Agreement is made and entered into _____, 20_____, between PHP FRANCHISE, LLC ("Franchisor") and _____, a/an _____ with its principal place of business at _____ ("Franchisee") and _____, the spouse or domestic partner of an owner of Franchisee ("Signer") with a primary residence at _____.

RECITALS

WHEREAS, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter "HEATING + AIR PARAMEDICS SYSTEM") for the development and operation of a business which provides residential heating and air conditioning and other related services under the trade name and mark HEATING + AIR PARAMEDICS;

WHEREAS, the HEATING + AIR PARAMEDICS SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark HEATING + AIR PARAMEDICS, service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, Website addresses, email addresses, digital cellular addresses, wireless Web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying the HEATING + AIR PARAMEDICS SYSTEM, and such other distinguishing characteristics of the HEATING + AIR PARAMEDICS SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for providing residential heating and air conditioning installation, repair, replacement and maintenance services; management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time ("Trade Secrets");

WHEREAS, Franchisor's Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor's competitors who could obtain economic value from knowledge and use of Franchisor's Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor's Trade Secrets;

WHEREAS, Franchisor and Franchisee are entering into a Franchise Agreement which will grant Franchisee a limited right to operate a franchised business within a territory using the HEATING + AIR PARAMEDICS SYSTEM and Franchisor's Trade Secrets for a period defined in the Franchise Agreement ("Franchise Agreement");

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the HEATING + AIR PARAMEDICS SYSTEM of restricting use, access and dissemination of Franchisor's Trade Secrets; and

WHEREAS, it is anticipated that Signer may have access to Franchisor's Trade Secrets as Franchisee develops and maintains Franchisee's business using the HEATING + AIR PARAMEDICS SYSTEM.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisee may disclose to Signer some or all of Franchisor's Trade Secrets relating to the HEATING + AIR PARAMEDICS SYSTEM.

2. Signer shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and shall use them only in connection with the development and/or maintenance by Franchisee of the Franchise (as defined in the Franchise Agreement) using the HEATING + AIR PARAMEDICS SYSTEM for so long as Franchisee is licensed by Franchisor to use the HEATING + AIR PARAMEDICS SYSTEM.

3. Signer shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Signer shall not disclose or permit the disclosure of Franchisor's Trade Secrets to anyone.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Signer shall not, directly or indirectly, do any act or omit to do any act, which would or would likely be injurious or prejudicial to the goodwill associated with the HEATING + AIR PARAMEDICS SYSTEM.

7. In order to protect the goodwill and unique qualities of HEATING + AIR PARAMEDICS SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Signer of Franchisor's Trade Secrets, Signer further undertakes and covenants that, during the time Franchisee is a franchisee of Franchisor and for the eighteen (18) months following the termination or expiration of Franchisee's Franchise Agreement, Signer will not, directly or indirectly, for themselves or through or on behalf of or in conjunction with any person, partnership, corporation or other business entity:

(a) solicit, divert or attempt to solicit or attempt to divert any business or customer of the Franchise to any competitor, by direct or indirect inducement or otherwise; or

(b) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered by Franchisor.

8. Franchisee undertakes to use Franchisee's best efforts to ensure that Signer acts as required by this Agreement.

9. Signer agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Signer, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

10. Signer agrees that the period during which the restrictions above apply shall be extended uninterrupted by the length of any period of time during which Signer was in violation of such restrictions.

11. This Agreement shall be governed by and construed under the laws of the state of Indiana.

12. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

By:_____
Name:
Title:
Date:_____

FRANCHISOR

By:_____
Name:
Title:
Date:_____

SIGNER

By:_____
Name:
Date:_____

FRANCHISE AGREEMENT
Exhibit 7

FRANCHISE COMPLIANCE QUESTIONNAIRE

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.

As you prepare to enter into a Franchise Agreement with PHP Franchise, LLC ("PHP"), it is important to determine whether any statements or promises were made to you, either orally or in writing, which were not authorized by PHP and which may be untrue, inaccurate or misleading.

Please provide honest and complete responses to each of the following:

1. Have you received and personally reviewed our Franchise Agreement and all its attachments?
Yes ___ No ___

2. Have you received and personally reviewed the Franchise Agreement which you are to sign, with all its blanks completed? Yes ____ No ___

If your answer is Yes, please state what date this completed Franchise Agreement was received: _____

3. Have you received and personally reviewed our Franchise Disclosure Document (FDD)?
Yes ____ No ___

Please state the date you received the FDD: _____

Did you sign a receipt for the FDD confirming the date you received it?
Yes ____ No ___

4. Did you have an opportunity to review the Heating + Air Paramedics Operation Manual?
Yes ____ No ___

5. Have you had the opportunity to discuss the benefits and risks associated with purchasing a Heating + Air Paramedics franchise with an attorney, accountant or other professional advisor?
Yes ____ No ___

Do you understand those risks? Yes ____ No ___

6. Do you understand that any training, support, guidance or tools we provide to you as part of the Heating + Air Paramedics franchise, are for the purpose of protecting the Heating + Air Paramedics brand and trademarks, and to assist you in the operation of your business and not for the purpose of controlling, or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters?
Yes ____ No ___

If No, please comment:_____

_____

_____

CONSIDER THE FOLLOWING QUESTIONS IN REGARD TO INFORMATION PROVIDED DIRECTLY FROM FRANCHISOR OR ITS REPRESENTATIVES (NOT ITS FRANCHISEES):

7. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises concerning the revenues, profits or operating costs of a Heating + Air Paramedics franchise that contradicts any information in the FDD?

Yes ____ No ___

8. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises concerning the amount of money you may earn in the operating of a Heating + Air Paramedics franchise that contradicts any information in the FDD?

Yes ____ No ___

9. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises concerning the likelihood of success that you should or might expect to achieve from operating a Heating + Air Paramedics franchise that contradicts any information in the FDD?

Yes ____ No ___

10. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises concerning the advertising, marketing, training or support service or assistance that we will furnish to you that contradicts any information in the FDD? Yes ____ No ___

11. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises concerning the costs you may incur in starting or operating the Heating + Air Paramedics franchise that contradicts any information in the FDD?

Yes ____ No ___

12. Has any employee, broker or other person representing Heating + Air Paramedics made any statements or promises or agreements relating to the Heating + Air Paramedics franchise that contradicts any information in the FDD?

Yes ____ No ___

If you have answered Yes to any of the questions numbered 7 through 12 above, please provide a full explanation ***for each.*** Attach additional pages if necessary.

_____

_____

_____

_____

_____

Your answers are important to us and we will rely on them; by signing this Questionnaire, you are representing that you have responded truthfully to all of the above questions.

Date: _____ Prospective Franchisee: _____

EXHIBIT D

STATE SPECIFIC ADDENDA

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

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

B. NO PERSON IN ITEM 2 OF THE FDD IS SUBJECT TO ANY CURRENTLY EFFECTIVE ORDER OF ANY NATIONAL SECURITIES ASSOCIATION OR NATIONAL SECURITIES EXCHANGE, AS DEFINED IN THE SECURITIES EXCHANGE ACT OF 1934, 15 U.S.C.A. 78A ET SEQ., SUSPENDING OR EXPELLING SUCH PERSONS FROM MEMBERSHIP IN SUCH ASSOCIATION OR EXCHANGE.

C. CALIFORNIA BUSINESS AND PROFESSIONS CODE 20000 THROUGH 20043 PROVIDES RIGHTS TO THE FRANCHISEE CONCERNING TERMINATION, TRANSFER OR NON-RENEWAL OF A FRANCHISE. IF THE FRANCHISE AGREEMENT CONTAINS A PROVISION THAT IS INCONSISTENT WITH THE LAW, THE LAW WILL CONTROL."

D. 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.).

E. THE FRANCHISE AGREEMENT CONTAINS A LIQUIDATED DAMAGES CLAUSE. UNDER CALIFORNIA CIVIL CODE SECTION 1671, CERTAIN LIQUIDATED DAMAGES CLAUSES ARE UNENFORCEABLE. The Franchise Agreement contains a waiver of a jury trial. This waiver may not be enforceable under California law.

F. THE FRANCHISE AGREEMENT REQUIRES BINDING ARBITRATION. THE ARBITRATION WILL OCCUR IN INDIANAPOLIS, INDIANA WITH THE COSTS BEING BORNE BY THE FRANCHISEE. 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. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

H. 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.

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

J. THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAWS OF STATE OF INDIANA. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

K. YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

L. The highest interest rate allowed by law in California is 10% annually.

In recognition of the California Franchise Investment Law, Cal. Bus. & Prof Code § 31000, et seq., and the California Franchise Relations Act, Cal. Corp. Code § 20000, et seq., the Franchise Disclosure Document for PHP Franchise, LLC offering franchises under the "Heating + Air Paramedics" mark for use in the State of California shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution" shall be amended by adding the following disclosure:

> If you execute a general release, in a form prescribed by the Franchisor, of any and all claims against the Franchisor and its affiliates, and their respective officers, directors, agents, and employees, the release must exclude such claims that you may have that have arisen under the California Franchise Investment Law or the California Franchise Relations Act.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution", shall be amended by adding the following disclosure:

> The California Franchise Relations Act provides to franchisees additional rights concerning non-renewal. Notice of intention by the Franchisor not to renew a franchise agreement must be given at least 180 days prior to the expiration of the franchise agreement. In the event that any of the provisions of a franchise agreement conflict with the statute, the conflicting provisions will be considered invalid.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution" shall be amended by adding the following disclosure:

> The California Franchise Relations Act provides to franchisees additional rights concerning termination. A franchise may be terminated only for good cause, and franchisees must be given notice of default and a reasonable opportunity to cure defects (except for certain defects, as specified in the statute, which require no notice or cure). In the event that any of the provisions of a franchise agreement conflict with the statute, the conflicting provisions will be considered invalid.

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution" shall be amended by adding the following disclosure:

> Covenants not to compete upon termination or expiration of the Franchise Agreement are not enforceable under California Law, except in limited circumstances. The Franchisor does not know whether the foregoing covenants are enforceable under California Law.

AMENDMENT TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA

THIS AMENDMENT (the "Amendment") is effective as of _____, 20____, and amends the Franchise Agreement dated _____, 20____ (the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____ _____.

1. You shall execute a general release under seal, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. 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).

2. A new Section 16(c) of the Agreement, under the sub-heading "Termination in California" shall be added, as follows:

> To the extent that the provision of this Paragraph 16 regarding termination are inconsistent with the requirements of the California Franchise Relations Act, the termination provisions are superseded by the Act's requirements and shall have no force or effect.

3. This Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

4. A new Section 26 of the Agreement shall be added as follows:

> The Agreement requires binding arbitration in Indiana. 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.

[Signatures on following page]

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____
Franchisee

By: _____
Franchisee

NOTICE REQUIRED UNDER HAWAIIAN FRANCHISE LAW

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OR ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act 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.

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. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

AMENDMENT TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

THIS AMENDMENT (the "Amendment") is effective as of _____, 20____, and amends the Franchise Agreement dated _____, 20____ (the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____
_____.

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act 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.

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. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____
Franchisee

By: _____
Franchisee

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA

In recognition of the Indiana Franchise Law, Title 23, Article 2, Chapter 2.5 Sections 1 through 51, the Franchise Disclosure Document for PHP Franchise, LLC offering franchises under the "HEATING + AIR PARAMEDICS" mark for use in the State of Indiana shall be amended as follows:

1. Item 17(c), pertaining to "Requirements for you to Renew or Extend" your Franchise Agreement, is hereby amended by adding the following paragraph:

"Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve PHP Franchise, LLC from liability imposed by Indiana State Code 23-2-2.7.

2. Item 17(m) pertaining to requirements for approval of transfer, is hereby amended by adding the following:

"Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve PHP Franchise, LLC from liability imposed by Indiana State Code 23-2-2.7.

3. Item 17(r), pertaining to the post-termination non-competition covenants, is hereby amended by adding the following paragraph:

"The post-termination covenant not to compete complies with Indiana State Code 23-2-2.7-1(9) which prohibits PHP Franchise, LLC from prohibiting you from competing for a period longer than 3 years or in an area greater than the exclusive area contained in your agreement."

4. Item 17(t), pertaining to the integration/merger clause, is hereby amended by adding the following paragraph:

"Notwithstanding anything to the contrary contained in your agreement, you do not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document."

5. Item 17(v), pertaining to the choice of forum, is hereby amended by adding the following paragraph:

"Choice of forum in any jurisdiction other than Indiana is prohibited under IC 23-2-2.7-1(10). PHP Franchise, LLC may not require that you agree to participate in any form of alternative dispute resolution other than arbitration before an independent arbitrator."

6. Item 17(w), pertaining to the choice of law, is hereby amended by adding the following paragraph:

"The choice of Indiana law shall be subject to the superceding provisions in Indiana's Franchise Acts, IC 23-2-2.5 and 2.7."

AMENDMENT TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF INDIANA

THIS AMENDMENT (the "Amendment") is effective as of _____, 20____, and amends the Franchise Agreement dated _____, 20____ (the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____ _____.

1. Section 27 of the Agreement, under the heading "Indemnification", shall be supplemented by the addition of the following sentence:

"In no event shall this indemnification apply to liability caused by your proper reliance on or use of procedures or materials provided by Franchisor or because of Franchisor's negligence."

2. Section 23 of the Agreement, under the heading "Covenants of Non-Disclosure, Non-Solicitation and Non-Competition", Section 25 of the Agreement, under the heading "Choice of Law; Jurisdiction; Waiver of Jury Trial", Section 26 of the Agreement, under the heading "Binding Arbitration", and Exhibit 2 of this Agreement "Guaranty Agreement" shall each be supplemented by the addition of the following paragraph:

"The reservation of rights by Franchisor to injunctive relief and specific damages or limitations on the remedies available to either party without benefit of appropriate process is prohibited under IC 23-2-2.7-1(10). You cannot be required to recognize the adequacy or inadequacy of any remedy. The waiver or release of any rights with regard to the Agreement is prohibited under IC 23-2-2.7-1(5)."

3. Section 3 of the Agreement, under the heading "Term" and Section 20 of the Agreement, under the heading "Assignment by Franchisee", shall be supplemented by the addition of the following sentence:

"You cannot be required to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve Franchisor from liability under Indiana Code 23-2-2.7."

4. Section 36 of the Agreement, under the heading "Miscellaneous", shall be supplemented by the addition of the following sentence:

"Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document."

5. Section 26 of the Agreement, under the heading "Binding Arbitration", shall be supplemented by the addition of the following paragraph:

"Notwithstanding anything to the contrary in this provision, venue for any cause of action brought under this Agreement shall be in Indiana pursuant to IC 23-2-2.7-1(10). Notwithstanding anything to the contrary in this provision, the choice of law for any cause of action brought under this Agreement shall be subject to any superceding provisions contained in Indiana's Franchise Act, IC 23-2-2.5 and 2.7. You shall be permitted to bring actions arising under IC 23-2-2.5 at any time within 3 years from the date of violation pursuant to IC 23-2-2.7-7."

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____
Franchisee

By: _____
Franchisee

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND

Amendment to Item 5 of the Disclosure Document:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Maryland franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.

Amendments to Item 17 of the Disclosure Document:

The general release required as a condition of renewal, sale, and /or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

Termination for bankruptcy filing may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

The 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.

AMENDMENT TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND

THIS AMENDMENT (the "Amendment") is effective as of _____, 20____ (the "Agreement Date"), and amends the Franchise Agreement dated _____, 20____ (the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____ _____.

The Franchise Agreement is amended by the addition of the following provisions and the parties agree to these amendments:

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

Sections 4 and 19 of the Agreement allow the Franchisor to require you to sign a general release of claims as a condition of renewal or transfer of your franchise. Under Maryland law (COMAR 02.02.08.16L), this condition will 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 Registrattion and Disclosure Law.

Section 4-216(c) (25) of the Maryland Franchise Registration and Disclosure Law requires a franchisor to file an irrevocable consent to be sued in Maryland. Section 25 of the Agreement contains provisions requiring a franchisee filing any litigation against the franchisor to agree to file the litigation only in the State of Indiana. Accordingly, the Agreement is amended to permit a franchisee to bring litigation in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Section 26 of the 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 rights 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.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

[Signatures on the following page]

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____
Franchisee

By: _____
Franchisee

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA

As to franchises governed by the Minnesota franchise law, if any of the terms of the Franchise Disclosure Document are inconsistent with the terms below, the terms below control:

With respect to franchises governed by the Minnesota franchise law, the franchisor will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require (except in certain specific cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400J, prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights 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.

To the extent required by Minn. Stat. Chapter 80C, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided the franchisee is using the names in marks in accordance with the Franchise Agreement.

Minnesota Rule Part 2869.4400(d) prohibits franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

AMENDMENT TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

THIS AMENDMENT (the "Amendment") is effective as of _____, 20____, and amends the Franchise Agreement dated _____, 20____ (the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require (except in certain specific cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400J, prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights 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.

To the extent required by Minn. Stat. Chapter 80C, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided the franchisee is using the names in marks in accordance with the Franchise Agreement.

Minnesota Rule Part 2869.4400(d) prohibits franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

The "Limitations of Actions" section of the Franchise Agreement is revised to comply with Minnesota Statutes, Section 80C.17, Subd. 5.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____
Franchisee

By: _____
Franchisee

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to Item 5:

> We may use the Initial Franchise Fee in any way we see fit, including to pay our general operating expenses.

4. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for Franchisee to Renew or Extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

5. The following language replaces the "Summary" section of Item 17(d), titled "Termination by Franchisee":

> You may terminate the agreement on any grounds available by law.

6. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of Forum", and Item 17(w), titled "Choice of Law":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

THIS NEW YORK ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR LOCATE THEIR FRANCHISES IN NEW YORK.

ADDENDUM TO THE PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

1. Amendment to Item 5 of this Disclosure Document:

Based upon the franchisor's financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, all initial fees shall be deferred until we complete our pre-opening obligations under the Franchise Agreement and the outlet is open.

2. The Summary column of Item 17 paragraph (c) of this Disclosure Document is modified to read as follows:

"Give us at least 90 days' notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the "North Dakota Law")."

3. The Summary column of Item 17 Paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

"Any requirement that you must consent to termination or liquidated damages may not be enforceable under North Dakota Franchise Investment Law."

4. The Summary column of Item 17 Paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

5. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

"except that matters coming under the North Dakota Law will be submitted to arbitration in a mutually agreeable location."

6. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended to read as follows:

Except for matters coming under the North Dakota Law, litigation and arbitration must be in Indiana.

7. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

The law of North Dakota governs.*

8. The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.) and are hereby struck from the Disclosure Document and the Franchsise Agreement:

Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages;

General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement; and

Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

AMENDMENT TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

THIS AMENDMENT (the "Amendment") is effective as of _____, 20____ , and amends the Franchise Agreement dated _____, 20____ (the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____ _____.

1. **Precedence and Defined Terms.** This Amendment is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Amendment supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Amendment have the meanings as defined in the Agreement.

2. **Grant of Successor Franchise.** You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the "North Dakota Law").

3. **Post-Term Competitive Restrictions.** Post-effective Covenants not to compete are generally unenforceable in the State of North Dakota.

4. **Jurisdiction.** All matters coming under the North Dakota Law may be brought in the courts of North Dakota.

5. **Limitation of Claims.** The statute of limitations under North Dakota Law applies to all matters coming under North Dakota Law.

6. **Governing Law.** This Agreement will be governed by North Dakota Law.

7. **Waiver of Jury Trial.** Section 25(c) of the Agreement is deleted in its entirety.

8. **Arbitration.** All matters being arbitrated under North Dakota law may be brought in a location agreeable to both the Franchisor and the Franchisee.

9. **Liquidated Damages.** Franchisee's consent to termination or liquidated damages is generally unenforceable under North Dakota Law.

10. **General Release.** Franchisee's consent to general release is generally unenforceable under North Dakota Law.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day and year first above written.

[Signatures on following page]

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____
Franchisee

By: _____
Franchisee

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the Rhode Island Franchise Investment Act, as amended, the Franchise Disclosure Document for PHP Franchise, LLC for use in the State of Rhode Island shall be amended as follows:

§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."

AMENDMENT TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND

THIS AMENDMENT (the "Amendment") is effective as of _____, 20____ , and amends the Franchise Agreement dated _____, 20____ (the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____ _____.

1. Section 26 of the Agreement, under the heading "Binding Arbitration", shall be amended to add the following:

> "Provided that the Rhode Island Franchise Investment Act or a successor law should void a "choice of law" provision enforcing the laws of a jurisdiction other than Rhode Island, or void a venue provision which restricts jurisdiction outside of Rhode Island, then all references to "choice of law" and/or venue shall read "Rhode Island."

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____
Franchisee

By: _____
Franchisee

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA

1. The Summary column of Item 17 Paragraph (g) of this Disclosure Document is modified by adding the following at the end of the sentence:

> "Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination."

2. The Summary column of Item 17 Paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

> "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of South Dakota, except in certain instances as provided by law."

3. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

> "except that matters coming under the South Dakota Law will be submitted to arbitration in a mutually agreeable location."

4. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended to read as follows:

> Except for matters coming under the South Dakota Law, litigation and arbitration must be in Indiana.

5. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

> The law of South Dakota governs.*

AMENDMENT TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA

THIS AMENDMENT (the "Amendment") is effective as of _____, 20____, and amends the Franchise Agreement dated _____, 20____ (the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____.

1. Precedence and Defined Terms. This Amendment is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Amendment supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Amendment have the meanings as defined in the Agreement.

2. Grant of Successor Franchise. You are not required to sign a general release as to any matters coming under the South Dakota Law.

3. Post-Term Competitive Restrictions. Post-effective Covenants not to compete are generally unenforceable in the State of South Dakota, except in certain instances provided by law.

4. Jurisdiction. All matters coming under the South Dakota law may be brought in the courts of South Dakota.

5. Limitation of Claims. The statute of limitations under South Dakota Law applies to all matters coming under South Dakota Law.

6. Governing Law. This Agreement will be governed by South Dakota law.

7. Waiver of Jury Trial. Section 25(c) of the Agreement is deleted in its entirety.

8. Arbitration. All matters being arbitrated under South Dakota law may be brought in a location agreeable to both the Franchisor and the Franchisee.

9. Termination. The following is added as Section 16 of the Agreement: You will have 30 days written notice with an opportunity to cure prior to termination for the following: breach of this Agreement, failure to meeting performance and quality standards and failure to make royalty payments.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

[Signatures on following page]

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____
Franchisee

By: _____
Franchisee

ADDENDUM TO THE PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for PHP Franchise, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17.h of the Virginia Disclosure Document:

"Under Section 13.1.564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement 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 laws of Virginia, that provision may not be enforceable."

WASHINGTON ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT

1. Item 5 of this Disclosure Documents is amended as follows:

   "Franchisees who receive financial incentives to refer franchise prospects to Franchisors may be required to register as franchise brokers under the laws of Washington State."

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

You are required to sign a general release before renewing the Franchise Agreement. Any general release does not waive any claims under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

If you execute a general release, in a form prescribed by the Franchisor, of any and all claims against the Franchisor and its affiliates, and their respective officers, directors, agents, and employees, the release excludes such claims that you may have that have arisen under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act, or any rule, or order thereunder, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee, in any way, 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.

Use of Franhcise Brokers. The franchisor may use 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 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 experiences with the franchisor.

WASHINGTON ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT , FRANCHISE COMPLIANCE QUESTIONNAIRE,
AND RELATED AGREEMENTS

1. Sections 37(a) and 27(e) of the Franchise Agreement are deleted in their entirety.

2. Section 3(B)(x) of the Conditional Consent to Transfer Agreement is amended by adding the following language at the end:

> Nothing contained herein constitutes a waiver of rights the Franchisee may have to bring actions against the Franchisor under state and federal law. Franchisee is not precluded from filing complaints with state and federal regulators

3. Section 4 of the Conditional Conset to Transfer Agreement is amended by adding the following langaue at the end:

> The release contained herein does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

You are required to sign a general release before renewing this Franchise Agreement. Any general release does not waive any claims under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

If you execute a general release, in a form prescribed by the Franchisor, of any and all claims against the Franchisor and its affiliates, and their respective officers, directors, agents, and employees, the release excludes such claims that you may have that have arisen under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee, in any way, from (i) soliciting or hiring any employee of a franchisee of the same franchisor, or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement, or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum
Dated this ____ day of _____, 20____.

_____	_____
PHP Franchise, LLC	Prospective Franchisee

ADDENDUM TO PHP FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WISCONSIN

Franchise Disclosure Document for PHP Franchise, LLC for use in the State of Wisconsin shall be amended as follows:

Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs at the conclusion of the Item 17 disclosures:

"To the extent that the provisions regarding renewal described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice of termination and 60 days within which to remedy any claim deficiencies), the renewal provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect."

"To the extent that the provisions regarding termination described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claim deficiencies), the termination provision will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect."

"Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law."

AMENDMENT TO PHP FRANCHISE, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WISCONSIN

THIS AMENDMENT (the "Amendment") is effective as of _____, 20____, and amends the Franchise Agreement dated _____, 20____ (the "Agreement"), between PHP FRANCHISE, LLC (the "we," "us," "our" or "Franchisor") and _____("you", "your" or "Franchisee"), whose mailing address is _____ _____.

1. Section 3 of the Agreement, under the heading "Term", shall be supplemented by the addition of a new final paragraph as follows:

> "To the extent that the provisions of Section 3 regarding renewal are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claims deficiencies), said renewal provision will be superseded by the requirement of the Wisconsin Fair Dealership Law and will have no force or effect."

2. Section 16 of the Agreement under the heading "Termination of the Franchise", shall be supplemented by the following new subparagraph entitled "Termination Rights under Wisconsin Law:

> "To the extent that the provision of Section 16 regarding termination are inconsistent with requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances to 90 days prior written notice of termination and 60 days within which to remedy any claimed deficiencies), said termination provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day and year first above written.

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____
Franchisee

By: _____
Franchisee

EXHIBIT E

FORM OF CONDITIONAL CONSENT TO TRANSFER AND RELEASE AGREEMENT

CONDITIONAL CONSENT TO TRANSFER AGREEMENT

This CONDITIONAL CONSENT TO TRANSFER AGREEMENT (the "Agreement") is made and entered into on this ___ day of _____, 202__ (the "Effective Date"), by and between PHP FRANCHISE, LLC, a Delaware limited liability company, with its principal place of business at 9750 E. 150th Street, Noblesville, IN ("Franchisor"), _____, a _____ with a principal business address of _____ ("Franchisee"); and _____, a _____ with a principal business address of _____ ("Transferee") (each a "Party" and collectively, the "Parties").

WITNESSETH:

WHEREAS, a Franchise Agreement dated _____ (the "Existing Franchise Agreement") was executed by and between Franchisee and Franchisor for the operation of a franchise location know as _____ (the "Franchise"); and

WHEREAS, Franchisee wishes to sell, assign and transfer, and Transferee wishes to buy, assume and receive, all of Franchisee's rights, obligations and assets relating to the Existing Franchise Agreement and the Franchise (collectively, the "Transfer") as set forth in that purchase agreement between Franchisee and Transferee with effect as of the Transfer Date (the "Purchase Agreement"); and

WHEREAS, Franchisor has been notified of Franchisee's desire to sell the Franchise to Transferee and has requested that Franchisor consent to the Transfer pursuant to the terms of the Existing Franchise Agreement or exercise or waiver its right of first refusal; and

WHEREAS, as a condition to the Transfer, Transferee will execute Franchisor's current franchise agreement for a Franchise (collectively, the "New Franchise Agreement"), and the Existing Franchise Agreement will be terminated in accordance herewith; and

WHEREAS, Franchisor is willing to grant its consent to the proposed sale and transfer, subject to the terms and conditions in this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the Parties hereto, the Parties agree as follows:

1. Condition Precedent. It is a necessary condition precedent to the performance of all obligations of all Parties to this Agreement, specifically the grant of Franchisor's consent, that the Transferee and Franchisee enter into the Purchase Agreement and that they complete the Transfer on the Transfer Date (as defined below). If the Transfer is not completed on the Transfer Date, or on such alternate date as agreed upon by all Parties in writing, this Agreement is void and Franchisor's consent is revoked.

2. Conditions of Transfer. As a condition of Franchisor's consent, Transferee and Franchisee collectively represent and warrant the following regarding the performance of the Transfer:

A. On the Transfer Date, Franchisee will transfer all its assets related to the operation of the Franchise, including but not limited to vehicles, facilities, equipment, inventory, uniforms, marketing materials, social media accounts, contracts, and accounts receivable (the "Franchise Assets") to Transferee. As of the Transfer Date Transferee shall have all right, title to and interest in the Franchise Assets.

B. [Transferee / Franchisee] shall pay to the Franchisor the transfer fee of [AMOUNT] on the Transfer Date.

C. The [Transferee / Franchisee] will bear liability for making improvements to the Franchise and the Franchise Assets as directed by Franchisor to meet Franchisor's then-current standards and will pay all costs, fees and expenses related to or arising out of the improvements.

D. Franchisee and Transferee have negotiated the Transfer without involvement by Franchisor and that, except for the preparation and execution of this Agreement for the purpose of exercising Franchisor's right to consent, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest to, and has no obligations for, the accuracy of any representations or warranties made by or between Franchisee and Transferee in connection with this transfer.

3. Obligations and Representations. As a further condition of Franchisor's consent, Franchisee and Transferee separately represent and warrant the following:

A. Transferee Obligations and Representations. Transferee represents and warrants that:

i. Transferee has received disclosure of all franchise documents, including the New Franchise Agreement and Franchisor's FDD, and that it has reviewed and acknowledged disclosure and receipt of the same.

ii. Transferee has executed Franchisor's New Franchise Agreement and all related and ancillary documents.

iii. Transferee has complied, and will continue to comply, with all requirements of the Franchisor, including participation in training, purchasing inventory and equipment, updating fixtures and other preparations for operating the Franchise beginning on the Transfer Date, or at such other time as Transferee and Franchisor may agree.

iv. Transferee has entered into a lease or taken assignment of an existing lease or entered into a sublease for or purchased the premises of the Franchise, effective as of the Transfer Date, and has provided evidence of such lease, sublease, assignment or purchase to the Franchisor in a form satisfactory to Franchisor.

B. Franchisee Obligations and Representations. Franchisee represents and warrants that:

i. Franchisee agrees that the Existing Franchise Agreement will terminate as of the Transfer Date. All post-termination obligations of the Existing Franchise Agreement and all obligations of the Guaranties signed by the guarantors of Franchisee shall remain in full force and effect after the Transfer Date until they expire according to their terms.

ii. Franchisee has complied, and will continue to comply, with all obligations under the Existing Franchise Agreement, including but not limited to payment of all amounts due and owing to the Franchisor, whether under the Existing Franchise Agreement or any other agreement, and, where necessary, the return of customer data and trademarked and proprietary materials to Franchisor.

iii. Franchisee is not in default of the Existing Franchise Agreement, or, to the extent Franchisee is in default, Franchisor and Franchisee have agreed in a separate writing on the resolution of such default.

iv. Franchisee has no right or title to the Trademark Assets (as defined below) and that it has not represented to Transferee or any person that it has right or title to the Trademark Assets. Franchisee has not entered into any agreement to sell or transfer the Trademark Assets. As of the Transfer Date, Franchisee will cease to identify itself or any other business it operates (excluding other Heating + Air Paramedics franchises owned by the Franchisee) as a current or former Heating + Air Paramedics franchise and will cease to use any Trademark Asset, including any Heating + Air Paramedics trademark, trade name or trade dress, or any colorable imitation of the same, or other indicia of a Heating + Air Paramedics franchise in any manner or purpose. "Trademark

Assets" means all trade names, trademarks and trade dress of the Heating + Air Paramedics system, including the name "Heating + Air Paramedics" and any forms, slogans, signs, symbols, devices or other materials bearing the name "Heating + Air Paramedics" or any other trade or service marks of Franchisor.

v. Franchisee will continue to operate the Franchise until the Transfer Date.

vi. As of the Transfer Date, Franchisee has no security interest in the Franchise Assets or any assets related to the business of the Franchise that are the subject of the Transfer, and no such security interest in the same will exist at any time after the Transfer Date. Franchisee waives any rights it has, had or ever will have to foreclose on, levy upon or repossess the Franchise Assets or any assets related to the business of the franchise that are the subject of the Transfer.

vii. Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns, will not make any disparaging, derogatory or negative comments, statements or other communications, orally, in writing, or in any medium, to any person or organization about Franchisor or the Heating + Air Paramedics system or any parties or persons associated therewith, nor take any action that could have the effect of damaging the reputation of Franchisor, the Heating + Air Paramedics system or any parties or persons associated therewith.

4. Release. In consideration for Franchisor's consent, Franchisee, for itself, its affiliates, and its successors and assigns, hereby remises, releases and forever discharges Franchisor, its affiliates, successors and assigns, as well as the shareholders, members, principals, officers, directors, employees, attorneys, agents, heirs and executors of Franchisor, its affiliates, successors and assigns (collectively, the "Released Parties"), of and from any and all debts, demands, losses, actions, causes of action, suits, accounts, covenants, contracts, warranties, agreements, damages and any and all claims, demands and liabilities whatsoever, of every name and nature, both in law and in equity, including without limitation causes of action arising out of alleged conspiracy, violations of any contract, express or implied, any covenant of good faith and fair dealing, *quantum meruit*, or any federal, state or municipal statute, regulation or ordinance, that the Franchisee, its affiliates, successors or assigns may now have or ever had against the Released Parties, whether under this Agreement, the Existing Franchise Agreement, or any other agreement, transaction, relationship, duty, obligation or in any other form, known and unknown, from the beginning of the world until the Transfer Date, or the date hereof, if the Transfer Date does not occur, it being the intent of the Franchisee to grant in favor of the Released Parties hereby a general release. Without otherwise limiting the generality of the foregoing release, the foregoing release will not apply to obligations of Franchisor to Franchisee specifically set forth in this Agreement.

A. [IF FRANCHISEE IS IN MARYLAND] The foregoing release shall not be construed to release any of Franchisees claims or rights to claims under the Maryland Franchise Registration and Disclosure Law, if such release is in contravention of the Maryland Franchise Registration and Disclosure Law.

B. [IF FRANCHISEE IS A CALIFORNIA CORP OR DOMICILED IN CALIFORNIA] The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

"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 expressly, knowingly, and intentionally waives any and all rights, benefits, an protections of Section 1542 of the California Civil Code and of any other state or federal statute or common law principal limiting the scope of a general release.

5. Franchisor Consent and Representations. Under the Existing Franchise Agreement, the Transfer cannot take place without the consent of Franchisor. Contingent upon Franchisee's and Transferee's compliance with the terms and conditions of this Agreement on or before 12:01 am of [DATE] (the "Transfer Date"), Franchisor consents, represents and warrants as follows:

A. Franchisor consents to the Transfer.

B. Franchisor waives its right of first refusal under the Existing Franchise Agreement.

C. Franchisor has reviewed the suitability of Transferee as a franchisee and Transferee has demonstrated to the sole satisfaction of Franchisor that the Transferee has the financial resources, character and ability to operate the Franchise. .

D. Franchisor directs Franchisee to deliver to Transferee at the Transfer Date, for Transferee's use in accordance with the terms of the New Franchise Agreement, any and all physical Trademark Assets in the possession of Franchisee.

6. Singular Consent. Franchisee and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and will not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement not specifically identified herein. Such consent must be separately obtained.

7. Changed Circumstances. Franchisee and Transferee understand and acknowledge that Franchisor may, in the future, approve transfers under different terms, conditions and policies than those stated in this Agreement. Franchisor's consent and waivers of the right of first refusal under this Agreement will not be relied upon in future transactions as indicative of Franchisor's position or the conditions which might be attached to future consents or waivers of its right of first refusal.

8. Indemnification.

A. Franchisee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Franchisee, jointly and severally with Transferee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Franchisee and Transferee regarding the Transfer.

B. Transferee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Transferee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Transferee, jointly and severally with Franchisee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Transferee and Franchisee regarding the Transfer.

9. Non-Disclosure. Franchisor, Franchisee and Transferee agree to treat the existence and terms of this Agreement, the transactions contemplated hereby, and any communications, documents or agreements in connection herewith as "Confidential Information" as defined in the Existing Franchise Agreement and New Franchise Agreement, respectively, and to abide by the obligations contained in the Existing Franchise Agreement and New Franchise Agreement with respect thereto.

10. Additional Representations and Warranties. Franchisor, Franchisee and Transferee, separately and for themselves individually, represent and warrant that as of the Transfer Date: (i) it is a legal entity duly organized and validly existing under the laws of its state and/or country of incorporation or organization, as applicable; (ii) it has the power and authority to enter into and accept the terms and conditions of this Agreement, (iii) as a corporation or limited liability company it has duly authorized its representative and that each such representative has the right and authority to enter into and to accept the terms and conditions of this Agreement on behalf of the corporation or limited liability company; and (iv) the execution, delivery and performance by it of this Agreement and its compliance with the terms and provisions hereof does not and will not conflict with or result in a breach of any other agreement or relationship by a party with any other party.

11. Severability. If any provision of this Agreement is declared illegal or unenforceable, in whole or in part, for any reason whatsoever, the remaining provisions are nevertheless deemed valid and binding.

12. Waiver. The waiver by any Party of any breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any other or subsequent breach or violation hereof.

13. Entire Understanding. This Agreement sets forth the entire understanding of the Parties for the subject matter hereof, and may be amended only by a writing signed by all Parties hereto. This Agreement will be binding upon each signatory, and their respective heirs, executors, successors and assigns.

14. Governing Law; Jurisdiction. This Agreement will be governed by the laws of the State of Indiana without application of the principles of conflicts of law. Each of the Parties hereto irrevocably consents to the personal jurisdiction of the federal and state courts of the State of Indiana, County of Marion, for any matter arising out of or relating to this Agreement, except that in any action seeking to enforce any order or judgment of such courts, such personal jurisdiction will be non-exclusive.

15. Counterparts. This Agreement may be executed in one or more counterparts, including digital signatures, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[The remainder of this page intentionally left blank]

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

FRANCHISOR:

PHP Franchise, LLC

By:_____
Its: _____

FRANCHISEE:

By:_____
Franchisee

By: _____
Franchisee

EXHIBIT F

LIST OF CURRENT AND FORMER FRANCHISEES (AS OF DECEMBER 31, 2021)

None

CURRENT OPEN AND OPERATING FRANCHISEES

NONE

NAME	TERRITORY CITY	BUSINESS ADDRESS	STATE	PHONE NUMBER	# OF TERRITORIES
UNITED STATES					
[STATE]					

LIST OF FORMER FRANCHISEES THAT HAVE CEASED TO DO BUSINESS UNDER THE FRANCHISE AGREEMENT OR HAD AN OUTLET TERMINATED, TRANSFERRED, CANCELED, NOT RENEWED, WITHIN THE LAST FISCAL YEAR, OR WHO HAS NOT COMMUNICATED WITH THE FRANCHISOR WITHIN 10 WEEKS OF THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT

NONE

NAME	TERRITORY CITY	ADDRESS	PHONE NUMBER	# of TERRITORIES	REASON
UNITED STATES					
N/A					

EXHIBIT G

CONVERSION FRANCHISE ADDENDUM

This Conversion Addendum (this "Addendum") is made and entered into this _____ day of _____, 20_____, between PHP FRANCHISE, LLC (hereinafter, "Franchisor"), and _____ whose principal address is _____ , an individual/business entity organized in the State of _____(hereinafter, "Conversion Franchisee") Collectively Franchisor and Conversion Franchisee are the "Parties". The Parties agree as follows:

1. Conversion Franchisee presently owns and operates a heating and air conditioning services business similar, if not identical, to the Heaating + Air Paramedics franchises offered by Franchisor, has done so for a period of not less than twelve (12) continuous months, and has achieved gross sales in excess of $100,000 during the most recent 12 month period.

2. The Parties have entered into a Franchise Agreement for the operation of a Heating + Air Paramedics franchise with an effective date as of the date hereof (the "Franchise Agreement").

3. This Addendum shall amend and supplement the Franchise Agreement. The terms, covenants, and conditions of this Addendum are incorporated into the Franchise Agreement, and with respect to any conflict between the two (2) agreements, the terms of this Addendum shall be controlling with respect to the subject matter thereof. All other terms and conditions of the Franchise Agreement are unaltered hereby, and remain in full force and effect. Any capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Franchise Agreement.

4. Franchisor waives its right to payment of the Initial Franchise Fee.

5. For the first twenty-four (24) calendar months after the date of the Franchise Agreement, the Continuing Royalty will be two percent (2%) of Conversion Franchisee's monthly Gross Sales, or One Thousand Five Hundred Dollars ($1,500) per month, whichever is greater. The minimum Continuing Royalty of $1,500 will be applicable immediately as of the Effective Date of the Franchise Agreement.

6. Conversion Franchisee shall have ninety (90) days from the Effective Date of the Franchise Agreement to re-brand its existing business as a Heating + Air Paramedics franchise, including but not limited to wrapping vehicles, changing interior and exterior signage, updating social media or website platforms, and updating uniforms and equipment.

7. Conversion Franchisee shall provide Franchisor with all requested information regarding the facility from which the Conversion Franchisee will operate and will take all necessary steps to remodel, renovate or improve the facility to ensure that the facility complies with all of Franchisor's standards and specifications.

8. Conversion Franchisee shall have ninety (90) days from the Effective Date of the Franchise Agreement to terminate all business relationships with unapproved suppliers or vendors and to dispose of any unapproved products and replace such products with products approved by Franchisor. Conversion Franchisee shall during this time period notify all existing customers to whom it is providing unapproved services and take all necessary steps to convert those customers to Heating + Air Paramedics services or to terminate the business relationship with those customers.

9. Conversion Franchisee may benefit from financial or other benefits provided by Franchisor's approved suppliers; such benefits or financial incentives shall accrue only from the date hereof and shall be pro-rated if necessary.

10. Conversion Franchisee acknowledges, warrants and represents to Franchisor that:

a. Conversion Franchisee is not subject to any covenant against competition.

b. Conversion Franchisee is not an exclusive dealer, distributor, licensee or franchisee of any competitor business to Franchisor.

c. Conversion Franchisee acknowledges that by virtue of the terms and conditions of the Franchise Agreement and this Addendum the manner and operation of its business must be in strict compliance with Franchisor's standards and specifications and furthermore acknowledges that its ability to directly or indirectly engage in any other business which offers or sells services or products which compete with the products or services authorized by Franchisor is prohibited.

11. Counterparts. This Agreement may be executed in one or more counterparts (including digital or electronic signatures) each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first set forth above.

FRANCHISOR:

PHP FRANCHISE, LLC

By:_____

CONVERSION FRANCHISEE:

_____
Name:
Title:

EXHIBIT H

TABLE OF CONTENTS OF OPERATIONS MANUAL

Heating + Air Paramedics Franchise Operations Manual

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State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	[Pending]
Hawaii	[Pending]
Illinois	[Pending]
Indiana	[Pending]
Maryland	[Pending]
Michigan	[Pending]
Minnesota	[Pending]
New York	[Pending]
North Dakota	[Pending]
Rhode Island	[Pending]
South Dakota	[Pending]
Virginia	[Pending]
Washington	[Pending]
Wisconsin	[Pending]

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

RECEIPT (Our Copy)

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

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

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

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

If PHP Franchise, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed on Exhibit A.

The Franchisor is PHP Franchise, LLC, located at 9750 E. 150th Street, Noblesville, IN 46060. Its telephone number is (317) 456-0177.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Ken Stallings, 77 North Washington Street, Boston, MA 02114, 617-315-4833.

Other Sellers:_____
Name/Address/Telephone Number
Other Sellers:_____
Name/Address/Telephone Number

Issuance Date: March 30, 2022

See Exhibit A for our registered agents authorized to receive service of process.

I received a disclosure document dated March 30, 2022 that included the following Exhibits:

A. Franchisor's Agents for Service of Process and State Franchise Administrators	F. List of Current and Former Franchisees
B. Financial Statements and Guarantee	G. Conversion Franchise Addendum
C. Franchise Agreement and Exhibits	H. Table of Contents of Operations Manual
D. State Specific Addenda	
E. Form of Conditional Consent to Transfer and Release Agreement	

Date: _____ _____
(Do not leave blank) Signature of Prospective Franchisee

_____
Print Name

Please sign this copy of the receipt, date your signature, and return it to PHP Franchise, LLC, 9750 E. 150th Street, Noblesville, IN 46060.

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Please sign and date your signature. KEEP THIS COPY FOR YOUR RECORDS.