# FRANCHISE DISCLOSURE DOCUMENT

Home Clean Heroes Franchising, LLC
A Virginia Limited Liability Company
2829 Guardian Lane, Suite 100
Virginia Beach, VA 23452
(757) 215-4253
franchising@homecleanheroes.com
www.homecleanheroes.com

The franchisee will establish and operate a business offering high-quality cleaning services on a one-time or recurring basis, including initial, weekly, bi-weekly, monthly, one-time and move in/move out, for both residential and light commercial customers using the trademark HOME CLEAN HEROES®.

The total investment necessary to begin operation of a single Home Clean Heroes® franchise business is ~~$111,090~~ 112,745 to ~~$191,830~~196,049, including ~~$78,345 to~~ 80,345 to ~~$82,885~~ 85,385 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of two or three Home Clean Heroes franchised businesses under an area development agreement is ~~$192,635 to~~ 195,945 to ~~$424,020~~441,477, including ~~$127,445 to~~ 131,445 to ~~$183,785~~ 196,285 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 a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Joe Delatte at 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452, (757) 215-4253.

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

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

The Issuance Date of this Disclosure Document: April ~~5~~8, ~~2023, as amended December 18, 2023~~ 2024.

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit K. |
| **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 N 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 Home Clean Heroes 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 Home Clean Heroes franchisee?** | Item 20 or Exhibit K 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. 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 litigation only in the Commonwealth of Virginia. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Virginia than in your own state.

2. **Mandatory Minimum Payments.** You must make minimum advertising ~~and marketing~~ fund 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. **General Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

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

**The Franchisor.** Home Clean Heroes Franchising, LLC ("we", "us", "our", "Home Clean Heroes", or "Franchisor") was organized as a Virginia Limited Liability Company on August 16, 2017. We maintain our principal place of business at 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452. We have not operated a business similar to the Franchised Business, but our affiliate, Home Clean Heroes Local Operations, LLC, has operated a business similar to the Franchised Business since March 2, 2017. We conduct our business under our company name and the trademarks HOME CLEAN HEROES® and the other trademarks listed in Item 13 ("Marks"). We were organized for the purpose of offering franchises and operating businesses that provide residential and light commercial cleaning services ("Franchised Business"). In addition to offering franchises, we may supply you with certain products and services related to your Franchised Business. We do not conduct any other unrelated business activities. We began offering franchises for the Franchised Business in April 2018. We do not currently offer franchises in any other line of business but may do so in the future.

Our agents for service of process are listed in Exhibit C.

**Our Parent and Affiliates.** Our parent is Buzz Franchise Brands, LLC ("BFB"). BFB was organized on November 23, 2009. BFB's principal place of business is 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452. BFB does not offer franchises of the type being franchised or in any other line of business. We have had no predecessors during the 10-year period immediately before the close of our most recent fiscal year.

Our affiliates are Home Clean Heroes Local Operations, LLC ("HCH Local Operations"), Home Clean Heroes Services, LLC ("HCH Services"), BFB IP, LLC ("BFB IP"), Pool Scouts Franchising, LLC ("Pool Scouts"), Pool Scouts Local Operations, LLC ("PS Local Operations"), Pool Scouts Services, LLC ("PS Services"), BSS Acquisition Holdings, LLC ("BSS Acquisition"), British Swim School Franchising, LLC ("British Swim School"), British Swim School Franchising Canada, Ltd. (original name was 708583 N.B. Ltd.) ("BSS Canada"), British Swim School Services, LLC ("BSS Services"), British Swim School Franchising IP, LLC ("BSS IP"), BFB Light Holdings, LLC ("BFB Light Holdings"), BFB Light Franchising, LLC ("BFB Light") BFB Light Local Operations, LLC ("BFB Light Local Operations"), BFB Light Services, LLC ("BFB Light Services"), and BFB Light IP, LLC ("BFB Light IP").

HCH Local Operations, a wholly owned subsidiary of BFB, was organized on March 2, 2017, and operates a business of the type being franchised. HCH Local Operations does not offer franchises of the type being franchised or in any other line of business.

HCH Services, a wholly owned subsidiary of BFB, was organized on August 16, 2017, and will provide certain products, equipment and services to our franchisees, including the Mailer Program (a direct mail advertising program in which all franchisees must participate) and the SEO (part of the digital marketing program in which all franchisees must participate). HCH Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

BFB IP, a wholly owned subsidiary of BFB, was organized on October 19, 2016, and owns certain intellectual property. BFB IP does not operate a business of the type being franchised and does not offer franchises in any other line of business.

Pool Scouts, a wholly-owned subsidiary of BFB, was organized on December 10, 2015 and has offered pool cleaning and servicing franchises since February 2016. Pool Scouts does not operate a business of the type being franchised. As of December 31, ~~2022~~2023, Pool Scouts had ~~71~~ 79 franchise units opened and operating, and ~~28~~ 20 franchise owners who had signed agreements to open an additional ~~39~~ 26 units.

PS Local Operations, a wholly owned subsidiary of BFB, was organized on October 1, 2015, and operates a business of the type being franchised by Pool Scouts. PS Local Operations does not operate a business of the type being franchised and does not offer franchises in any other line of business.

PS Services, a wholly owned subsidiary of BFB, was organized on January 4, 2016, and provides certain products, equipment and services to the Pool Scouts franchisees. PS Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

In April 2019, BFB acquired a franchise system operating under the name "British Swim School". As part of the transaction, BFB formed BSS Acquisition, a wholly owned subsidiary of BFB, which acts as a holding company for British Swim School, BSS Canada, BSS IP and BSS Services, each of which were also formed in connection with the transaction. BSS Acquisition does not offer franchises of the type being franchised or operate any other line of business.

British Swim School was formed on March 21, 2019, and has offered franchises for businesses offering swimming and water survival instruction programs since it commenced operations in April 2019. As of December 31, ~~2022~~2023, British Swim School had ~~137~~ 188 franchise units open and operating and ~~19~~ 65 franchise owners who had signed agreements to open an additional ~~51 units. Of the 137 franchise units, 136 of those franchises were in the United States and one was in Turkey. British Swim School does not offer franchises of the type being franchised or operate any other line of business.~~90 units.

BSS Canada was formed on April 15, 2019, and has offered franchises under the "British Swim School" brand in Canada since it commenced operations in April 2019. The BSS Canada franchises are substantially similar to the franchises offered by British Swim School. As of December 31, ~~2022~~2023, BSS Canada had ~~8~~ 29 franchises open and operating in Canada and ~~7~~ 6 franchise owners who had signed agreements to open an additional ~~9~~ 6 units. BSS Canada does not offer franchises of the type being franchised or operate any other line of business.

BSS Services, a wholly owned subsidiary of BFB, was organized on April 30, 2019, and will provide certain products, equipment and services to British Swim School franchisees. BSS Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

BSS IP was formed on March 21, 2019, and has held the intellectual property rights of the "British Swim School" system since it commenced operations in April 2019. BSS IP does not offer franchises of the type being franchised or operate any other line of business.

In June 2022, BFB established a new franchise system, Grand Illuminations, which was subsequently rebranded as Wonderly Lights. In connection with the establishment of this new system, BFB formed BFB Light Holdings, an entity controlled by BFB, on May 18, 2022. BFB Light Holdings acts as a holding company for BFB Light, BFB Light Local Operations, BFB Light Services and BFB Light IP, each of which were also formed in connection with the establishment of the new system. BFB Light Holdings does not offer franchises of the type being franchised or operate any other line of business.

BFB Light, a wholly owned subsidiary of BFB Light Holdings, was formed on May 18, 2022, and has offered franchises for businesses offering premium residential, commercial and municipal Christmas/holiday season decorative lighting services, as well as event-based lighting services (e.g., weddings) and landscape lighting services since it commenced operations in June 2022. As of December 31, ~~2022~~2023, BFB Light had ~~14~~ 31 franchise units open and operating and ~~10~~ 12 franchise owners who had signed to open an additional ~~15~~ 14 units.

BFB Light Local Operations, a wholly owned subsidiary of BFB Light Holdings, was organized on May 18, 2022, and operates a business offering premium residential, commercial and municipal Christmas/holiday season decorative lighting services, event-based lighting services and landscape lighting services. BFB Light Local Operations does not offer franchises of the type being franchised or in any other line of business.

BFB Light Services, a wholly owned subsidiary of BFB Light Holdings, was organized on May 18, 2022, and provides certain products, equipment and services to our franchisees, including a direct mail advertising program and a digital marketing program in which all franchisees must participate. BFB Light Services does not operate a business of the type being franchised and does not offer franchises in any other line of business.

BFB Light IP, a wholly owned subsidiary of BFB Light Holdings, was organized on May 18, 2022, and owns certain intellectual property. BFB Light IP does not operate a business of the type being franchised and does not offer franchises in any other line of business.

The principal address of HCH Local Operations, HCH Services, BFB IP, Pool Scouts, PS Local Operations, PS Services, BSS Acquisition, BSS IP, British Swim School, BSS Canada, BFB Light Holdings, BFB Light, BFB Light Local Operations, BFB Light Services and BFB Light IP is 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452.

**Our Business and the Franchise Offered.** If you receive our approval, you (we will refer to individuals, partnerships, corporations, and the owners of partnerships and corporations as "you" and "your") may sign a Home Clean Heroes franchise agreement ("Franchise Agreement", see Exhibit D) to establish and operate the Franchised Business according to our established system ("System"). With our approval, you may also convert an existing business offering similar

services to a franchised business under the terms stated in the franchise agreement and related agreements.

We offer to qualified persons the right to develop a minimum of 2 Franchised Businesses and a maximum of 3 Franchised Businesses within the Development Area determined by us, under an area development agreement ("Area Development Agreement"). The Area Development Agreement requires you to open an agreed upon number of Franchised Businesses under a development schedule. You must sign one Franchise Agreement at the time you sign the Area Development Agreement, and that Franchised Business must be opened within 180 days of signing. For each additional Franchised Business, you must sign our then-current form of Franchise Agreement for each Franchised Business that you open. This means that for each future franchise, the area developer may be required to sign a form of Franchise Agreement that is different from the form of Franchise Agreement attached to this offering.

The distinguishing characteristics of the System include, without limitation, distinctive Marks; uniform standards, specifications, and procedures for operations; quality and uniformity of the residential and light commercial cleaning services provided by licensed and Franchisor-approved professionals; special confidential techniques for selling products, services, and service agreements; route scheduling; back-office operations; field marketing techniques; emblems; uniforms; instructional materials and training courses; and advertising and promotional programs for use in the Franchised Business. (Any and all aspects of the System may be changed, improved, and further developed by us from time to time.) The Franchise Agreement allows you to use our Marks in the operation of the Franchised Business. You must conduct the Franchised Business according to our confidential Operations Manual, Sales Manual, and other manuals and instructional materials that we create in the future for use in the System ("Manuals"). You must offer only those services, equipment, products and chemicals that we specify, and in the manner we specify. You must use only the integrated business management system and credit card processing service approved by us, and you must obtain certain equipment, supplies, products, services and printed materials only from us or third-party suppliers whom meet our specifications and whom we have approved in advance.

The Franchised Business offered by this Franchise Disclosure Document will operate a residential and light commercial cleaning service. The Franchised Business may provide only authorized products and services, including recurring cleaning services, one-time cleaning services and move-in/move-out cleaning services within a geographic area of responsibility ("Territory"). Your Territory will contain up to 40,000 targeted households, single-family homes with annual household income over $100,000. The dwelling type and annual income threshold may vary depending on your geographic region and community type (i.e., suburban, urban). Your specific targeted households are households that meet the household income criteria as defined in your Franchise Agreement ("Targeted Households"). The number of Targeted Households is estimated because we rely on a third-party source to supply us with this data. While we believe this data to be accurate within an acceptable margin of error, there is no way to guarantee or know the actual number of Targeted Households. ***Schedule A*** of the Franchise Agreement will set forth the number of Targeted Households in your Territory. We or an affiliate will identify the Targeted Households in the Territory with reference to information provided by a third-party data compilation and demographic information service provider that we select.

We may, at our sole discretion, permit you to add unoccupied Zip Codes, which are immediately adjacent to your Territory, from an unoccupied territory, at a cost of $1.00 per Targeted Household located within that unoccupied Zip Code ("Purchased Zip Codes"). All Purchased Zip Codes will be included in your defined Territory, and all references to "Territory" include the Purchased Zip Codes. Since the Purchased Zip Codes will become part of your Territory, you must include all Targeted Households within the Purchased Zip Code in the Mailer Program in which you are required to participate. You must participate in the Mailer Program and Digital Advertising Program (consisting of Search Engine Optimization ("SEO") and other required digital marketing services) and pay the fees associated with each, as described in Items 5, 6, 7 and 8 of this disclosure document. As of the issuance date of this disclosure document, our affiliate, HCH Services, is the only approved supplier of the Mailer Program and SEO. It is essential to the ongoing operation of the Franchised Business that you develop new customers, as well as service those existing customers you service.

**Referral Fee.** If after you have become a Home Clean Heroes franchisee, you complete and send us a referral form which clearly identifies you as the party making the referral, and you refer to us a prospective franchisee for a Home Clean Heroes or Pool Scouts franchise or another franchise brand owned by BFB (collectively, "BFB Franchise") (not as a part of a transfer), and your referral actually purchases a BFB Franchise, we may (and we reserve the right to or not to, at our discretion) provide you with a referral fee in the amount of $5,000. We may implement, end or change this policy, and impose rules or conditions, whenever we choose. We do not expect or want you to be involved in the franchise solicitation, offering or sales process, and you are strictly prohibited from doing so. You are simply passing along to us the name of someone you know who may be interested in acquiring a new BFB Franchise. You are not eligible for a referral fee if you choose to purchase another Buzz Franchise Brands franchise.

**The Market and Competition.** The market for the residential and light commercial cleaning services and products offered by the Franchised Business is well developed and highly competitive. You would compete with independent residential and/or commercial cleaning service operators, locally-owned residential and/or commercial cleaning service businesses, and national companies (including franchises) and referral services.

**Industry-Specific Regulations.** As the principal products and services of the Franchised Business are residential and light commercial cleaning related, you must comply with the licensing laws and regulations pertaining to the use, disposal and storage of cleaning materials, chemicals and solutions, including but not limited to the Occupational Safety and Health Act ("OSHA"). Other laws and regulations may apply to your Franchised Business.

In addition to maintaining all necessary licenses and permits to operate your Franchised Business, you must ensure that your employees and others providing residential and light commercial cleaning services to customers on behalf of the Franchised Business have all required licenses and permits~~,~~ if any are required by applicable laws.

You should consult with your attorney concerning these and other local laws and ordinances that may affect your operation of the Franchised Business.

**ITEM 2**
**BUSINESS EXPERIENCE**

***Joe Delatte, President and Chief Operating Officer (COO).*** Joe Delatte has served as our President and COO since May 2019. He originally joined Home Clean Heroes in December 2017 as Director of Operations and served in that role until May 2019.

***Michael Hull, Chief Financial Officer (CFO).*** Michael Hull has served as our CFO, the CFO of Pool Scouts and the CFO of BFB since August 2018. Mr. Hull has also served as CFO of British Swim School, BSS Acquisition and BSS Canada, each in Virginia Beach, Virginia, since April 2019 and as the CFO of BFB Light, also in Virginia Beach, Virginia, since June 2022.

***Kathy Turley, Director of Marketing.*** Kathy Turley has served as our Director of Marketing since October 2017.

~~***Joe Kelsick, Director of Operations***. Joe Kelsick has served as the Director of Operations since February 2023. Mr. Kelsick previously served as an independent contractor providing business coaching services to NK Health Coaching in Virginia Beach, Virginia from January 2021 to February 2023. Prior to that he served as Director of Credit Union Relations for Member Wealth Management in Virginia Beach, Virginia from September 2016 to December 2020.~~

***Dave Warn, Vice President of Franchise Development.*** Dave Warn has served as our Vice President of Franchise Development since July 2023, as well as the Vice President of Franchise Development for British Swim School, Vice President of Franchise Development for Pool Scouts and Vice President of Franchise Development for BFB Light Franchising, each in Virginia Beach, Virginia. He previously served as our Director of Franchise Development ~~since~~ from December 2021 to July 2023. Mr. Warn ~~has~~ also served as Director of Franchise Development for British Swim School ~~since~~ from July 2019 to July 2023, Director of Franchise Development for Pool Scouts ~~since~~ from September 2019 to July 2023, and Director of Franchise Development for BFB Light Franchising ~~since~~ from March 2023 to July 2023. Mr. Warn previously served as Vice President of Franchise Development of Deka Lash, LLC in Pittsburgh, Pennsylvania from February 2018 to July 2019.

***Rita Iglesias, Director of Franchise Development.*** Rita Iglesias has served as our Director of Franchise Development since September 2022. Ms. Iglesias has also served as Director of Franchise Development for British Swim School and Director of Franchise Development for Home Clean Heroes since September 2022, and Director of Franchise Development for BFB Light Franchising since March 2023. Ms. Iglesias previously served as Franchise Developer for Rita's Italian Ice, LLC in Trevose, Pennsylvania from March 2021 to August 2022. Prior to that, Ms. Iglesias served as Franchise Developer for Franchise Source Brands International, in Southbury, Connecticut, from March 2019 to March 2021~~ and Director of Franchise & Brand Development for Sweet CeCe's Frozen Yogurt & Treats, in Franklin, Tennessee, from April 2017 to March 2019~~.

***Austin James, Director of Franchise Development.*** Austin James has served as our Director of Franchise Development, in Virginia Beach, Virginia, since April 2021. Mr. James has

also served as Director of Franchise Development of Pool Scouts and Director of Franchise Development of British Swim School since December 2020 and Director of Franchise Development for BFB Light Franchising since March 2023. Prior to that, Mr. James served as a Business Analyst for Buzz Franchise Brands in Virginia Beach, Virginia from September 2019 to December 2020. Mr. James previously served as a Franchise Support Specialist for Buzz Franchise Brands from June 2018 to September 2019.

~~***Matthew Karahalios, Director of Franchise Development.*** Matthew Karahalios has served as our Director of Franchise Development since September 2022. Mr. Karahalios has also served as Director of Franchise Development for British Swim School and Director of Franchise Development for Home Clean Heroes since September 2022, and Director of Franchise Development for BFB Light Franchising since March 2023. Mr. Karahalios previously served as Director of Franchise Sales from January 2020 to August 2022 and Franchise Sales Manager from January 2018 to December 2019 for Burn Boot Camp in Cornelius, North Carolina.~~

***Jackie Lanzalone, Director of Franchise Development.*** Jackie Lanzalone has served as our Director of Franchise Development since August 2023. Ms. Lanzalone has also served as Director of Franchise Development for British Swim School, Director of Franchise Development for Pool Scouts, and Director of Franchise Development for BFB Light Franchising since August 2023. Ms. Lanzalone previously served as Director of Franchise Development from July 2022 to July 2023 for Celebree Preschool in Timonium, Maryland and as Director of Franchise Development for Goddard School in King of Prussia, Pennsylvania from December 2021 to July 2022. Prior to that Ms. Lanzalone was a Residential Real Estate Agent for Keller Williams in Bethany Beach, Delaware from June 2020 through December 2021. Previously, she was with Goddard School as the Director of Franchise Development in King of Prussia~~,~~ Pennsylvania from April 2017 through June 2020.

***Kris Nilsson, Director of Franchise Development.*** Kris Nilsson has served as our Director of Franchise Development since May 2023. Mr. Nilsson has also served as Director of Franchise Development for British Swim School, Director of Franchise Development for Pool Scouts, and Director of Franchise Development for BFB Light Franchising since May 2023. Mr. Nilsson previously served as Vice President of Franchise Development for Premium Service Brands in Charlottesville, Virginia, from January 2022 to May 2023. Prior to that, Mr. Nilsson ~~served as Director of Franchise Development for Franchise Fastlane in Omaha, Nebraska from September 2021 to December 2021. Prior to that, Mr. Nilsson~~ was ~~Owner~~ owner and ~~Founder~~ founder of K&A Entertainment ~~in~~, a Las Vegas, Nevada from January 2008 to September 2021.

***Kevin W. Wilson, Chief Executive Officer (CEO) (BFB).*** Kevin Wilson has served as the CEO and Board Member of BFB since June 2012. He previously served as our President from August 2017 to May 2019.

***Brian M. Garrison, President and Chief Operating Officer (COO) (BFB).*** Brian Garrison has served as the President of BFB since February 2020, COO of BFB since May 2015 and President of BFB Light since June 2022. He previously served as President of British Swim School from July 2019 to November 2021.

***Angela Z. Paules, Chief Marketing Officer (CMO (BFB))***. Angela Paules has served as the CMO of BFB since January 2018 and the CMO of BFB Light since June 2022. Prior to that she served as our ~~our~~ Chief Marketing Officer from January of 2018 to May 2019.

***Bridget Rawls, Vice President of Digital Marketing (BFB).*** Bridget Rawls has served as the BFB Vice President of Digital Marketing since February 2023. Ms. Rawls previously served as the BFB Director of Digital Marketing from January 2019 to January 2023 ~~and the BFB Digital Marketing Manager from October of 2016 to January 2019, both in Virginia Beach, Virginia~~.

## ITEM 3
## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4
## BANKRUPTCY

Dave Warn, our Vice President of Franchise Development, along with Karen Denise Warn, jointly filed a Bankruptcy Petition under Chapter 13 of the United States Bankruptcy Code on April 24, 2014. On August 20, 2014, the plan was confirmed and on January 27, 2020 the bankruptcy court entered a judgment for a standard discharge of the debts. (U.S. Bankruptcy Court for the Eastern District of California, Sacramento Division, Case No. 14-24219.)

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

## ITEM 5
## INITIAL FEES

**Franchise Agreement.** If you sign a single Franchise Agreement offered by this disclosure document, you must pay us an Initial Franchise Fee of $50,000 within 24 hours of signing.

In alignment with our Heroes First charitable contribution program, we have established a "Community Heroes Program" and may offer a 20% discount to qualifying franchisees for the first Home Clean Heroes franchise they purchase, but no discount will be given for franchises under an Area Development Agreement. We include firefighters, law enforcement, emergency medical technicians and personnel, 911 call operators, teachers and educational administrative staff in our Community Heroes Program.

We are a member of the International Franchise Association (IFA) and participate in the IFA's VetFran Program. As part of the VetFran Program, we provide veterans of the U.S. Armed Forces a 20% discount on the Initial Franchise Fee for the first Home Clean Heroes franchise they purchase, but no discount will be given for franchises under an Area Development Agreement.

If you meet the qualifications for more than one discount or credit program described above, you may receive only one. Except for these programs, the Initial Franchise Fee is expected

to be the same for all franchisees subject to this offering. We do not anticipate offering additional Initial Franchise Fee concessions or adjustments, but we reserve the right to do so.

The Initial Franchise Fee is paid when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon execution of the Franchise Agreement by us. At our sole discretion, the Initial Franchise Fee may be partially or fully refundable only if you do not pass our Initial Training ("Initial Training") in accordance with our current passing standards for Initial Training, provided that you sign a general release and that you return to us all materials which we distributed to you during Initial Training. Our current passing standards for Initial Training will be reviewed with you prior to the start of your training and you will be required to sign an acknowledgment form stating you have read and understood said standards.

We may, in our sole discretion, finance a portion of your Initial Franchise Fee. See Item 10. Financing not offered in California.

**Area Development Agreement.** If we agree to grant you the exclusive right to develop and operate two or three franchises in a defined Development Area through an Area Development Agreement, you must pay us the Cumulative Franchise Fee as follows:

| # of Territories | Total Targeted Households | Cumulative Franchise Fee |
|---|---|---|
| One | 40,000 | $ 50,000 |
| Two | 80,000 | $ 75,000 |
| Three | 120,000 | ~~$ 95,000~~ $ 100,000 |

The Cumulative Franchise Fee is due and payable to us upon your execution of the Area Development Agreement. The Cumulative Franchise Fee is fully earned upon execution of the agreement by us. The Cumulative Franchise Fee is refundable only if you do not pass our Initial Training in accordance with our current passing standards for Initial Training, provided that you return to us all materials which we distributed to you during Initial Training.

Under an Area Development Agreement, you and your affiliates may not open a second Franchised Business until the first Franchised Business opened pursuant to the Area Development Agreement has been open for at least 12 months. We typically only approve Area Development Agreements for 2 territories. On occasion and at our sole discretion, we may grant well-qualified and experienced buyers the opportunity to purchase 3 territories. You may purchase additional territories (beyond the number granted in your Area Development Agreement) at the discounted price (currently $25,000 ~~per~~ each additional territory) within 24 months after the opening of your first Franchised Business, provided you are a franchise owner in good standing, and at our sole discretion. We do not grant any right to reserve future territories.

**Mailer Program Fees.** As of the issuance date of this disclosure document, our affiliate, HCH Services, is the only approved supplier of the direct mail program ("Mailer Program") in which you must participate. We may approve a different affiliate or third-party supplier in the future.

You must pay our affiliate, HCH Services, a fee for the setup of the Mailer Program (the "Setup Fee"). Currently the Setup Fee is $1,000 per Territory and must be paid 30 days prior to the scheduled opening date ("Scheduled Opening Date") as stated in ***Schedule A*** to the Franchise Agreement. If you purchase a developed territory and you are not otherwise a Home Clean Heroes franchisee, you must pay the Setup Fee at the time you purchase the developed territory. Each additional Territory opened after the first Territory will also be charged a one-time Setup Fee of $1,000.

Through the Mailer Program, you are required to send 35,000 postcards to Targeted Households located in your Territory for your Franchised Business each year. The actual schedule, distribution and frequency per household mailed, as well as the number of Targeted Households to be mailed, will be determined by us in cooperation with you each year. You must pay a fee per postcard for each Targeted Household mailed (the "Postcard Fee") each time a Targeted Household is mailed. Currently, the Postcard Fee is $0.43 per postcard. The total Postcard Fee for all postcards mailed will be $15,050 per year per Territory; which must be paid in full prior to your Scheduled Opening Date as noted below.

You must also pay a fee for the cost to obtain the mailing list each year (the "Mailing List Fee"). Currently, the Mailing List Fee is $0.05 per Targeted Household in your Territory on the mailing list. The Mailing List Fee for 10,000 – 15,000 Targeted Households is $500 - $750. The mailing list is purchased on an annual basis by HCH Services. Specific addresses and names are not shared with franchisees.

The Setup Fee, Postcard Fee and Mailing List Fee are collectively referred to as the "Mailer Program Fees").

The Mailer Program Fees are subject to change, with notice, to reflect changes in cost. For the first year in which your Franchised Business is opened, 100% of the Mailer Program Fees ~~– the Setup Fee ($1,000), the Postcard Fees for 35,000 cards covering your first 12 months of mailings ($15,050) and the Mailing List Fee ($500 – $750) -~~ must be paid 30 days prior to the Scheduled Opening Date. The Mailer Program Fees are non-refundable.

**Search Engine Optimization Fee**. You are required to pay $300 per month (the "SEO Fee") for search engine optimization services ("SEO"). As of the issuance date of this disclosure document, our affiliate, HCH Services, is the only approved supplier of SEO. We may approve a different affiliate or a third-party supplier in the future. For the first year that the Franchised Business is open, 100% of the SEO Fees ($3,600) must be paid at the time your website goes live. If you do not open your Franchised Business and your website does not go live, you will not pay the SEO Fee.

SEO is a per website requirement. For a multi-territory franchisee operating from a single website, the SEO Fee will be $3,600 per year regardless of the number of territories open. In instances where a multi-territory franchisee requires more than one website, the SEO fee will be $3,600 per year per website. You may only have 1 website unless you are operating non-contiguous geographic territories and we approve a second website.

**Integrated Business Management System.** To maintain the integrity of the System and provide our Franchised Businesses with an integrated business management solution, you must use only the integrated business management system(s) and credit card processing service approved by us. We have contracted with suppliers for the following: a web-based field service management system, website hosting, a franchise management system, email marketing management, a learning management system, email services and telephone services. Upon signature of the Franchise Agreement, we will set up your integrated business management system account and will require you to pay the monthly fee of $395 ("Integrated Business Management Pre-opening Fee") to us, at the start of the second full calendar month after signing the Franchise Agreement. The telephone services provided include two VOIP seats. Should you desire additional VOIP seats beyond the first two, you will be charged an additional $30 per month per seat. Depending on the length of time from signing to opening, and assuming you do not need any additional VOIP seats, the Integrated Business Management Pre-opening Fee will be between $395 and $1,185. If you open multiple franchises, the fee will be $395 per month for the first Franchised Business, plus $50 per month for each additional Franchised Business.

**National Call Center Set-up Fee**. You will be charged a one-time $300 set-up fee that you are required to pay 30 days prior to opening for your required use of our National Call Center. We may approve an affiliate or third-party supplier in the future.

**Start-Up Package.** You are required to purchase certain equipment, products, supplies, uniforms and other items that we specify from us or our affiliate, HCH Services (the "Start-Up Package"). Currently, the cost of the Start-Up Package is ~~$7,500~~ 9,500 to equip a single team or ~~$11,000~~ 13,500 to equip two teams, plus shipping costs, and is payable immediately upon invoicing by HCH Services. The Package should be sufficient to stock one or two complete vehicles and cleaning teams for a 1–3-month period of time once you open the Franchised Business, depending on the number of customers you have and/or procure once you open your Franchised Business. The speed with which you scale your business will determine when you will need to re-stock consumable supplies and materials. We and our supplier will determine the brand, model and type of these items based on our research and development. A detailed list of these items, which is subject to change at our discretion, will be included as *Schedule F* in your Franchise Agreement. The cost of the Start-Up Package is not refundable.

**Purchase of Developed Territories.** The purchase price for a developed territory is set according to various factors, including, but not limited to, the following: our then-current Initial Franchise Fee, historical gross volume of business, projected profitability, geographic location, average service invoice, market share, growth potential, length of time in business, and other market conditions. In general, the price is 75-120% of the annual gross revenue of the business plus the Initial Franchise Fee and off-season expenses, if any, until the time of sale. If you purchase a developed Territory, you must sign both our Franchise Agreement and a Transfer and Release Agreement similar to the one in Exhibit H-1, and an Escrow Agreement similar to the one in Exhibit H-3. The purchase price of a developed Territory is due when you sign the Franchise Agreement and the Purchase and Sale Agreement. The purchase price is not refundable.

## ITEM 6
## OTHER FEES

| Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty and Service Fee | 6% of Total Revenue. | Monthly | "Total Revenue" consists of all revenue from all services and products/materials offered (including but not limited to cleaning services, minor repairs and maintenance, labor, products, materials, fees, referral fees, bartered services, service agreement services paid by us, commissions), less first-time customer discounts and returns. The Royalty and Service Fee is payable monthly for the previous month and is invoiced at the end of each month. Payment is processed by bank draft 2 days after invoice. Royalty and Service Fees are payment for the use of the Marks, System, Territory, Manuals, marketing administration, and other support services. |
| Marketing Fee | 2% of Total Revenue. | Monthly | Payable monthly for the previous month and invoiced with the Royalty and Service Fees for brand development, advertising, public relations, production of advertising materials and expenses related to administration of the marketing fund. |
| Mailer Program Fees, Consisting of Setup Fee, Mailing List Fee and Postcard Fee | Postcard Fee: Currently, $0.43 per postcard, $15,050 (35,000 postcards) per year.<br><br>Mailing List Fee: Currently, $0.05 per Targeted Household on the mailing list obtained, $500 - $750 (10,000 – 15,000 Targeted Households) per year. | In advance. See Remarks and Note 1. | HCH Services is currently the only approved supplier of the Mailer Program in which you must participate. We may approve a different affiliate or a third-party supplier in the future. You must purchase all Mailer Program services from us or our affiliate or approved third party supplier. You are required to pay to us, our affiliate, or our approved supplier, the Postcard Fee for all the postcards mailed to the Targeted Households located in your Territory. You must also pay to us, our affiliate, or our approved supplier, the Mailing List Fee each year to cover the cost of obtaining the Mailing List. ~~All Mailer Program Fees, including the total Postcard Fee for all~~ |

| Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | | | ~~postcards must be paid in full 30 days prior to your Scheduled Opening Date.~~<br><br>The Mailer Program Fees are subject to change, with notice, to reflect changes in cost. The payment schedule after the first 12 months will require a payment each month in advance of the mailing, for each year thereafter. The amount of each payment will be determined by us based on the Targeted Households in your Territory and mailing list we purchase for the Mailer Program. The Mailer Program Fees are non-refundable. If you fail to pay any Mailer Program Fees, we may suspend your Mailer Program and exercise any other remedy we may have, with no liability to us resulting from the actions we are permitted to take. |
| Digital Advertising Program Fees, Consisting of SEO Fees and Digital Marketing Fees | SEO Fee:<br>Currently $300 per month ($3,600 per year).<br><br>Digital Marketing Fee:<br>Currently, $1,800 per month ($21,600 per year). | Monthly or as incurred. | You must participate in the digital advertising program ("Digital Advertising Program"). Through the Digital Advertising Program, you are required to pay to HCH Services each year the SEO Fees. We may approve a different affiliate or a third-party supplier in the future. The payment schedule for SEO Fees in each year after the first year will require you to pay $300 per month starting after the twelfth month that your website went live, payable in advance 1 month prior to the month of service. SEO is a per-website requirement. For a multi-territory franchisee operating from a single website, the SEO fees will be $3,600 regardless of the number of territories open.<br><br>In addition to the required purchase of SEO, our Digital Advertising Program also requires a minimum ~~monthly~~ annual spend of $21,600, the equivalent of $1,800 per month~~-~~, for online placement services, such as pay per click advertising, social media |

| Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | | | advertising, remarketing, and various digital advertising services (the "Digital Marketing Fees"). The Digital Marketing Fees are to be paid to our approved third-party supplier. We may approve an affiliate or a different third-party supplier in the future. The Digital Marketing Fees will typically be billed 1 month in advance. The SEO Fees and the Digital Marketing Fees are collectively referred to as the "Digital Advertising Program Fees." |
| National Call Center Fees | Currently $275 per month per entity for unlimited call answering and lead response, as well as $30 per booked estimate or service. | Monthly and as incurred. | To ensure timely response to new customer service requests, along with quality customer service, we require you to use our National Call Center. All new customer phone and online leads are directed to the National Call Center for booking and scheduling of in-home estimates and one-time cleaning services. All overflow and after-hours calls are also directed to the call center. National Call Center fees are paid monthly to HCH Services, another affiliate of ours or our designated provider, as specified in the Operations Manual. National Call Center fees are subject to change, with notice, to reflect changes in cost and must be paid monthly as incurred. The National Call Center fees that you must pay are calculated using the calls that relate to your Franchised Business. |
| Integrated Business Management System | Currently, $395 per month. Includes 2 VOIP seats; additional VOIP seats are $30 per seat per month.<br><br>Additional territories are an additional $50 per month. | Monthly or as incurred. | To maintain the integrity of the System and provide our Franchised Businesses with an integrated business management solution, we have contracted with suppliers for the following: a web-based field service management system, website hosting, a franchise management system, email marketing management, a learning management system, email services and telephone services. Provider rates are subject to change and you must pay us in advance each month based on the then |

| Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | | | current rates. We may approve an affiliate or third-party supplier in the future. |
| Local Marketing | $5,000 | Annually or as incurred. | You must spend a minimum of $5,000 annually on local marketing within your Territory. |
| Employee Background Checks | Typically, $35 to $40 per employee | As incurred | You must do a thorough background check on every employee providing customer services through our designated supplier or an approved alternate supplier. |
| National/Regional Accounts | 10% on collected monies. | After receipt of payment. | If we enter into a service agreement for a national/regional customer, secured by us, another franchisee or others with sites in your territory, for which you provide service, you must pay 10% to us on collected monies from these agreements for their term and on any future renewal periods. Upon payment by the customer, we remit 90% to you, less royalty and advertising fees owed by you on that bill. You have the right to refuse to service any national/regional customer under a service agreement. But, in the event that you refuse to service a national/regional customer under the terms of a service agreement, we may provide service to such national/regional customer through another franchisee and/or through an affiliate, without any compensation to you. |
| Transfer Fee | 50% of the then current Initial Franchise Fee for transfer of the Franchise Agreement.<br><br>No transfer fee for transfer of the Area Development Agreement. | Upon approval by Franchisor of the transfer. | No fee is imposed for transfer to other Home Clean Heroes franchise owners, family members, siblings or qualified employees. |
| Sales Commission | The commission on our finding a buyer for your Franchised Business will typically not be less than 10% of the sales price. | Upon the execution of the Purchase and Sales Agreement | You may engage us to sell your existing Franchised Business for a fee agreed upon in a Commission Agreement, which will typically not be less than 10% of the sales price. |

| Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | | by both the buyer and seller. | |
| Renewal | $5,000 per Franchise Agreement | At time of renewal. | You will sign a then current Franchise Agreement and execute a general release upon renewal. |
| Complaint Fee & Customer Refunds | $50 | As incurred. | Applies only if we respond to a customer complaint about your service. Complaint fees are subject to change on 30 days' notice to reflect changes in cost and must be paid weekly. We may in our sole discretion refund all or a portion of revenue from a customer to resolve a customer complaint and you must reimburse us for such refunds. |
| Late Payment | $100 per occurrence, plus lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law | As incurred.<br><br>See Remarks and Note 2. | Payable if any payment due to us is not made by the due date. Interest accrues from the original due date until payment is received in full.<br><br>The maximum rate which may be charged in California is 10% annually. |
| Interest on Overdue Payments | 18% or the highest interest rate permitted by law, whichever is less. | Due with the payment of outstanding amounts. | Payable on overdue amounts. |
| Indemnification | For both the Franchise Agreement and Area Development Agreement: Will vary under circumstances. | As incurred. | You will be required to reimburse us for any and all damages and claims (including reasonable attorneys' fees) arising out of any suits, actions, proceedings, or claims filed against us, unless such claim is solely the result of actions by us. |
| Audit | Cost of audit will include our employees' and/or agents' travel, room and board expenses. | On receipt of invoice. | You must pay any cost we incur for any audit we perform which results in a finding that you have failed to comply with the Franchise Agreement or you have understated by 3% or more in any weekly period your Total Revenue. Our costs will include employees' and our agents' travel, room and board expenses. |
| Training Fees | Costs and expenses incurred by your trainees | As incurred. | Costs and expenses incurred by your trainees in connection with any training |

| Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | in connection with any training programs and seminars. In addition, there is a $500 per day per trainee charge, plus any cost of travel, for additional training requested by you. | | programs (after your initial training) and seminars are your responsibility. In addition, there is a $500 per day per trainee charge for additional training requested by you outside of our regularly scheduled training and seminar programs. There will be no charge for our regularly scheduled training and seminars. |
| Regional Meetings/Annual Convention | Annual Convention fee<br><br>Costs and expenses incurred by your attendees, plus the costs of travel, lodging and entertainment.<br><br>$1,200 if you fail to attend the Annual Convention. | As incurred.<br><br>As incurred.<br><br>On receipt of notice. | We do not charge a fee to attend required regional meetings, but we may charge a nominal fee to attend the required annual conventions~~. We held both a virtual and in-person convention virtually in 2021~~. In addition, you are responsible for all costs and expenses incurred by your attendees, including travel, lodging and entertainment. The annual franchisee convention is a critical learning and networking experience for franchisees to continue to grow their business. As a result, attendance is key and if you fail to attend the annual convention, you must pay to us $1,200 upon receipt of notice from us. |
| Taxes | Varies | As incurred | You must reimburse us for any taxes that we must pay to any state or local taxing authority on account of your operation of your Home Clean Heroes Business or payments you make to us. |
| Purchased Zip Codes | $1.00 per Targeted Household within the unoccupied zip code(s) that is immediately adjacent to your Territory | As incurred | We may, in our sole discretion, permit you to add Purchased Zip Codes (defined as unoccupied zip codes, which are immediately adjacent to your Territory) at a cost of $1.00 per Targeted Household located within that unoccupied zip code. The fee for the Purchased Zip Codes will be due at the time we agree, and you purchase, the Purchased Zip Codes. |
| Attorneys' fees and other costs | For both the Franchise Agreement and Area Development Agreement: Will vary under the circumstances. | As incurred | Payable if we prevail in any legal dispute with you |

| Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Charitable Contribution Fee | $0.50 per each recurring or one-time service performed by Franchisee. | As incurred | You must participate in our Heroes First charitable contribution program ("Heroes First"). As part of Heroes First, you must pay to us $0.50 per each recurring service and one-time service that you perform (the "Charitable Contribution Fee"). We will match (up to $0.50 per each recurring service and one-time service) your Charitable Contribution Fee and remit your Charitable Contribution Fee and our matching contribution to the First Responders Children's Foundation, or other non-profit(s) organization selected by us. |

We impose and collect all fees. All fees are non-refundable. All fees are uniformly imposed, unless otherwise noted above.

EXPLANATORY NOTES TO ITEM 6:

1. We believe the Mailer Program Fees are equal to or lower than the prevailing market price you would obtain if you engaged a third party on your own to provide comparable services of a comparable quality on a consistent basis. This does not mean that we offer the lowest price; however, based on our experience, vendors that provide lower pricing for a single franchisee or a small group of franchisees and/or for a limited time do not promote the same level of uniformity in long-term system-wide product quality and service that we, as the franchisor, or our affiliates are able to provide. The Mailer Program Fees may include a mark-up which exceeds the direct costs of the Mailer Program, and we may derive a profit from the Mailer Program Fees. If we are no longer able to provide these services, we will endeavor to provide these services to you through an alternate supplier at a comparable cost.

2. In California, the interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher. The maximum late fee that may be charged in Minnesota is $30.

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

**Franchise Agreement**

**YOUR ESTIMATED INITIAL INVESTMENT**

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT MADE |
|---|---|---|---|---|
| Initial Franchise Fee[1] | $50,000 | Lump Sum | On your signing the Franchise Agreement | Us |
| Set-Up Fee[2] | $1,000 | Lump Sum | 30 days prior to the Scheduled Opening Date | HCH Services |
| Mailing List Fee[2] | $500 to $750 | Lump Sum | 30 days prior to the Scheduled Opening Date | HCH Services |
| Postcard Fees[2] | $15,050 | Lump Sum | 30 days prior to the Scheduled Opening Date | HCH Services |
| SEO Fees[3] | $3,600 | Lump Sum | 30 days prior to the Scheduled Opening Date | HCH Services |
| Digital Marketing Fees (first 3 months)[3] | $5,400 | Lump Sum | As Incurred | Suppliers and/or Us |
| Start Up Package—Equipment, Uniforms, Marketing Supplies & Office Supplies[4] | ~~$7,500 to $11,000~~ $9,500 to $13,500 | Lump Sum | 60 days prior to the Scheduled Opening Date | Us and/or HCH Services |
| National Call Center Set-up ~~Fee~~Fee[5] | $300 | Lump Sum | 30 days prior to the Scheduled Opening Date | Us and/or HCH Services |
| National Call Center Fees[5] | $1,725 to $2,625 | Monthly | As Incurred | HCH Services |
| Vehicle & Decals[6] | $~~2,995~~ 2,650 to $~~30,990~~32,709 | As Arranged | As Incurred | Suppliers and/or Us |
| Initial Training[7] | $500 to $2,000 | As Arranged | As Arranged | Suppliers of transportation, food and lodging |
| Insurances[8] | $1,800 to $3,600 | As Arranged | As Incurred | Suppliers and/or Us |
| Professional Fees[9] | $0 to $1,000 | As Arranged | As Incurred | Professionals |
| Licenses & Certifications[10] | $300 to $1,500 | Lump Sum | As Incurred | Government Agencies/Vendors |

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT MADE |
|---|---|---|---|---|
| Integrated Business Management Fee (Prior to Operation and First 3 Months After Operation)[11] | $395 to $1,185 | Lump Sum | As Incurred, starting second full calendar month after signing | Us and/or HCH Services |
| Computer, Internet Devices, Phones, Software Setup[12] | $0 to $1,800 | As Arranged | As Incurred | Suppliers and/or Us and/or HCH Services |
| Heroes First Charitable Contribution Program[13] | $25 to $30 | Lump Sum | As Incurred | Us and/or HCH Services |
| Additional Funds for 3 months[14] | $20,000 to $60,000 | Check/Charge | As Incurred | |
| **TOTALS**[15] | **Single Franchise** $~~111,090~~ 112,745 to $~~191,830~~196,049 | | | |

**Notes:**

Except as otherwise described in Item 5 above, all payments are nonrefundable.

1. The Initial Franchise Fee for a single unit franchise is $50,000. If you have signed an Area Development Agreement, you will pay the Cumulative Franchise Fee based on the number of franchises you acquire. See the chart below for the range of expenses payable for a franchise opened under an Area Development Agreement. If you qualify to participate in our Community Heroes Program, your Initial Franchise Fee will be discounted by 20%. We also participate in IFA's VetFran program; as part of that program we provide veterans of the U.S. Armed Forces a 20% discount on the Initial Franchise Fee for the first Franchised Business. You may only receive one discount, either Community Heroes or VetFran, and no discount will be given for either program for subsequent franchises under an Area Development Agreement. We may, in our sole discretion, finance a portion of your Initial Franchise Fee. The annual interest rate is typically 12% but can vary depending on your creditworthiness. Financing must typically be repaid over 1-3 years through monthly payments that would vary depending on the amount financed. See details in Item 5 and Item 10.

2. Our affiliate, HCH Services, is currently the only approved supplier of the Mailer Program in which you must participate. We may approve a different affiliate or a third-party supplier in the future. Through the Mailer Program, you are required to send 35,000 postcards to Targeted Households located in your Territory for your Franchised Business each year. The actual schedule, distribution and frequency will be determined by us in cooperation with you each year. Currently, the Postcard Fee is $0.43 per postcard.

   You must pay the Setup Fee, which is currently $1,000.

You must pay the Mailing List Fee, which is currently $0.05 per Targeted Household on the mailing list. The Mailing List Fee of $500 - $750 is based on 10,000 to 15,000 Targeted Households. The mailing list is purchased on an annual basis by HCH Services. Specific addresses and names are not shared with franchisees.

The Mailer Program Fees are subject to change, with notice, to reflect changes in cost. For the first year of each Franchised Business opened, 100% of the Mailer Program Setup and List Fees, as well as Postcard Fees for 35,000 cards covering your first 12 months of mailings, must be paid 30 days prior to the Scheduled Opening Date, provided that if you are not an existing franchisee and you purchased a developed territory, the Setup Fee must be paid at the time you purchased the developed territory. The Mailer Program Fees are non-refundable.

3. You must participate in the Digital Advertising Program. In the first year in which your Franchised Business is open, 100% of the SEO Fee for SEO must be paid at the time your website goes live. Our affiliate, HCH Services, is currently the only approved supplier of SEO. The payment schedule for the SEO Fee for SEO in subsequent years, will require you to pay $300 per month, starting after the twelfth month that your website went live, payable in advance 1 month prior to the month of service. SEO is a per-website requirement. For a multi-territory franchisee operating from a single website, the SEO fees will be $300 per month regardless of the number of territories open. You may only have 1 website. In addition to SEO, we also require you to pay the Digital Marketing Fee, currently a minimum annually of $21,600, the equivalent of $1,800 per month, per territory for online placement services, such as pay per click, social media advertising, remarketing, and various other digital advertising services. The Digital Marketing Fees will typically be billed 1 month in advance and will be paid to our approved supplier of digital advertising services. We may approve an affiliate or a third-party supplier in the future.

4. You will be required to purchase from us or our affiliate, HCH Services, a Start-Up Package, containing a three--month supply of certain equipment, products, branded or proprietary supplies and uniforms that we specify. The price for a Start-up Package to supply a single, two-person team is $~~7,500~~9,500. The price for a Start-up Package to supply two two-person teams at start-up is $~~11,000~~13,500. You must pay the cost of shipping from our supplier to your designated location. A detailed list of these items will be included as ***Schedule F*** in your Franchise Agreement.

5. You must use the services of our National Call Center to handle inbound phone and internet leads for booking and scheduling of in-home estimates and one-time sales, as well as for overflow and after hours calls from existing customers when you or your employees are not available to answer. You will pay an initial set-up fee of $300, a monthly fee of $275 ~~fee~~ , and a $30 fee per service booked and scheduled. The low estimate assumes 10 bookings per month and the high estimate assumes 20 bookings per month.

6. Current service vehicles we have approved are a recent model (5 years or less) Ford EcoSport, Honda Civic Hatchback, Toyota Corolla Hatchback, Subaru Impreza, Hyundai Venue, Hyundai Kona, and Nissan Kicks as specified in the Operations Manual. At our

sole discretion we may also approve and allow you to use your own vehicle in the operation of your Franchised Business. You will be required to utilize a vehicle and apply decals we have approved. No vehicle may be used without our approval. Vehicles must meet our specifications including body style, color and model years. We do not currently sell or lease vehicles. You must own, purchase or lease an approved vehicle. You must maintain an approved vehicle for use in your Franchised Business at all times, however, we have only included estimates for a vehicle currently owned by you and a vehicle that you purchase. Your investment may vary depending upon the model and brand of the vehicle and your decision to lease or purchase a new or used vehicle. Our low estimate ~~($2,995~~($2,650) listed above is our estimate of purchasing and having installed our approved decals on a vehicle you currently own and that we approve . Our high estimate ~~($30,990~~($32,709) includes purchasing outright a new ~~Toyota Corolla Hatchback~~ Nissan Kicks S including the cost of application of our approved decals bundled into the purchase. Your costs and required down payment may vary based on vehicle, location and qualifying credit. If you would like to use your existing vehicle or purchase another vehicle similar to those currently approved, you must submit the vehicle for approval, meet the specifications noted in our Operating Manual and receive approval from us. Our approved decals must also be installed on the vehicle, estimated cost of $~~2,995~~ 2,650 per vehicle.

7. You will incur expenses associated with our initial training program. For this training program, we provide instructors and instructional materials. You must pay for transportation, lodging, food, and wages for you and your employees. The cost will depend on the distance you must travel to the training location, the type of accommodations you choose, and the number of employees being trained. The estimate is based on travel to our headquarters in Virginia Beach, Virginia for the onsite portion of training lasting for 5 days.

8. We estimate that the range given will be sufficient to cover prepayment of insurances for the initial phase of the operation of the Franchised Business.

9. You may wish to consult with an attorney, accountant, consultant or other professional to evaluate this Franchise Disclosure Document and Franchise Agreement. If you elect not to engage one of these professionals, your expenses will be $0.

10. You may be required by state and/or local laws and regulations, or by us to obtain and maintain a license, bonding and certifications.

11. You must use the integrated business management systems approved by us. The system includes a web-based field service management, website hosting, a franchise management, email market management, email service and telephone services. You must implement and be trained on the integrated business management systems. The telephone services provided include two VOIP seats. Should you desire additional VOIP seats beyond the first two, you will be charged an additional $30 per month per seat. You must pay the monthly fee of $395 beginning at the start of the second full calendar month after signing the Franchise Agreement. Depending on the length of time from signing to opening, and assuming you do not need any additional VOIP seats, we estimate this fee will be between

$395 and $1,185 for the period prior to your Opening Date. If you open additional Franchised Businesses, you must pay an additional $50 per month per additional Franchised Business. For example, if you have 2 Franchised Business, you will pay $445 per month.

12. Prior to opening your Franchised Business, you must acquire computer equipment, internet service and telephone equipment (optional), and implement and be trained on software systems and/or services required by us, at your sole expense. If you already have the required computer equipment and internet services, your initial expenses will be $0.

13, You must participate in Heroes First. As part of Heroes First, you must pay to us the Charitable Contribution Fee. Our estimate is based on performance by you of 50-60 recurring and one-time services. You will remit the Charitable Contribution Fee to us and we will remit it to the First Responders Children's Foundation.

14. You will need to support ongoing expenses, such as payroll, fuel, supplies and other operating costs to the extent these costs are not covered by gross revenue of the Franchised Business. New businesses often generate negative cash flow. We estimate that the amount stated will be sufficient to cover ongoing expenses for the business for the first 3 months. We relied on past experience of HCH Local Operations and its performance when preparing these figures. We expect a single franchised business, with the owner acting as the primary operator of the business and beginning operation with a single two-person team, to require as much as $20,000 in additional funds to provide sufficient operating capital for the first three months. We expect a single franchise business beginning operation with a full-time salaried manager, in a major market with high hourly labor costs and highly competitive advertising costs to require as much as $60,000 in additional funds to provide sufficient operating capital for the first three months.

15. Cost will vary widely, and you should review these figures carefully with a business advisor before making any decision to purchase a franchise.

**Area Development Agreement**

**YOUR ESTIMATED INITIAL INVESTMENT**

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT MADE |
|---|---|---|---|---|
| Cumulative Franchise Fee[1] | $75,000 to ~~$95,000~~100,000 | Lump Sum | On signing the Area Development Agreement | Us |
| ~~**TOTALS FOR 2-3 FRANCHISED BUSINESSES**[2]~~Initial Investment for 2-3 Franchised Businesses | $~~192,635~~ 120,945 to $~~424,020~~341,677 | See Previous Chart | See Previous Chart | See Previous Chart |



~~22008022v8~~

22352969v5

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT MADE |
|---|---|---|---|---|
| TOTALS[2] | $195,945 to $441,477 | | | |

**Notes:**

Except as otherwise described in Item 5 above, all payments are nonrefundable.

1. Cumulative Franchise Fees vary depending on whether you acquire the rights to open 2 or 3 Franchised Businesses, as more fully described in Item 5.

2. If you sign an Area Development Agreement, you will incur the full cost of opening your first Franchised Business within 120 days of the Effective Date of the Area Development Agreement, as shown in the prior table for a single Franchised Business. We have provided a cumulative estimate of the initial investment for 2 to 3 Franchised Businesses. You should be aware that the amounts for the second and third Franchised Businesses may change and will be as set forth in the Franchise Agreement that you sign for each of those Franchised Businesses.

   The initial investment range for 2 or 3 Franchised Businesses takes into consideration that certain fees may not be applicable to, or may be lower for, the second and third Franchised Businesses, including the SEO Fee, Integrated Business Management Fee and National Call Center Set Up Fee. The SEO Fee of $300 per month is payable if your Franchised Businesses are in contiguous territories, regardless of the number of Franchised Businesses you open, and you do not pay an additional amount for your second or third Franchised Business. The Integrated Business Management Fee for the first Franchised Business is $395 per month and you will pay an additional $50 per month for the second Franchised Business and an additional $50 per month for the third Franchised Business. The National Call Center Set Up Fee of $300 is only paid once, regardless of the number of Franchised Businesses you open, and you do not pay an additional amount for your second or third Franchised Businesses. In addition, we have assumed that you will operate each Franchised Business from your home, so that you only incur the costs for a computer system when you open the first Franchised Business.

## ITEM 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To maintain the integrity of the System and the quality of goods and services offered under the Marks, you must purchase products and services used in the operation of the Franchised Business from suppliers we designate and in accordance with our specifications. We may require that you purchase any product or service you use in the operation of the Franchised Business from a single supplier, which may be us or an affiliate of ours. Generally, we expect that products and services purchases will be restricted to a single source if we determine that doing so enables us to obtain favorable terms, is necessary to ensure consistency in the operation of the System, streamlines administration of the system or provides other benefits to us, our franchisees or the

System. This does not mean that a single supplier (us, an affiliate or third-party) will offer the lowest price.

**Purchases from Us or Our Affiliate**

Our affiliate, HCH Services, is currently the only supplier for the Mailer Program, SEO, Start-up Kit, the National Call Center, and the Integrated Business Management System.

**Purchases from Approved Suppliers**

Products and services you must purchase from other approved or designated suppliers include the Integrated Business Management System ~~(including tablet access)~~, credit card processing services, marketing and advertising materials (including the digital marketing component of the Digital Advertising Program), National Call Center Services (including fees per service booked), cleaning supplies, equipment, tools, uniforms, service agreements and other printed materials and forms, decals, and signs. In some cases, our arrangements with suppliers of some of these products and services may require that we pay the supplier directly. In that event, we will require you to pay us for those products and services. See Item 6.

**Standards and Specifications**

You must purchase or lease computer equipment and software, insurance and vehicles that meets our specifications, but you may purchase these products and services from a supplier of your choice. We issue specifications to you and maintain them in the Operations Manual which we may modify, in writing, at any time.

**Insurance**

You must obtain, provide proof of and maintain required insurance specified in the Operations Manual, currently workers compensation in amounts required by applicable law, comprehensive general liability insurance not less than $1,000,000 per occurrence and $2,000,000 in the aggregate, automobile liability insurance not less than $1,000,000 for the Franchised Business, and you must pay the associated cost. Additional insurance obligations may also be specified in the Operations Manual. If you do not purchase and maintain in force the required insurance, we may purchase it on your behalf, and charge you for it; you will be required to pay us any amount so charged within 30 days. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Each insurance policy must name us as additional named insureds and provide for 10 days' prior written notice to us before the cancellation for nonpayment of the premium amount and 30 days' prior written notice to us before cancellation for any other reason or material change of the policy. Each insurance policy must contain a waiver of all subrogation rights against us and be primary and non-contributory in favor of us. You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums.

**Alternative Suppliers**

If you wish to purchase any product or service to be used in the operation of the Franchised Business from a supplier other than a supplier that has not been approved or designated by us, you must first receive our prior written consent. You must not use, sell, or offer for sale any products or services of the proposed supplier until written approval by us of the proposed supplier is received. We may require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered for evaluation, research, and testing, either to us or to an independent testing facility designated by us. Except as described in this Item 8, we do not make our criteria for approving suppliers available to franchisees.

We charge no fees for a request of approval of a supplier. If you request approval, we will notify you of our approval or disapproval within 5 business days. Failure to respond constitutes disapproval. We may revoke our approval of a supplier at any time, in writing. We may identify a new or additional supplier (including us or an affiliate) at any time, in writing.

**Revenue Derived from Products and Services**

We may receive revenue from third party suppliers or affiliates for the sale of equipment, signage, products, chemicals, equipment, supplies, vehicles or services. To the extent that you buy supplies, products, chemicals or service from us, we may mark up the price of the supply, product, chemical or service from a typically discounted price we receive to cover the costs of shipping, materials, labor, overhead and administration of the provision of supplies.

We did not derive revenue from required purchases or leases in ~~2022~~2023, however, our affiliate, HCH Services, received revenue totaling ~~$584,893 in 2022~~ 502,540 in 2023 from required purchases. This represented 100% of its total revenue. HCH Services is a wholly owned subsidiary of our parent, BFB. None of our officers own a direct interest in any of the suppliers referred to in this Item.

**Supplier Terms**

We anticipate that we will negotiate purchasing arrangements from time to time with suppliers. We expect, but do not guarantee, that those purchasing arrangements will allow you to obtain certain products and supplies at a lower price or otherwise provide more favorable terms than if you were to purchase them individually. We do not otherwise provide material benefits to you for purchasing from designated or approved sources. But we consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described above.

We may be compensated by suppliers based on franchisee purchases. In some cases, suppliers may pay us a percentage of the total purchases made by franchisees to be used in the marketing of the supplier's brand at or through the Franchised Businesses. Some suppliers may pay us a cash rebate based on franchisee purchases. In some cases, we may purchase products and supplies from a supplier at a volume discount and re-sell these products and supplies to you. If we re-sell products and supplies to you, we may require that you pay us more than we paid for those

products and supplies in consideration for our administrative expenses incurred in arranging for bulk sales and volume discounts or for warehousing or distributing those products and supplies to you.

**Percentage of Total Purchases**

We estimate that required initial purchases and leases from us will be 70% to 80% and required ongoing purchases and leases from us will be 30% to 50% of the total purchases and leases you will make in establishing and operating your Franchised Business.

**Cooperatives**

At this time, we do not have any purchasing or distribution cooperatives, but we may elect to establish them.

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

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

| Franchisee's Obligations | Section in Franchise Agreement | Section in Area Development Agreement | Item in Disclosure Document |
|---|---|---|---|
| a. Site selection and acquisition/lease | Sections 3 & 5 | Sections 1 & 3 | Items 7 and 11 |
| b. Pre-opening purchases/leases | Section 5 and 6 | Sections 3 & 5 | Items 5, 7, and 8 |
| c. Site development and pre-opening requirements | Sections 5 & 6 | Sections 3 & 5 | Items 7 and 11 |
| d. Initial and ongoing training | Sections 5 & 6 | Section 5 | Item 6 and 11 |
| e. Opening | Section 6 | Section 5 | Item 11 |
| f. Fees | Section 4 | Section 2 | Items 5, 6 and 7 |
| g. Compliance with standards and policies/Operating Manual | Section 6 | Sections 3 & 5 | Items 8, 11, 13, and 14 |
| h. Trademark and Principal information | Sections 6, 9 and 10 | Sections 5 & 8 | Items 13 and 14 |
| i. Restrictions on products/services offered | Sections 5 and 6 | Not Applicable | Items 8 and 16 |
| j. Warranty and customer service requirements | Section 6 | Not Applicable | Item 16 |

| Franchisee's Obligations | Section in Franchise Agreement | Section in Area Development Agreement | Item in Disclosure Document |
|---|---|---|---|
| k. Territorial development and sales quotas | Section 3 | Sections 1 & 3 & Exhibit A | Item 12 |
| l. Ongoing product/service purchases | Sections 5 and 6 | Not Applicable | Item 8 |
| m. Maintenance, appearance and remodeling requirements | Section 6 | Not Applicable | None |
| n. Insurance | Section 6 | Not Applicable | Items 7, and 8 |
| o. Advertising | Section 5 | Not Applicable | Items 6, 8, and 11 |
| p. Indemnification | Section 11 | Section 11 | Item 6 |
| q. Owner's participation/ management/staffing | Section 6 | Not Applicable | Item 15 |
| r. Records/reports | Section 7 | Section 5 | Item 6 |
| s. Inspection/audits | Section 7 | Not Applicable | Items 6 and 11 |
| t. Transfer | Sections 12 and 13 | Section 7 | Item 6 and 17 |
| u. Renewal | Section 2 | Not Applicable | Item 6 and 17 |
| v. Post-termination obligations | Section 9 & 10 | Section 6 | Item 17 |
| w. Non-competition covenants | Sections 9 and 10 | Section 8 | Item 17 |
| x. Dispute resolution | Sections 10 and 15 | Sections 6, 8 & 16 | Item 17 |
| y. Taxes/permits | Section 6 | Not Applicable | Item 1 |
| z. Operations Manual and Sales Manual | Section 6 | Not Applicable | Items 11 and 14 |
| aa. Regional Meeting/Annual Convention | Section 6 | Not Applicable | Item 6 |

## ITEM 10
## FINANCING

**Franchise Financing**. We and/or one of our affiliates may, in our or their sole discretion, finance a portion of your initial investment or operating capital. Whether we will extend financing and the amount of financing will vary depending on, among other factors, the availability of funds, your creditworthiness, the market conditions in your area, and your compliance with existing franchise agreements but may be up to half of your initial fee. The annual interest rate is typically 12% but can vary depending on your creditworthiness and will not exceed the lesser of 18% or the maximum amount allowed by applicable law. Financing must typically be repaid over 1-3 years through monthly payments that would vary depending on the amount financed (Example: $14,750 financed for 3 years at 12% the monthly payment would be $484.06), but we may require other repayment terms such as the submission of daily credit card receipts. The repayment terms that we offer will vary based on your creditworthiness and the amount financed. You or, in the case of an

entity, your principals, must personally guarantee the debt. Based on your creditworthiness, we may require a security interest in the assets of the Franchised Business. You may prepay the financed amount at any time during the term of the loan without penalty. You waive the homestead and other available exemptions, presentment, demand, protest, notice of dishonor and all other notices. If you default on amounts owed, we can accelerate the obligation to pay the entire amount due and seek our collection costs including attorney's fees from you and terminate your franchise agreement. See Exhibits F-2, F-3 and F-4.

We and/or our affiliates reserve the right to sell, assign or discount any note or other obligation arising out of the Franchise Agreement to a third party. If we or our affiliates assign your note, it will not affect our obligation to provide the services described in the Franchise Agreement, but the third party may be immune under the law to any defenses to payment you may have against us.

Currently, we do not offer any lease arrangements. However, in the future we and/or our affiliates or a third-party leasing company may offer lease financing for vehicles, equipment, signs and furniture. Such leasing will be subject to the availability of leasing capacity and your creditworthiness. We are not obligated to provide such leasing programs. If leasing is available pursuant to third party agreements, you may lease only those items which we indicate as eligible for leasing. We do not currently receive any payment from such arrangements with third party leasing companies, though we may receive revenue from your purchase of the leased items. The terms of such leasing programs vary and are yet to be determined for the coming year. Of course, if we do offer a leasing program and you elect to participate, you are obligated to make payments as required by the lessor. In the event you fail to make such payments, whether or not you sign the leasing paperwork, the entire lease amount will become due and payable immediately. We will charge interest on the amounts outstanding and delinquent amounts will subject you to the termination provisions of the Franchise Agreement.

We do not receive payments from any person for the placement of financing, although in the future, we may accept referral fees. We may but are not required to assist you in your efforts to seek financing from third parties.

We do not provide any financing in the State of California.

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

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

### A. Pre-Opening Obligations

Before you open the Franchised Business, we will provide the following assistance and services to you:

**Franchise Agreement**

1. We provide a 7-day Franchise Training program, with 4.5 days onsite in Virginia Beach, Virginia, which addresses critical aspects of operating a Home Clean Heroes Franchised Business. Please see the chart below for the course schedule. Franchise Training is held during select weeks throughout the year. You, if you are an individual, and any Designated Manager must attend and successfully complete this training before you open the Franchised Business. We do not charge for this Franchise Training, but you are responsible for any expenses you and your employees incur as a result of attending Franchise Training, such as travel, lodging and entertainment. (Franchise Agreement, Section 5.a.)

2. If you are required by local zoning laws to lease or use a commercial and/or office/warehouse location to operate the Franchised Business, we do not provide site selection assistance, only approval. (Franchise Agreement, Section 5.c.)

3. We will loan you one copy of the Operations Manual and one copy of the Sales Manual in digital or hard copy format. See Table of Contents at Exhibit J. (Franchise Agreement, Section 5.b.)

4. We provide guidance and advice regarding the selection of your vehicle~~,~~ utilized in your Franchised Business. You are responsible for choosing your vehicle and commercial location that will meet our then current specifications in the Operations Manual, but if you sign a lease or purchase agreement before we have approved the vehicle or commercial location, you risk the possibility that we will disapprove it for use in carrying on the Franchised Business. It is likely that you will sign a Franchise Agreement before we approve a commercial location. The factors we consider in approving your vehicle and commercial location include visibility and consistency of appearance to achieve the image necessary to maintain the integrity of the System. We intend to approve or disapprove your selections of vehicle and commercial location, if any, within 15 days of submission to us. If we do not approve your vehicle or commercial location, if any, you cannot open for business. (Franchise Agreement, Section 5.c.)

5. We will provide the names of suppliers and specifications to you for decals, tools, equipment, supplies, products, uniforms, forms, marketing materials and software systems more fully described in Item 8. (Franchise Agreement, Section 5.d.)

6. If not prohibited by local zoning laws, you may begin operating your business from your home. We do not typically own your premises and lease to you. If you are required by local ordinance or elect to operate your business from a commercial location, whether prior to or after opening your business, the commercial location will be at your expense, and we must approve of the location prior to acquiring or leasing a location and you must submit to us, in the form we specify, location information, as we may reasonably require, together with a copy of the lease, on terms satisfactory to us. We will have 15 days after receipt of such information and

materials from you to approve or disapprove, in our sole discretion, the proposed site as the location for the Franchised Business. In the event we do not disapprove a proposed site by written notice to you within 15 days, such site will be deemed approved. If you select a location and we do not approve the location, you cannot operate the Franchised Business from that location and we may terminate your Franchise Agreement. In approving a location for the Franchised Business, we consider various factors, including but not limited to, demographics, property desirability and the area surrounding the proposed location. (Franchise Agreement, Sections 5.c., 6.r. and Site Selection Addendum.)

**Area Development Agreement**

The Area Development Agreement does not require us to provide any pre-opening services to you.

If you sign an Area Development Agreement, we will determine the boundaries of each Territory for each Franchised Business that you must open at the time you sign the Area Development Agreement. The Territories will be determined in accordance with our standards then in effect.

Other than as described above, we do not have any other pre-opening obligations and are not required to provide, deliver or install equipment and signs or any other pre-opening assistance to you prior to the opening of the Franchised Business.

**B. Continuing Obligations**

**Franchise Agreement**

During your operation of the Franchised Business, we will provide the following assistance and services to you:

1. We will provide, from time to time as we deem appropriate, advice and written materials concerning the residential and light commercial cleaning business and techniques of managing and operating your Franchised Business, including new developments and improvements in promotion, public relations, customer relations, services, products, equipment and chemicals. (Franchise Agreement, Section 5.i.)

2. At no charge to you, we will conduct, as we deem advisable, inspections of the Franchised Business and evaluations of the services rendered therein. (Franchise Agreement, Section 5.i.)

3. As discussed in Item 8, we will provide the names of suppliers that we approve or that we designate for your purchase of equipment, signs, and/or supplies that will include Home Clean Heroes products and approved products, chemicals and services to be used in the operation of the Franchised Business. We reserve the right to require you to limit or discontinue the offer of any product, chemical or

service in accordance with the Franchise Agreement. (Franchise Agreement, Sections 5.d. and 6.)

4. We will provide telephone and/or email support for your questions regarding operation of the Franchised Business during normal business hours. (Franchise Agreement, Section 5.h.)

5. We may provide and require your attendance at a 2 to 3-day advanced training or national convention and/or regional meetings. We may hold these meetings at various sites which we select. The agenda for advanced training varies but often focuses on improving business skills in order to increase profitability. We may charge a nominal fee for these meetings. In addition, you are responsible for all travel, lodging and other expenses you incur to attend. (Franchise Agreement, Sections 5.j. and 5.k.)

6. We and/or our designee will provide a call center operation for accepting customer request for services and products for which you must pay us and/or our designee National Call Center Fees. (Franchise Agreement, Section 5.l.)

7. We may require you to use a specified form for customer engagements and forward copies of them to us. We own all accounts which you service. We alone have the right to set the terms and conditions for all service agreements, designate another to invoice the service agreement customers. We may suggest pricing of all services and products you offer and sell to your customers, but you will ultimately determine the prices you charge. However, you currently are responsible for all billing and collections of monies due on accounts you service. Our service agreement terms, billing procedures and service fees are prescribed in the Operations Manual and may be amended, as we deem necessary. (Franchise Agreement, Sections 5.d., 5.f. and 5.g.)

8. From time to time we may provide you with the opportunity to participate in group purchasing programs which offer group discounts. The discounts and terms for any such opportunities will vary. (Franchise Agreement, Section 5.m.)

9. We will make available to you planning assistance for marketing your Franchised Business including formats for advertising plans and promotional materials. (Franchise Agreement, Section 5.e.)

10. For the benefit and integrity of the System we and/or our affiliates may, in our sole discretion, contract with designated suppliers for products, chemicals and/or services, as specified in the Operations Manual (i.e. products, chemicals, tools, merchandise, supplies; software/service providers for our Integrated Business Management System, Mailer Program services, credit card processing and other items/services). (See Franchise Agreement, Sections 5.d. and 5.n.)

**Area Development Agreement**

The Area Development Agreement does not require us to provide any continuing services to you.

Other than as described above, we do not have any other continuing obligations to you in connection with your operation of the Franchised Business.

**C. Advertising and Promotional Materials**

We maintain a fund related to system marketing through the Marketing Fees and ongoing Marketing Fees collected from our franchisees. You will be required to pay the Marketing Fee, currently equal to 2% of Total Revenue, as more fully described in Item 6. We designate these fees for use in our advertising and marketing activities. We spend them as we determine is most beneficial to promoting our Marks and System, but we are not required to spend any amount on advertising in your particular Territory. We use advertising and marketing fees to administer, produce, distribute and/or conduct advertising programs, marketing programs and partnerships, public relations, internet and social media, marketing systems and marketing research. We may spend marketing fees on local, regional or national advertising as we deem appropriate. We do not guarantee that you will benefit directly from any advertising or marketing. The Marketing Fees will be spent in a way, which in our judgment, benefits the franchise system. Franchises that we (or our affiliates) own and operate will contribute Marketing Fees equal to those contributed by our franchisees. (Franchise Agreement, Section 5.e.)

We maintain all Marketing Fees in an account separate from our other monies. We will not use them for any of our expenses, except for reasonable costs and overhead, if any, that we incur in activities reasonably related to the direction and implementation of marketing and advertising programs for franchisees and the System. These costs may include costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Marketing Fees are not our asset. Any monies remaining from Marketing Fees at the end of the taxable year in which such monies were received will be used for advertising or promotional purposes in the following taxable year before contributions from that taxable year are used. We reserve the right to terminate the Marketing Fees at any time, in which case all Marketing Fees remaining will be expended for advertising or promotional purposes or returned to the contributors on the basis of their respective contributions. The Marketing Fees and any earnings on them will not otherwise benefit us. We may offset some internal marketing costs with any payments we receive for providing advertising and marketing services. We are not a fiduciary of yours with respect to the Marketing Fees. (Franchise Agreement, Section 4.f.)

In our fiscal year ended December 31, ~~2022~~2023, the Marketing Fees collected were spent consistent with the amounts that we contributed for marketing: ~~68~~79% on public relations and advertising, ~~18~~11% on creative design and website development, and ~~14~~10% on administration. We do not use any Marketing Fees collected from franchisees to solicit new franchise sales.

You may only use advertising material we have prescribed or approved, and you may only distribute it to people or businesses located in your Territory. With our prior approval, we may

permit advertising outside of your Territory. We recognize that there may be occasions where print, radio, television and Internet advertising have reach beyond your Territory. In those instances, prior to you signing any agreement for such advertising or placing, running, approving or engaging in any such advertising, you must have our approval. (Franchise Agreement, Section 5.e.)

We have the right, but not the obligation, to establish and maintain a website which may, without limitation, promote the Marks, the System, approved products, chemicals or services, Franchised Businesses and the franchising of the System. We have the sole right to control all aspects of the website, including, without limitation, its design, content, functionality, links to the websites of third parties, legal notices and policies and terms of usage. We also have the right to discontinue operation of the website at any time and without notice to you.

We have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your Franchised Business, with such web page(s) to be located within our website. You must comply with our policies with respect to the creation, maintenance and content of any such web page(s), as well as the observance of our privacy policy with information gathered through our forms. We have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page(s).

You may not establish or maintain a separate website, register or use any domain name/URL address, or use any other social media outlet, such as Facebook, Instagram, TikTok, Twitter or any other outlet, for or in connection with the Franchised Business without our prior written approval (which we shall not be obligated to provide). You may not post, respond to, or otherwise participate in any social media communications unless otherwise authorized by us. (Franchise Agreement, Section 6.w.)

We have not spent any marketing fees to solicit new franchisees. Expenditures of Marketing Fees are not audited other than as part of the Company's annual audit of its financial statements. A summary of Marketing Fees raised and spent is available to you upon submission of a written request to us. You will not receive a periodic accounting of how we spend the marketing fees we collect. However, upon the completion of the Company's annual audit you may obtain an accounting of marketing expenditures by sending a written request to the attention of our Accounting Department.

**Required Advertising Expenditures.** For each Franchised Business, upon reaching or exceeding $1,000,000 in Total Revenue in a given calendar year, you are required to annually spend an amount (the "Required Advertising Expenditure") on marketing in the succeeding year, as described in the chart below. The Required Advertising Expenditure includes the required Home Clean Heroes centrally managed programs as well as your own local marketing efforts. Currently, we and/or HCH Services manage the Mailer Program and Digital Advertising Program, each of which count toward your Required Advertising Expenditure. Local marketing initiatives are necessary to supplement the centrally managed programs and should be coordinated with the corporate team.

| Prior Year Total Revenue (PYNR) | Required Advertising Expenditure ($)[1] |
|---|---|
| $1,000,000 to $1,249,999 | PYNR x 5% |
| $1,250,000 to $1,499,999 | PYNR x 4% |
| $1,500,000 and above | $50,000 |

**Note 1**: Required Advertising Expenditure is for the subsequent calendar year based on the Total Revenue of the previous calendar year.

**Mailer Program.** HCH Services is currently the only approved supplier of the Mailer Program in which you must participate. You must purchase all Mailer Program services from us, our affiliate, HCH Services, or another affiliate or approved third party supplier. (Franchise Agreement, Section 4.b.)

**Digital Advertising Program**. We, our affiliate or our designated supplier will provide digital advertising services which includes search engine optimization services and management, pay-per-click, remarketing and other digital services. You must pay us, our affiliate or our designated supplier for these services. (Franchise Agreement, Section 4.c.)

**Local Marketing.** Local marketing activities are your responsibility and are necessary to complement the centrally managed Mailer Program and Digital Advertising Program. During the first year in which your Franchised Business is open, you must complete a local marketing plan with our team prior to your Scheduled Opening Date. You must complete a local marketing program annually by January 31st for each subsequent year. You must spend a minimum of $5,000 on local marketing within your Territory ("Local Advertising Expenditure") during each calendar year. As specified in the Operations Manual, you must use pre-approved marketing templates and collateral, or receive our approval for any marketing collateral not previously approved.

You may choose to do additional advertising and ongoing marketing within your Territory at your own expense (See Item 6). You may only use advertising and marketing in such media and such type and format as we have prescribed or approved. (Franchise Agreement, Section 6.a.) You may not use any advertising or promotional plans or materials until you have received our approval, according to the procedures and terms described in the Franchise Agreement. You must submit samples of all marketing and promotional plans and materials to us as described in Item 8 above. You must use Marks as we develop them. You must obtain our written consent before using our Marks in any way, except for materials we provide to you or have previously approved (and not subsequently disapproved) in writing. You cannot use any mark which could be confused with our Marks. In the event that we replace, add to or modify our Marks, you agree to update or replace your signs, supplies, etc. to reflect the new Marks, at your expense, in the time frame we provide at the time of such change. (Franchise Agreement, Section 6.d.)

We do not have the power to require cooperatives to be formed, changed, dissolved or merged. As of the issuance date of this disclosure document, we do not require you to participate in any local or regional advertising cooperative or other fund.

### D. Franchise Advisory Council

We do not currently have an advisory council. We may at some point in the future establish and receive input and feedback from an advisory council called the "Franchise Advisory Council" or "FAC." The FAC would be comprised of franchisee representatives selected by us. The FAC would serve in an advisory capacity only and will not have operational or decision-making power. We will have the ability to form, dissolve and change the FAC.

### E. Computer Systems

We will require you, at your expense, to purchase or lease, and thereafter maintain, such computer hardware and software, telephone service, wireless broadband internet service, active e-mail account, modem(s), printer(s), and other computer-related accessories or peripheral equipment as we may specify in the Operations Manual. We currently require you to obtain a Windows OS or Mac OS X compatible computer system, QuickBooks Online accounting system, broadband internet access, VoIP telephone, and a multi-function printer capable of scanning, faxing and printing, meeting the functionality necessary to operate the Integrated Management System software for your Franchised Business. You will be responsible for maintaining your computer system hardware and software in good repair and condition, and you must promptly install such additions, changes or modifications as we may direct. (Franchise Agreement, Section 6.h.) There are no limitations on the frequency and cost of your obligation to update the computer software and/or equipment at our request. We are not contractually obligated to maintain, repair, update or upgrade your computer system.

We will require you to purchase scheduling and work order management software and/or services from a third-party that we designate. We currently require you to obtain such software and/or services for dispatching and order management for your Franchised Business. This software stores the data from all customer service activity in the Franchised Business. We will have independent access to the information generated and stored in this system. There are no contractual limitations on our access to information generated and stored in this system.

We estimate the initial cost of computer equipment and software to be $0 to $1,500 and the ongoing system and software support and/or service contracts to be $350 to $500 per month.

### F. Manuals

The table of contents from our Operations Manual is contained in Exhibit J. The Operations Manual contains a total of ~~190~~ 191 pages. We also provide a Sales Manual that contains ~~90~~ 91 pages.

### G. Opening the Franchised Business

We estimate that the typical length of time between signing the Franchise Agreement and opening the Franchised Business is 60 to 120 days. Factors which may affect this time period include your ability to complete our required initial training; licensing (e.g., business license and any state certifications required); shortages or delayed delivery of equipment, fixtures, and vehicle

decals and your ability to hire the required staff. You must open and begin operating the Franchised Business within 180 days of the scheduled opening date in set forth in your Franchise Agreement, or we may terminate the Franchise Agreement. (Franchise Agreement, Sections 6.f. and 8.)

## H. Training

You must oversee the operation of the Franchised Business. Prior to commencement of business, you and your Designated Manager, if one has been designated, must successfully complete, to our satisfaction, our required training and pass a comprehensive test, upon completion of classroom training, that covers the materials included in the Operations Manual. If you or your Designated Manager do not successfully complete training and pass the test, training must be repeated at the next regularly scheduled training session and at your sole expense until you and your Designated Manager pass the test or your franchise agreement may be terminated. If you hire a new Designated Manager, such person must be approved by us, successfully complete training and pass the test. Before opening the Franchised Business, you (or, if you are a corporation or partnership, one of your principals), your Designated Manager, and any such additional persons as you or we deem appropriate must attend and complete to our satisfaction the initial training program we offer. (Franchise Agreement, Sections 6.b., 6.n. and 6.q.) The length of our initial training program is 7 days, which includes 2.5 days of virtual training and 4.5 days of onsite classroom or field training. Training is offered on a bi-monthly or as-needed basis. We will conduct our initial training program as follows:

**TRAINING PROGRAM**

| Subject | Instructional Materials | Number of Hours of Classroom Training[1] | Number of Hours of On-The-Job Training | Location |
|---|---|---|---|---|
| Overview | Operations Manual | 0.5 | NA | Virginia Beach, VA |
| Residential Cleaning Industry and Brand Overview | Operations Manual | 2.5 | NA | Virginia Beach, VA |
| Customer Experience | Operations Manual | 1 | 2 | Virginia Beach, VA |
| Software Training | Operations Manual | 6.5 | NA | Virginia Beach, VA |
| Office & Inventory Setup | Operations Manual | NA | 1.5 | Virginia Beach, VA |
| Call Center | Operations Manual | 1 | NA | Virginia Beach, VA |
| Staff Management (office and technicians) | Operations Manual | 3 | NA | Virginia Beach, VA |
| Marketing | Operations Manual | 7 | NA | Virginia Beach, VA |
| Field Operations—Services | Operations Manual and Video Modules | 3 | 12 | Virginia Beach, VA |
| Field Operations-Estimating | Operations Manual | 1 | 6 | Virginia Beach, VA |
| Policies and Procedures | Operations Manual | 1 | NA | Virginia Beach, VA |

| Subject | Instructional Materials | Number of Hours of Classroom Training[1] | Number of Hours of On-The-Job Training | Location |
|---|---|---|---|---|
| Sales / Customer Acquisition | Operations Manual | 1 | NA | Virginia Beach, VA |
| Office Management | Operations Manual | 3.0 | NA | Virginia Beach, VA |
| Budget / Bookkeeping | Operations Manual | 1 | NA | Virginia Beach, VA |
| Performance Management | Operations Manual | 1 | NA | Virginia Beach, VA |

1. Classroom training can consist of either onsite, physical training in our home office or virtual training via video conferencing.

Our instructional materials consist of our Operations Manual and Sales Manual.

**Note:** Each topic is taught by one or more of the instructors below, whose business experience is as follows:

***Joe Delatte, President and COO.*** Joe Delatte has served as our President since May 2019. He originally joined Home Clean Heroes in December 2017 as Director of Operations. Prior to that role he owned and operated a Window Genie franchise in Virginia Beach, Virginia from April 2015 to December 2017.

***Kathy Turley, Director of Marketing.*** Kathy Turley has served as our Director of Marketing since October of 2017. Ms. Turley previously worked as Director of Restaurant & Loyalty Marketing at Professional Hospitality Resources from September 2016 to October 2017. Before that, Ms. Turley served as Director of Restaurant & Loyalty Marketing at Palm Restaurant Group in Washington, D.C. from 2003 to 2016.

~~***Joe Kelsick, Director of Operations.*** Joe Kelsick has served as the Director of Operations since February 2023. Mr. Kelsick previously served as an independent contractor providing business coaching services to NK Health Coaching in Virginia Beach, Virginia from January 2021 to February 2023. Prior to that he served as Director of Credit Union Relations for Member Wealth Management in Virginia Beach, Virginia from September 2016 to December 2020.~~

***Brittany Potter, ~~Franchise Business Coach~~Operations Manager.*** Brittany Potter has served as ~~Franchise Business coach~~ Manager of Operations since January ~~2022~~2024. Prior to that she ~~was~~ served as a Franchise Business coach from December 2018 to January 2022, as General Manager of ~~Home Clean Heroes for~~ HCH Local Operations from December 2018 to January 2022, and ~~served~~ as Office Manager of ~~Home Clean Heroes for~~ HCH Local Operations ~~since~~ from July 2017 to December 2018.

***Tianah Joyner, Manager, HCH Local Operations.*** Tianah Joyner has served as Manager of HCH Local Operations since January 2022. Prior to that she was Field Supervisor and Trainer of Home Clean Heroes for Local Operations from January 2019 to January 2022, and served as Lead Cleaning Specialist for Local Operations since July 2017.

***Bridget Rawls, Vice President of Digital Marketing (BFB)***. Bridget Rawls has served as the Vice President of Digital Marketing for BFB since February 2023. Previously she served as Director of Digital Marketing from January 2019 to February 2023 and as the BFB Digital Marketing Manager since October 2016.

***Charles ("Chip") Hall, Direct Mail Program Director (BFB)***. Chip Hall has served as Direct Mail Program Director for BFB since February 2023. Previously he served as Direct Mail Program Manager for BFB from March 2018 to February 2023. Prior to joining us, Mr. Hall enjoyed a twenty-year career as Vice President of Operations and Merchandising for two different mid-size home entertainment distribution companies, one located in Virginia Beach, Virginia and the other in Baltimore, Maryland.

***Barbara Sisino, Director of Training and Onboarding (BFB)***. Barbara Sisino has served as the BFB Director of Training and Onboarding since February 2021, and previously served as the Training Program Manager from August 2019 to February 2021 and as the BFB Training Program Coordinator from August 2017 to August 2019. Prior to this, she was a Franchise Business Coach for Mosquito Joe from December 2016 to August 2017. Before joining BFB, Ms. Sisino owned and operated an independent automobile dealership for more than 10 years.

The initial training program must be successfully completed before the Franchised Business opens using our Marks. The instructors have experience relevant to the subjects covered in our initial training program. If we have any substitute trainers, they will have relevant experience in the subject matter being taught. You and/or such personnel as we may reasonably require must attend our initial training program and must complete the program to our satisfaction. You may designate, and we will approve or disapprove, additional employees to attend the initial training program. The initial training program will take place virtually and at our principal place of business.

You and/or such personnel as we may reasonably require must also attend additional courses, seminars, and training programs that we may offer from time to time. For all required initial and training courses, we will provide instructors and training materials. There is a charge of $500 per day per person for any additional training courses that you request. You and your employees will be responsible for all other expenses which they incur in connection with the courses, including the cost of transportation, lodging, meals, and wages during any training courses. You may be required to attend regional meetings and/or annual conventions. The regional meetings and annual conventions may be held at various sites across the country which we select. We do not charge for the regional meetings or the annual conventions, but you will be responsible for all expenses that you incur as a result of attending the regional meetings and the annual conventions, such as travel, lodging and entertainment. If we hold an annual convention and you do not attend, you must pay us $1,200. If you fail to attend any subsequent annual convention, we may terminate your Franchise Agreement. If you fail to attend any subsequent annual convention, we may terminate your Franchise Agreement. (Franchise Agreement, Section ~~4.1~~6.c and 6.z.)

## I. Heroes First Charitable Contribution Program

You must participate in Heroes First, our charitable contribution program. We will determine the elements of the Heroes First charitable contribution program, various fundraising opportunities, and the collection and distribution process for all funds contributed through Heroes First, as further specified in our Operations Manual. We will select the non-profit organization(s) who will receive funds collected through Heroes First.

* * *

We reserve the right to delegate any duty or obligation in this agreement to be performed by any designee, employee, or agent of ours, as we may direct.

# ITEM 12
# TERRITORY

## Franchise Agreement

Our Franchised Businesses offer high-quality cleaning services on a one-time or recurring basis, including weekly, bi-weekly, and monthly. We may, in our sole discretion, add additional lines of service that you must provide as such lines of service are added to our System in the future. You may only solicit customers located within the Territory approved by us, using marketing materials we have prescribed or approved. You may not solicit customers located outside your Territory by any means or channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing. We alone will direct marketing and advertising campaigns across multiple separately-owned Territories.

To ensure quality customer service, all customer calls must be answered by a live person. We require you to use the services of our designated National Call Center. Customer service requests handled by our National Call Center normally result in the customer being assigned to franchisees in whose Territory the customer is located. However, if the customer is located outside of your Territory, and the Territory has not been awarded to another franchise owner, we may, at our sole discretion, assign the customer service request to you. You agree that we may award a franchise to a third party for an area outside of your Territory in which you are servicing customers. In the event we do so, you will discontinue service to any customers in the area and will transfer their complete service information, without compensation, to the owner of the Territory or to us. To maintain customer service within the Metropolitan Statistical Area in which your Territory is located, you may be required to provide service to customers outside your Territory.

You will receive an exclusive territory. The location and size of the Territory granted to you, as defined in ***Schedule A*** of the Franchise Agreement, will be mutually agreed upon by you and us before the Franchise Agreement is signed. The size of a geographic area granted in a Territory will typically be determined by factors such as the total population and our then-current target household demographics for the Franchise Agreement. Any change will require our prior written consent. Your Territory will contain up to 40,000 targeted households, typically single-family homes with annual household income over $100,000. The dwelling type and annual income

threshold may vary depending on your geographic region and community type (i.e., suburban, urban). Your specific Targeted Households are defined in your Franchise Agreement. We rely on a third-party source to supply us with data to determine the number of Targeted Households in a Territory. While we believe the data to be accurate within an acceptable margin of error, there is no way to know the actual number of Targeted Households.

Additionally, in ***Schedule A*** is the initial number of Targeted Households located within the Territory. The geographic area granted in a Territory will typically be defined by Zip Code(s) which will encompass an area of which will vary widely in population based on the demographics. We may, in our sole discretion, permit you to add Purchased Zip Codes to your Territory at a cost of $1.00 per Targeted Household in the Purchased Zip Code. Since the Purchased Zip Code will become part of your Territory, you must include all Targeted Households within the Purchased Zip Code in the Mailer Program in which you are required to participate. No other franchisee may directly solicit customers in your Territory. We may sell franchises or locate company or affiliate owned businesses in any Territory other than your Territory, but we will not grant any other franchises to be located within your Territory, nor will we (or our affiliates) locate any outlet within your territory. We may sell any territory other than your Territory to other franchisees or locate company and/or affiliate owned businesses in such territories. Continuation of this territorial exclusivity does not depend on your achieving any certain sales volume, market penetration or other contingency.

We use certain demographic mapping software to determine the number of Targeted Households within your Territory and we use a separate third-party provider to purchase the names of the Targeted Households in your Territory. As a result, there may be a variance in count between the two data sets. For purposes of your defined Territory, our calculation of Targeted Households based on the mapping software is conclusive. However, for the Mailer Program and other Services we require, you are only required to mail to the Targeted Households as they are defined in your Franchise Agreement.

We may sell any territory other than your Territory to other franchisees in your same line of service and/or locate company or affiliate owned businesses in such territories. We do not grant you any options, first rights of refusal or similar rights to acquire any additional franchises. Although Home Clean Heroes and/or its affiliates have no current plans to do so, we may in the future establish another channel of distribution, including the Internet, within your Territory and under our Marks or other trademarks, which provides goods and/or services similar to those provided by Home Clean Heroes franchisees. We are not required to pay any compensation to you for soliciting or accepting requests for services within your Territory.

If we enter into a service agreement with a national/regional customer, secured by us, another franchisee or others with sites in your Territory, for which you provide service, you must pay ten percent (10%) to us on collected monies from these agreements for their term and on any future renewal periods. Upon payment by the customer, we remit ninety percent (90%) to you weekly, less Royalty and Service Fees and Marketing Fees owed by you on that bill. You have the right to refuse to service any national/regional customer under a service agreement. But, in the event that you refuse to service a national/regional customer under the terms of that service

agreement, we may provide service to such national/regional customer through another franchisee and/or through an affiliate, without any compensation to you.

We retain all rights not specifically granted to you, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of "Home Clean Heroes" Franchised Businesses at any location outside your Territory, regardless of proximity to your Territory; (ii) to acquire (or be acquired by) and operate businesses of any kind at any location within or outside of your Territory that do not operate under the Marks; (iii) to use and license others to use the System or the Marks at any location within or outside of your Territory other than for the operation of a "Home Clean Heroes" Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of your Territory, which franchised businesses are the same as, similar to, or different from the franchised businesses, all on terms and conditions as we deem advisable, and without granting you any rights therein.

We reserve all rights to the Internet utilizing our Marks.

Within your Territory, you may offer services to any individual or business based on the criteria in our Operations Manual and/or Sales Manual. Continuation of your rights to be a franchisee does not depend upon your achievement of a certain sales volume, market penetration or other similar contingency. We may not alter your Territory without your consent.

**Area Development Agreement**

You will receive an exclusive Development Area based on the number of franchises to be developed. If you sign an Area Development Agreement, we will agree on a Development Area and a Development Schedule. The Schedule will identify the number of franchises to be developed and the minimum development rate. When you sign the Area Development Agreement, we will determine the boundaries of the Territories for each of your Franchised Businesses at that time in accordance with our standards then in effect. The size of each Territory within your Development Area is determined in the same manner as described above. We will approve or disapprove of your location for each Territory using our then-current standards.

Continuation of your territorial rights does not depend on your achievement of certain sales volume, market penetration or other similar contingencies. We may not alter your Development Area without your prior written consent.

If you fail to satisfy the Development Schedule, we may terminate your future development rights within the Development Area. However, termination of your Area Development Agreement will not terminate Franchise Agreements you have already signed.

We do not grant you any options, first rights of refusal or other similar rights to (i) acquire any additional development areas, or (ii) acquire any additional franchises.

We retain all rights not specifically granted to you, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of "Home Clean Heroes" Franchised Businesses at any location outside the Development Area, regardless of proximity to

your Development Area; (ii) to acquire (or be acquired by) and operate businesses of any kind at any location within or outside of the Development Area that do not operate under the Marks; (iii) to use and license others to use the System and/or the Marks at any location within or outside of the Development Area other than for the operation of a "Home Clean Heroes" Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of franchised businesses at any location within or outside of the Development Area, which franchised businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as Franchisor deems advisable, and without granting Area Developer any rights therein. We have no obligation under the Area Development Agreement to compensate you for soliciting and/or conducting business within the Development Area.

## ITEM 13
## TRADEMARKS

The Franchise Agreement will allow you to use the Marks for your Franchised Business. Our affiliate, BFB IP, owns the Marks and has a federal registration on the Principal Register of the U.S. Patent and Trademark Office for the following principal marks:

| Mark | Registration No. | Registration Date |
|---|---|---|
| HOME CLEAN HEROES | 5,424,969 | 3/13/2018 |
| HOME CLEAN HEROES and Design | 5,424,970 | 3/13/2018 |
| Every home needs a hero. | 5,424,972 | 3/23/2018 |
| Service is our superpower. | 5,449,832 | 4/17/2018 |
| Super clean. Super easy. | 5,429,775 | 3/20/2018 |
| ~~Here to save your day.~~ | ~~5,429,776~~ | ~~3/20/2018~~ |
| We'll save you from cleaning. | 5,429,777 | 3/20/2018 |
| Share the Shine | 5,569,568 | 9/25/2018 |
| Every Friend Needs A Hero | 5,569,569 | 9/25//2018 |
| Save your cash while we save your day. | 5,599,471 | 11/6/2018 |

BFB IP intends to file all necessary affidavits of use and renewal applications when they become due.

We license the rights to use the Marks from BFB IP, and to allow you to use the Marks. BFB IP has granted to us a perpetual, worldwide license to grant franchisees the right to use the Marks in connection with the System. BFB IP may terminate the license agreement if we become insolvent, make an assignment for the benefit of our creditors, cease doing business, sell our assets or experience a change of control. If the license agreement is terminated, we have the right to continue to allow our franchisees to use the Marks.

Except for the license agreement described above, we are not a party to any agreement that significantly limits our right to use or license the Marks in any manner material to the System.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court. There are no other pending infringements, opposition, or cancellation proceedings or material litigation, involving any of the above Marks.

We do not know of any infringing uses that could materially affect your use of the Marks in this state or elsewhere.

You must follow our rules and regulations with respect to the use of the Marks. You cannot use any of the Marks or any other marks, names, or indicia of origin that are or may be confusingly similar to the Principal Marks as part of a corporate name or other legal name.

You must promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs.

We reserve the right to substitute different marks for use in identifying the System and the businesses operating under it if we, in our sole discretion, determine that substitution of different marks as Marks will be beneficial to the System. You must comply with such change, revision, or substitution and bear all expenses associated with them.

## ITEM 14
## PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents. We do not own any right in or to any patents that are material to the franchise.

Copyrights. We claim common law copyright protection covering various materials used in our business and the development and operation of the Franchised Business, including the Manual, advertising and promotional materials, and training materials. We have not registered these materials with the United States Registrar of Copyrights, and we are not required to do so.

There are currently no effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or

to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Operations Manual and Sales Manual. We will provide you a copy in digital or hard copy format of the Operations Manual and Sales Manual on loan for the term of the Franchise Agreement. The Operations Manual and the Sales Manual is described more fully in Item 11. You must treat the Operations Manual, Sales Manual any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in them, as confidential, and must use commercially reasonable efforts to maintain this information as secret and confidential. You must not reproduce these materials or otherwise make them available to any unauthorized person. The Operations Manual and the Sales Manual will remain our sole property and you must keep it in a secure place.

We may revise the contents of the Operations Manual and Sales Manual, and you must comply with each new or changed standard. You must ensure that the Operations Manual and Sales Manual are kept current at all times at your expense. If there is a dispute as to the contents of the Operations Manual or Sales Manual, the terms of the master copy which we maintain at our home office will control.

Confidential Information. You acknowledge that the Operations Manual, Sales Manual and other confidential information, knowledge, and know-how concerning us and the System are and shall remain our trade secrets. You must not, during or after the term of the Franchise Agreement, divulge or use for the benefit of anyone else any confidential information, knowledge, or know-how concerning us and the System and the methods of operation of the Franchised Business. You may divulge any information which you can demonstrate came to your attention prior to our disclosure or which has become a part of the public domain. Any and all information, knowledge, and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

At our request, you must require your Designated Manager and any personnel having access to any confidential information to sign covenants that they will maintain the confidentiality of information they receive during their employment at the Franchised Business. These covenants must be in a form we find satisfactory, and specifically identify us as a third party beneficiary of these covenants with the independent right to enforce them.

Customer and Account Information. You acknowledge that we own all customer files, records and account information.

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

You are required to use your best efforts to successfully operate and grow your Franchised Business. You must provide franchise services under your direct supervision and control or under the direct supervision and control of a Designated Manager who we have approved, and not later disapproved. We will not approve a Designated Manager before the Designated Manager successfully completes our Initial Training and any certification or licensing programs required. The Designated Manager must have a relevant, qualifying background, but need not have any equity interest in the Franchised Business.

You must comply with all federal, state and local laws and regulations, including all laws and regulations relating to federal, state and local taxes. You must secure all necessary permits, certificates, licenses and consents to operate your Franchised Business.

We also may require the Designated Manager, principals, and employees to enter into an agreement not to compete with businesses under the System while you employ them and for 1 year after you cease to employ them, and an agreement not to reveal confidential information obtained in the course of their employment with you.

All of your principals are required to sign a personal guaranty. Your spouse (if not a principal) is not required to sign a personal guaranty.

## ITEM 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

**Franchise Agreement**

You must use the Franchised Business vehicle solely to operate the Franchised Business. You must keep the Franchised Business open and in normal operation for the minimum hours and days we specify in the Operations Manual. You must not use the vehicle for any other purpose or activity without first obtaining our written consent.

**Products and Services.** For the duration of your franchise, you are restricted from offering products or services other than the franchise products and services defined in the Operations Manual or elsewhere, unless you receive our prior written consent. You must offer all the products and services we prescribe in the Operations Manual or elsewhere, and those products and services are subject to change. There are no limits on our ability to make changes to the types of products and services we authorize you to offer, sell and/or use. You must not sell any other kind of service or product, or use any other chemicals, cleaning solutions or equipment, without first obtaining our written consent. You must discontinue selling or offering for sale any products, or services that we, in our sole discretion, disapprove in writing at any time. You may determine the prices of all services and products you offer and sell to your customers, but we may set maximum and minimum prices that may be charged based upon an analysis of the market and to facilitate advertising and competitive strategies.

You must comply with all requirements if we supplement, improve, or modify the System, including offering and selling new or different services and products, or using new or different chemicals, solutions or equipment, that we specify. You are not to operate any business other than the Franchised Business without our prior written approval. We have the right to change the types of authorized products and services, and there are no limits on our right to make changes. You must operate according to the Operations Manual.

**Customer Service.** You must honor our customer service policies, including promotions, customer loyalty feedback programs, referral programs, and warranties and satisfaction guarantees, as stated in the Franchise Agreement and the Operations Manual.

For a description of your restrictions on some purchases, see Item 8 of this disclosure document.

Except as described above, neither the Franchise Agreement nor any other practice restricts the goods or services which you may offer, or the customers you may solicit from the location of your Franchised Business.

**Area Development Agreement**

The Area Development Agreement does not contain provisions restricting the products or services you may offer. However, with respect to each Franchised Business developed under the Area Development Agreement, you will be subject to the restrictions on products and services contained in our then-current Franchise Agreement. The restrictions in our current Franchise Agreement are described above.

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

### THE FRANCHISE RELATIONSHIP AND THE AREA DEVELOPMENT RELATIONSHIP

**This table list important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this franchise disclosure document.**

| Provision | Section in Franchise Agreement ("FA") | Section in Area Development Agreement ("ADA") | Summary |
|---|---|---|---|
| a. Term of the franchise | Section 2 | Section 4 | FA: 10 years. |

| Provision | Section in Franchise Agreement ("FA") | Section in Area Development Agreement ("ADA") | Summary |
|---|---|---|---|
| | | | ADA: Date upon which Area Developer has opened and in operation all of the Franchised Businesses set forth in the Development Schedule. |
| b. Renewal or extension of the term | Section 2 | None | FA: You may renew for two 5-year renewal terms, if you meet our conditions.<br>ADA: None |
| c. Requirements for you to renew or extend | Section 2 | None | FA: You may renew if you give us notice of your intent to renew, modernize the Franchised Business to reflect the System standards in effect at the time, are not in default, have paid all your monetary obligations, sign our then-current Franchise Agreement, sign a release of claims against us, meet our qualification and training requirements in effect at the time, and pay us a renewal fee. When renewing, you may be asked to sign a contract with materially different terms and conditions than your original contract.<br>ADA: None |
| d. Termination by you | None | None | You may terminate by not renewing. |
| e. Termination by us without cause | None | None | Not Applicable |
| f. Termination by us with cause | Section 8 | Section 6 | FA: We may terminate only if you default.<br>ADA: We may terminate if you default under the Area Development Agreement or any Franchise Agreement. A default under the Area Development Agreement will not be deemed a default under the Franchise Agreement. |

| Provision | Section in Franchise Agreement ("FA") | Section in Area Development Agreement ("ADA") | Summary |
|---|---|---|---|
| g. "Cause" defined - defaults which can be cured | Section 8(c) | Section 6 | FA: Failure to permit inspection; failure to maintain the standards dictated by us; failure to comply with the material terms of any agreement; the sale of unauthorized products, chemicals or services; failure to maintain insurance and licenses; receipt of unreported revenue; and others.<br>ADA: 30 days to satisfy a final judgment; 30 days to dismiss a suit to foreclose any lien or mortgage against the premises or any equipment of the Franchised Business; 15 days to remedy certain material breaches that are not otherwise curable. A default under the Area Development Agreement will not be deemed a default under the Franchise Agreement. |
| h. "Cause" defined - defaults which cannot be cured | Section 8(b) | Section 6 | FA: Bankruptcy or insolvency; conviction or allegation of certain crimes; abandonment; attempting to execute an unauthorized transfer; failure to begin operations and pay required Mailer Program Fees within 30 days of the Scheduled Opening Date in Schedule A of Franchise Agreement; failure to pay Mailer Program Fees when due in any subsequent year; failure to pay SEO or other digital or marketing fees; or add additional lines of service within 90 days of written notice; failure to maintain required hours of operation; unreported revenue; marketing outside your Territory without prior approval; misuse of the Marks; three or more breaches within 12 months; failure to attend 2 annual conventions; and others as may apply.<br>ADA: Bankruptcy or insolvency, execution against Area Developer's business or property; real or personal property is sold after levy; Area Developer fails to meet the Development Schedule. A default under the Area Development |

| Provision | Section in Franchise Agreement ("FA") | Section in Area Development Agreement ("ADA") | Summary |
|---|---|---|---|
| | | | Agreement will not be deemed a default under the Franchise Agreement. |
| i. Your obligations on termination/non-renewal | Section 9 | Section 8 | FA: Cessation of operations and use of Marks and information; assignment of lease; modification of premises; transfer of certain items; payment of monies due; compliance with post-term covenants; return of all customer and account information; assignment of lease; and others as may apply.<br>ADA: Compliance with post-termination covenant not to compete. |
| j. Assignment of contract by us | Section 13 | Section 7 | FA: No restriction on our right to assign.<br>ADA: No restriction on our right to assign. |
| k. "Transfer" by you – definition | Section 13 | Section 7 | FA: Transfer of rights or obligations under the Franchise Agreement or of the assets or ownership of franchisee.<br>ADA: Transfer of rights or obligations under the Area Development Agreement of the assets or ownership of Area Developer. |
| l. Our approval of transfer by you | Section 13 | Section 7 | FA: We have the right to approve transfers but will not unreasonably withhold consent if certain conditions are satisfied.<br>ADA: We have the right to approve transfers but will not unreasonably withhold consent if certain conditions are satisfied. |
| m. Conditions for our approval of transfer | Sections 13.b., f., g., h., i., and j. | Section 7 | FA: Satisfaction of financial obligations; good standing; execution of a general release; payment of transfer fee; written assignment of obligations; qualified new franchisee; refurbishing of the Franchised Business; transferee's completion of training programs; warranty reserve; execution |

| Provision | Section in Franchise Agreement ("FA") | Section in Area Development Agreement ("ADA") | Summary |
|---|---|---|---|
| | | | of concurrent agreements; and others as may apply.<br>ADA: Qualified transferee; transferee's completion of training programs; transferee's execution of required agreements and assumption of obligations; execution of release; payment of transfer fee. |
| n. Our right of first refusal to acquire your business | ~~Sections~~ Section 13.c. | Section 7 | FA: We have the right to purchase the Franchised Business before transfer.<br>ADA: We have the right to purchase all of the interest being transferred. |
| o. Our option to purchase your business | None | None | Not Applicable |
| p. Your death or disability | Section 12 | None | FA: Executor or representative has 6 months to arrange for a transfer, or 6 months to dispose of decedent interest in Franchised Business. Upon death and until appointment of Designated Manager we may operate your Franchised Business or assign another franchisee to service your customers.<br>ADA: None. |
| q. Non-competition covenants during the term of the franchise | Section 10 | Section 8 | FA: You will not attempt to divert any business to a similar business, nor will you have any interest in any other competing business, without our prior written consent. You will not franchise or license any concept or system, whether or not in a competing business or dissimilar business during the term. You will not solicit our existing franchisees for any other system or party. You will not use any of our account or customer information for any purpose or in any context unrelated to your Franchised Business. |

| Provision | Section in Franchise Agreement ("FA") | Section in Area Development Agreement ("ADA") | Summary |
|---|---|---|---|
| | | | ADA: You will not have any interest in any other competing business without our prior written consent. |
| r. Non-competition covenants after the franchise is terminated or expires | Section 9 and 10 | Section 8 | FA: No competition for a period of 2 years following the termination or expiration of the Franchise Agreement within 15 miles of your Territory or the territory of any other Home Clean Heroes franchisees or our affiliate-owned business.<br>ADA: No competition for a period of 2 years following a permitted transfer or expiration or termination of the Area Development Agreement within the Development Area or a 15-mile radius of the territories of any other Home Clean Heroes franchisees or our affiliate-owned business. |
| s. Modification of the agreement | Section 16 | Section 13 | FA: No modifications except to the Operations Manual or Sales Manual. Revisions to the Operations Manual or Sales Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement unless mutually agreed to and in writing.<br>ADA: No modifications except by written agreement signed by both parties. |
| t. Integration/ merger clause | Section 20 | Section 13 | FA: Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable.<br>ADA: Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and area development agreement may not be enforceable. |

| Provision | Section in Franchise Agreement ("FA") | Section in Area Development Agreement ("ADA") | Summary |
|---|---|---|---|
| | | | Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute resolution by arbitration or mediation | ~~None~~ Section 15.b | None | ~~Not Applicable~~FA: Mediation in Virginia Beach, VA<br>ADA: None |
| v. Choice of forum | Section 15 | Section 16 | FA: Court of proper jurisdiction in the Commonwealth of Virginia (subject to applicable state law).<br>ADA: Court of proper jurisdiction in the Commonwealth of Virginia (subject to applicable state law). |
| w. Choice of law | Section 15 | Section 16 | FA: The Commonwealth of Virginia (subject to applicable state law).<br>ADA: The Commonwealth of Virginia (subject to applicable state law). |

## ITEM 18
## PUBLIC FIGURES

As of the date of this disclosure document, we do not use any public figures to promote our franchise.

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

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

(2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

**The Home Clean Heroes Business Model**

Home Clean Heroes provides two types of residential cleaning services, recurring and one-time. "Recurring ~~Cleans~~Services" are performed for customers requesting ongoing service on a weekly, bi-weekly or monthly basis. The first service of a recurring service plan is called the "Initial Clean." "One-time ~~Cleans~~Services" are performed upon request by customers who are moving in or out of a home, or who just desire an individual service with no recurrence. Our cleaning teams most often work in teams of two cleaning specialists, with one of those being designated the "~~Lead~~lead" for that team. Daily routes consist of a varying number of homes determined by the amount of time it will take to clean each home. Prices are established on a per-home basis and are determined by each franchisee at the point of sale. No contract is required for recurring service plans.

This Financial Performance Representation includes detailed information for the following:

1. **Home Clean Heroes Local Operations, LLC**. Our affiliate, HCH Local Operations, has been in operation since May 2017. The information includes the following ~~Key Financial Metrics~~key financial metrics for HCH Local Operations during calendar year 2023:

   **Table 1** – Income Statement~~for Calendar Year 2022~~
   **Table 2** – ~~Local Operations~~ Revenue, Customer and Service Performance
   **Table 3** – ~~Key~~ Sales Metrics
   **Table 4** – ~~Key~~ Operational Metrics

2. **Home Clean Heroes Franchising, LLC**. We began offering franchises on May 1, 2018. As of December 31, ~~2022, we had 10 Franchisees operating 12~~ 2023, we had 24 franchisees who signed franchise agreements or area development agreements for a total of 45 Franchised Businesses. As of December 31, 2023, 17 of these 45 Franchised Businesses were open, with 6 of them operational for 12 or more months. Detailed information for these 6 Franchised Businesses is provided below.

   **Table 5** – ~~Systemwide Revenue, Customer and Service Performance~~ Business Metrics
   **Table 6** – ~~Key~~ Sales Metrics
   **Table 7** – ~~Key~~ Operational Metrics

**HCH Local Operations**

HCH Local Operations began providing services in the cities of Chesapeake, Norfolk and Virginia Beach, Virginia, in May 2017. Since it began operations, the Home Clean Heroes model has been adjusted periodically to respond and adapt to market challenges and opportunities.



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Although HCH Local Operations serviced the cities of Chesapeake, Norfolk and Virginia Beach, its focus in its first year was largely on Virginia Beach, the territory known as VA-001, which consists of 40,957 targeted households across 7 zip codes. In 2018, HCH Local Operations fully expanded its efforts in Chesapeake and Norfolk, the territory known as VA-002, which consists of 34,899 targeted households in 19 zip codes. Calendar year ~~2022~~ 2023 represents the ~~fifth~~ sixth full year of operation for HCH Local Operations.

**TABLE 1 ~~–~~ – INCOME STATEMENT ~~FOR JANUARY 1 THROUGH DECEMBER 31, 2022~~**

The Income Statement below illustrates the revenue, cost of goods sold, and disclosed expenses associated with HCH Local Operations for ~~Calendar Year 2022~~the period from January 1 through December 31, 2023.

In ~~2022~~2023, HCH Local Operations generated $~~1,253,340~~ 1,355,599 in Total Revenue which resulted in $~~689,126~~ 704,353 in Gross ~~Revenue~~ Profit corresponding to a ~~55~~52% Gross Margin. Total Itemized Expenses of $~~463,196~~ 430,718 represented ~~37~~32% of Total ~~Profit~~ Revenue and provided an Operating Cash Flow of $~~225,930~~ 273,635 or an Operating Cash Flow Margin of ~~18~~20%, before ~~undisclosed~~ non-disclosed expenses as described in the notes below.

**Home Clean Heroes Local Operations, LLC**
**~~Entity~~ Income Statement[1]**
**January 1-December 31, ~~2022~~2023**

| | ~~Calendar Year 2022~~ Total | ~~Ratio~~Percent of Total Revenue |
|---|---|---|
| **Total Revenue**[2] | ~~$ 1,253,340~~ $ 1,355,599 | |
| **Cost of Goods Sold** | | |
| Technician Labor[3] | ~~$ 560,685~~ $ 611,103 | ~~44.7~~45.1% |
| Materials Costs[4] | $ ~~3,529~~ 3,518 | 0.3% |
| **Total Cost of Goods Sold** | ~~$ 564,214~~ $ 651,246 | ~~45.0~~48.0% |
| **Gross Profit ($)** | ~~$ 689,126~~ **$ 704,353** | |
| **Gross Margin** | ~~55%~~ | **~~52.0%~~** |
| **Itemized Expenses** | | |

| | | |
|---|---|---|
| Royalty and Service Fee [5] | ~~$ 75,200~~ $ 81,336 | 6.0% |
| Marketing Fee | ~~$ 25,067~~ $ 27,112 | 2.0% |
| Advertising - Consumer | ~~$ 105,041~~ $ 75,126 | ~~8.4~~5.5% |
| Automobile Expense | ~~$ 79,276~~ $ 65,327 | ~~6.3~~4.8% |
| Fuel Expense | ~~$ 20,593~~ $ 15,187 | ~~1.6~~1.1% |
| ~~–~~Credit Card Fees | ~~$ 26,414~~ $ 34,999 | ~~2.1~~2.6% |
| Insurance Expense | ~~$ 34,707~~ $ 28,912 | ~~2.8~~2.1% |
| Charitable Contributions[6] | $ ~~4,400~~ 6,072 | 0.4% |
| Field Supplies and Safety Gear | ~~$ 27,922~~ $ 27,612 | ~~2.2~~2.0% |
| Repairs and Maintenance | $ ~~732~~ 4,727 | ~~0.1~~0.3% |
| Office Supplies | $ ~~1,600~~ 1,235 | 0.1% |
| ~~Computer and Internet Expenses~~ | ~~$ 4,051~~ | ~~0.3%~~ |
| Integrated Business System Fees | $ ~~3,800~~ 4,740 | 0.3% |
| Call Center Costs | $ ~~9,393~~ 11,807 | ~~0.7~~0.9% |
| Professional Fees | ~~–~~ $ 5,833 | 0.4% |
| Wages and Benefits[7] | $ 40,693 | 3.0% |
| | | |
| ~~Total~~ **Itemized ~~Expenses~~[7]Expenses**[8] | ~~$ 418,196~~ $ 430,718 | ~~33.4~~31.8% |
| **Operating Cash Flow Before ~~Non-~~ Non-Disclosed Expenses** | ~~$ 270,930~~ **$ 273,635** | |
| ***Operating Cash Flow Margin*** | ~~*21.6%*~~ | ~~**20.2%**~~ |

**Notes for Table 1:**

1. The information set forth in the Income Statement summarizes the combined financial performance for HCH Local Operations' two territories, VA-001 and VA-002, ~~based on itemized expenses~~ from January 1, ~~2022,~~ 2023 through December 31, ~~2022~~2023.

2. "Total Revenue" means the revenue invoiced for ~~initial cleaning services, recurring customer services and one-time cleans.~~ Initial Cleans, Recurring Services and One-time Services.



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3. "Technician Labor" includes all costs (wages, taxes, etc.) for the cleaning specialists that performed the services. For ~~2022~~ 2023, these employees were paid a wage between $~~12.50-18.50~~ 11.00-19.50 per hour, with an average wage paid equal to $~~15.34~~ 15.31 per hour. The median wage paid was $15.00 per hour.

4. "Materials Costs" includes the actual cost of cleaning products and consumables required to complete the total services for the year.

5. HCH Local Operations did not pay us any royalty fees during ~~2022~~2023. We supplemented HCH Local Operations' Income Statements by including ~~entries~~ an entry for a "Royalty and Service Fee" of 6% that you will have to pay. You will be required to pay to us, our affiliates or our designated suppliers all of the fees described in this disclosure document. Other than the Royalty and Service Fee, HCH Local Operations incurs the same costs for these items as our franchisees will incur.

6. As part of our "Heroes First" Charitable Contribution initiative, you will be required to contribute $0.50 from each ~~recurring and one-time clean~~ Recurring Service and One-time Service to us. We will match your contribution and remit the total donation monthly to our national partner, First Responders Children's Foundation.

7. HCH Local Operations employs a field supervisor whose primary role is performing quality service inspections and managing technicians in the field. These non-revenue-generating wages are listed as an Operating Expense.

8. ~~7.~~ The above information is stated as Operating Cash Flow Before Non-Itemized Disclosed Expenses. Non-itemized expenses may include but are not limited to (a) rent and utilities should you decide to operate the business from a commercial location, (b) professional expenses such as accounting services should you decide to outsource this function, and (c) discretionary expenses such as office supplies, meals and entertainment, professional dues/subscriptions or charitable contributions to such organizations as Cleaning For A Reason™.

**TABLE 2 – ~~2022 HCH LOCAL OPERATIONS~~ REVENUE, CUSTOMER AND SERVICE ~~METRICS~~[1,2] METRICS [1,2,3]**

| - | ~~HCH LOCAL OPERATIONS TERRITORY PERFORMANCE~~ | | | | | |
|---|---|---|---|---|---|---|
| | ~~2022 Average~~ | ~~2022 Median~~ | ~~2022 High~~ | ~~2022 Low~~ | ~~2021 Average~~ | ~~YoY Growth~~ |
| ~~Total Revenue~~ | ~~$620,365~~ | ~~$620,365~~ | ~~$804,132~~ | ~~$436,599~~ | ~~$493,571~~ | ~~26%~~ |
| ~~Recurring Revenue Only~~ | ~~$583,051~~ | ~~$583,051~~ | ~~$751,685~~ | ~~$414,416~~ | ~~$438,654~~ | ~~28%~~ |

| | | | | | | |
|---|---|---|---|---|---|---|
| ~~Total Customers Served~~ | ~~435~~ | ~~435~~ | ~~580~~ | ~~289~~ | ~~407~~ | ~~7%~~ |
| ~~Recurring Customers Served~~ | ~~345~~ | ~~345~~ | ~~451~~ | ~~238~~ | ~~299~~ | ~~15%~~ |
| ~~Total Service Performed~~ | ~~3,599~~ | ~~3,599~~ | ~~4,698~~ | ~~2,500~~ | ~~3,154~~ | ~~14%~~ |
| ~~Recurring Services Performed~~ | ~~3,477~~ | ~~3,477~~ | ~~4,517~~ | ~~2,437~~ | ~~3,001~~ | ~~16%~~ |

| Total Revenue by Territory | | | |
|---|---|---|---|
| | 2022 | 2023 | YoY Growth Rate (%) |
| VA-001 | $ 801,346 | $ 858,293 | 7% |
| VA-002 | $ 431,552 | $ 479,608 | 11% |
| Entity | $ 1,232,898 | $ 1,337,901 | 9% |

| Recurring Service Revenue by Territory | | | |
|---|---|---|---|
| | 2022 | 2023 | YoY Growth Rate (%) |
| VA-001 | $ 748,039 | $ 804,313 | 8% |
| VA-002 | $ 409,369 | $ 459,835 | 12% |
| Entity | $ 1,157,408 | $ 1,264,148 | 9% |

| Total Customer Count by Territory | | | |
|---|---|---|---|
| | 2022 | 2023 | YoY Growth Rate (%) |
| VA-001 | 574 | 524 | -9% |
| VA-002 | 284 | 261 | -8% |
| Entity | 858 | 785 | -9% |

| Recurring Customer Count by Territory | | | |
|---|---|---|---|
| | 2022 | 2023 | YoY Growth Rate (%) |

| | | | |
|---|---|---|---|
| VA-001 | 410 | 384 | -6% |
| VA-002 | 306 | 301 | -2% |
| Entity | 716 | 685 | -4% |

| Total Services by Territory | | | |
|---|---|---|---|
| | 2022 | 2023 | YoY Growth Rate (%) |
| VA-001 | 4,665 | 4,667 | 0% |
| VA-002 | 2,462 | 2,642 | 7% |
| Entity | 7,127 | 7,309 | 3% |

| Recurring Services by Territory | | | |
|---|---|---|---|
| | 2022 | 2023 | YoY Growth Rate (%) |
| VA-001 | 4,483 | 4,486 | 0% |
| VA-002 | 2,394 | 2,572 | 7% |
| Entity | 6,877 | 7,058 | 3% |

**Notes for Table 2:**

~~1. This data represents the combined performance of the two territories operated by HCH Local Operation.~~

1. This table provides performance for calendar years 2022 and 2023, for each territory operated by HCH Local Operations and for HCH Local Operations as a whole, which is referred to as "Entity."
2. The growth rate represents the change in territory performance ~~in~~ for revenue, customers and services, respectively, for calendar years ~~2021 and~~ 2022 and 2023.
3. Revenue, customers and services located in ZIP Codes not assigned to either the VA-001 territory or the VA-002 territory are included in the table and allocated equally across both territories.

**TABLE 3 – ~~KEY~~ SALES METRICS [1]**

| ~~HCH LOCAL OPERATIONS KEY SALES METRICS JANUARY 1-DECEMBER 31, 2022~~ | |
|---|---|
| ~~Key~~ Sales Metric | ~~HCH Local Operations (Combined Territories)~~ Entity Performance |



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| | |
|---|---|
| Leads received requesting proposal for new ~~service[1]~~service[2] | ~~1,270~~1,089 |
| New customers served for the first ~~time[2]~~time[3] | ~~479~~373 |
| Cost ~~Per Lead Acquired~~per lead acquired | $~~94~~ 62 |
| Percentage of leads that became customers | ~~38~~34% |
| Number of in-home estimates completed for prospective recurring ~~customers[3]~~customers[4] | ~~457~~353 |
| Prospects receiving in-home estimates that became recurring customers | ~~293~~212 |
| Percentage of recurring prospects that became recurring customers | ~~64~~60% |

**Notes for Table 3:**

1. This data represents the combined performance of the two territories operated by HCH Local ~~Operation~~Operations.
2. Leads are requests for service proposals received from prospective customers between January 1, ~~2022~~ 2023 and December 31, ~~2022~~2023.
3. New customers served are any new customer served and invoiced during the same period.
4. Recurring customers are those customers who receive regular weekly, bi-weekly, or monthly services during the measured period. All recurring customers receive an in-home estimate for service price.

**TABLE 4 – ~~KEY~~ OPERATIONAL ~~METRICS[1]~~METRICS [1]**

| ~~HCH LOCAL OPERATIONS KEY OPERATIONAL METRICS JANUARY 1-DECEMBER 31, 2022~~ | |
|---|---|
| **~~Key~~ Operational Metric** | **~~HCH Local Operations (Combined Territories)~~Entity Performance** |
| Total services completed[2] | ~~7,198~~7,299 |
| Total services completed for recurring customers | ~~6,954~~6,849 |
| Percent of total services completed that were ~~recurring services~~Recurring Services | ~~97~~94% |
| Number of unique recurring customers served | ~~631~~594 |
| Average number of services per month provided to each recurring customer[3] | ~~1.6~~1.7 |
| Average revenue per ~~one-time service~~ One-time Service provided[4] | $~~313~~ 316 |



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| | |
|---|---|
| Average revenue per ~~recurring service~~ Recurring Service provided[5] | $~~166~~176 |
| Percent of total revenue from ~~recurring services~~Recurring Services | ~~92~~97% |
| Average daily revenue generated by each team[6] | $~~696~~728 |

**Notes for Table 4:**

1. This data represents the combined performance of the two territories operated by HCH Local ~~Operation~~Operations.
2. Services include ~~recurring services and one-time services~~Recurring Services and One-time Services.
3. HCH Local Operations ~~saw a high of 5, a low of 1 and~~ had a median of 1 ~~services~~ service per recurring customer per month.
4. HCH Local Operations ~~saw~~ invoiced a high of ~~high of~~ $~~700~~750, a low of $50 and a median of $~~360 revenue~~ 350 per one-time service.
5. HCH Local Operations ~~saw~~ invoiced a high of ~~high of~~ $~~680~~650, a low of $~~45~~ 60 and a median of $~~161 revenue~~ 170 per recurring service.
6. HCH Local Operations ~~saw~~ invoiced a high of $~~951~~1,425, a low of $~~157~~ 70 and a median of $~~653 daily revenue~~ 713 per team per single day.

* * *

**Home Clean Heroes Franchising, LLC**

~~As of December 31, 2022, we had recruited 13 unique franchise locations that have signed franchise agreements for a total of 32 territories.~~

~~Ten of those franchise locations were open and operating for at least 6 months in calendar year 2022, and~~ As of December 31, 2023, we had six Franchised Businesses which were open and operating for 12 months or longer. Tables 5, 6 and 7 contain information for ~~those franchisees. Franchisees not in operation for at least 6 months have been excluded~~these Franchised Businesses.



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**TABLE 5 – ~~SYSTEMWIDE REVENUE, CUSTOMER AND SERVICE METRICS[1,2,3,4]~~ BUSINESS METRICS[1,2,3]**

| TOTAL REVENUE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | # of Territories | 2022 Average | # Above Average (%) | 2022 Median | 2022 High | 2022 Low | 2021 Average | YoY Growth |
| Class of 2020 | 1 | $561,684 | 0 | $561,684 | $561,684 | $561,684 | $438,654 | 28% |
| Class of 2021 | 5 | $185,541 | 2 | $172,006 | $350,048 | $64,434 | $ 86,198 | 115% |
| Class of 2022 | 4 | $122,824 | 1 | $120,169 | $173,207 | $77,751 | N/A | N/A |
| | | | | | | | | |
| **RECURRING REVENUE ONLY** | | | | | | | | |
| | # of Territories | 2022 Average | # Above Average (%) | 2022 Median | 2022 High | 2022 Low | 2021 Average | YoY Growth |
| Class of 2020 | 1 | $489,954 | 0 | $489,954 | $489,954 | $489,954 | $356,129 | 38% |
| Class of 2021 | 5 | $163,097 | 2 | $147,800 | $296,528 | $64,434 | $ 53,436 | 120% |
| Class of 2022 | 4 | $108,441 | 2 | $106,502 | $148,878 | $71,884 | N/A | N/A |

| TOTAL CUSTOMERS SERVED | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | # of Territories | 2022 Average | # Above Average (%) | 2022 Median | 2022 High | 2022 Low | 2021 Average | YoY Growth |
| Class of 2020 | 1 | 517 | 0 | 517 | 517 | 517 | 582 | -11% |
| Class of 2021 | 5 | 203 | 3 | 211 | 386 | 44 | 120 | 60% |
| Class of 2022 | 4 | 138 | 2 | 146 | 170 | 91 | N/A | N/A |
| | | | | | | | | |
| **RECURRING CUSTOMERS SERVED** | | | | | | | | |
| | # of Territories | 2022 Average | # Above Average (%) | 2022 Median | 2022 High | 2022 Low | 2021 Average | YoY Growth |
| Class of 2020 | 1 | 336 | 0 | 336 | 336 | 336 | 345 | -3% |
| Class of 2021 | 5 | 122 | 2 | 120 | 238 | 40 | 64 | 61% |
| Class of 2022 | 4 | 104 | 2 | 101 | 135 | 77 | N/A | N/A |

| TOTAL SERVICES PERFORMED | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | # of Territories | 2022 Average | # Above Average (%) | 2022 Median | 2022 High | 2022 Low | 2021 Average | YoY Growth |
| Class of 2020 | 1 | 3,193 | 0 | 3,193 | 3,193 | 3,193 | 2,485 | 28% |
| Class of 2021 | 5 | 1,104 | 3 | 1,147 | 1,964 | 374 | 492 | 99% |
| Class of 2022 | 4 | 648 | 1 | 642 | 902 | 406 | N/A | N/A |

| RECURRING SERVICES PERFORMED | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | # of Territories | 2022 Average | # Above Average (%) | 2022 Median | 2022 High | 2022 Low | 2021 Average | YoY Growth |
| Class of 2020 | 1 | 2,937 | 0 | 2,937 | 2,937 | 2,937 | 2,202 | 33% |
| Class of 2021 | 5 | 1024 | 1 | 1,068 | 1,789 | 374 | 368 | 103% |
| Class of 2022 | 4 | 603 | 1 | 600 | 828 | 386 | N/A | N/A |

~~Notes for~~ Table ~~5~~5a. All Services Business Metrics: Average and Median

| Metric | 2023 Average (# above average) | 2023 Median | 2022 Average | 2022-2023 Growth (%)[4] |
|---|---|---|---|---|
| Revenue | $291,041 (2) | $238,002 | $289,911 | 0% |
| Customers | 230 (2) | 198 | 302 | -24% |
| Services | 1,639 (2) | 1,395 | 1,655 | -1% |

Table 5b. All Services Business Metrics: High and Low[5]

| Metric | 2023 High | 2023 Low | 2022 High | 2022 Low |
|---|---|---|---|---|
| Revenue | $658,208 | $100,025 | $563,173 | $172,61 |
| Customers | 478 | 119 | 517 | 165 |
| Services | 3,695 | 528 | 3,173 | 896 |

Table 5c. Recurring Services Business Metrics: Average and Median

| Metric | 2023 Average (# above average) | 2023 Median | 2022 Average | 2022-2023 Growth (%)[4] |
|---|---|---|---|---|
| Revenue | $265,226 (2) | $218,771 | $250,528 | 6% |
| Customers | 166 (2) | 149 | 205 | -19% |
| Services | 1,551 (2) | 1,325 | 1,524 | 2% |

Table 5d. Recurring Services Business Metrics: High and Low[6]

| Metric | 2023 High | 2023 Low | 2022 High | 2022 Low |
|---|---|---|---|---|
| Revenue | $595,773 | $85,665 | $491,018 | $1,425 |
| Customers | 326 | 82 | 334 | 12 |
| Services | 3,493 | 475 | 2,928 | 14 |

**Notes for Table 5**:

1. "All Services" data represent the performance metrics for all services provided to customers, including Recurring Services and One-time Services.

~~1.The growth rate represents the change in location performance in revenue, customers and services, respectively, for calendar years 2021 and 2022.~~

2. Revenue, customers and services from out of territory zip codes are included in the table for all franchise locations.
3. ~~A "class" is comprised of the franchisees that opened during the stated year and that were~~ The 2022 information presented in Table 5 was derived from the five Franchised Businesses that were open and operating for at least ~~6~~ 12 months as of December 31, 2022.

~~4. A "territory" is a single territory operated by a franchisee.~~

4. The growth rate represents the change in the average revenue, customers and services, respectively, for calendar years 2022 and 2023.
5. For 2022, the all service revenue median is $189,696, customers median is 232 and services median is 1,133.
6. For 2022, the Recurring Service revenue median is $167,571, customers median is 169 and services median is 1,325.

**TABLE 6 – ~~SYSTEMWIDE KEY~~ SALES METRICS**

| ~~KEY SALES METRICS~~<br>~~JANUARY 1-DECEMBER 31, 2022~~ | |
|---|---|
| ~~Key~~ Sales Metric | ~~Systemwide~~Average Performance Per Franchised Business |
| Leads received requesting proposal for new service[1] | ~~4,948~~453 |
| New customers served for the first time[2] | ~~1,708~~173 |
| Cost ~~Per Lead Acquired~~[3] per lead acquired[3] | $~~117~~ 107 |
| Percentage of leads that became ~~customers~~customers[4] | ~~35~~38% |
| Number of in-home estimates completed for prospective recurring ~~customers~~[4] customers[5] | ~~1,719~~118 |
| Prospects receiving in-home estimates that became recurring ~~customers~~customers[6] | ~~929~~70 |
| Percentage of recurring prospects that became recurring ~~customers~~customers[7] | ~~54~~59% |

**Notes for Table 6:**

1. Leads are requests for service proposals received from prospective customers ~~by HCH franchisees between January 1, 2022 and December 31, 2022.~~. The median was 392 leads.
2. The median was 158 new customers.
~~2. New customers served are any new customer served and invoiced during the same period.~~
3. Reflects costs tracked through corporately managed programs and local marketing expenses reported to ~~the HCH corporate marketing team.~~us, with a median of $97 per lead.
4. The median percentage of leads was 38%.
5. The median was 114 in-home estimates for prospective recurring customers.
6. The median was 68 prospects that became recurring customers.
7. The median was 61% of these prospects became recurring customers.
~~4. Recurring customers are those customers who receive regular weekly, bi-weekly, or monthly services during the measured period. All recurring customers receive an in-home estimate for service price.~~

**TABLE 7 – ~~SYSTEMWIDE KEY~~ OPERATIONAL METRICS**

| ~~KEY OPERATIONAL METRICS~~<br>~~JANUARY 1-DECEMBER 31, 2022~~ | |
|---|---|
| **Key Metric** | ~~Systemwide~~Average Performance Per Franchised Business |
| Total services completed[1] | ~~11,365~~1,639 |
| Total recurring services completed for recurring ~~customers~~customers[2] | ~~10,539~~<br>1,551 |



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| | |
|---|---|
| Percent of total services completed that were ~~recurring services~~Recurring Services[3] | ~~93~~95% |
| ~~Number of unique recurring customers served~~ | ~~1,257~~ |
| Average number of services per month provided to each recurring ~~customer[2]~~customer[4] | 1.6 |
| Average revenue per One-time Service provided[5] | $299 |
| Average revenue per ~~one-time service provided[3]~~Recurring Service provided[6] | $~~290~~190 |
| ~~Average revenue per recurring service provided[4]~~ | ~~$165~~ |
| Percent of total revenue from ~~recurring services~~Recurring Services [7] | ~~83~~96% |
| Average daily revenue generated by each ~~team[5]~~team [8] | $~~592~~529 |

**Notes for Table 7:**

1. The median was 1,395 total services.

~~1. Services include~~ 2. The median was 1,325 recurring ~~services and one-time~~ services.

3. The median was 95% of services were Recurring Services.

~~2. Systemwide, HCH franchisees saw a high of 9, a low of 1 and a median of 1 services~~ 4. The median was 1 service per recurring customer per month.

~~3. Systemwide, HCH franchisees saw a high of $985, a low of $38 and a median of $345 revenue per one-time service.~~

~~4. Systemwide, HCH franchisees saw a high of $680, a low of $30 and a median of $163 revenue per recurring service.~~

5. These Franchised Businesses invoiced a high of $750, a low of $50 and a median of $350 per One-time Service.

6. These Franchised Businesses invoiced a high of $660, a low of $22 and a median of $170 per Recurring Service.

7. These Franchised Businesses received a high of 96%, a low of 77% and a median of 91% of total revenue from Recurring Services.

~~5. Systemwide, HCH franchisees saw a high of $1,360, a low of $40 and a median of $467~~

8. These Franchised Businesses invoiced a high of $1,425, a low of $60 and a median of $575 daily revenue per team per single day.

* * *

**Additional Notes:**

1. The information set forth in this Item 19 summarizes financial information of historic operations of HCH Local Operations and ~~ten~~ six franchise locations that were open and operating for ~~at least 6~~ 12 or more months ~~of calendar year 2022~~as of December 31, 2023, as obtained from ~~HCH~~ our field management software program, payroll data and our National Call Center provider. Except where modified as indicated above, data is based on actual results for that period.

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

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

Other than the preceding financial performance representation, Home Clean Heroes Franchising, LLC does 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 the franchisor's management by contacting Joe Delatte, 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452, 757.215.4146, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table 1 – Systemwide Outlets Summary for Years ~~2020 to 2022~~2021 to 2023**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| **Franchised Businesses** | ~~2020~~2021 | ~~1~~3 | ~~3~~8 | +~~2~~5 |
| | ~~2021~~ | ~~3~~ | ~~8~~ | ~~+5~~ |
| | 2022 | 8 | 12 | +4 |
| | 2023 | 12 | 16 | +4 |
| **Company-Owned Businesses** | ~~2020~~2021 | 2 | 2 | 0 |
| | ~~2021~~ | ~~2~~ | ~~2~~ | ~~0~~ |
| | 2022 | 2 | 2 | 0 |
| | 2023 | 2 | 2 | 0 |
| **Total Outlets** | ~~2020~~2021 | ~~3~~5 | ~~5~~10 | +~~2~~5 |
| | ~~2021~~ | ~~5~~ | ~~10~~ | ~~+5~~ |
| | 2022 | 10 | 14 | +4 |
| | 2023 | 14 | 18 | +4 |



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**Table 2 – Transfer of Franchised Outlets**
**Transfers of Outlets to New Owners (other than Franchisor) for Years ~~2020 to 2022~~2021 to 2023**

| State | Year | Number of Transfers |
|---|---|---|
| **Georgia** | ~~2020~~2021 | 0 |
| | ~~2021~~ | ~~0~~ |
| | 2022 | 2 |
| | 2023 | 0 |
| **Texas** | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 1 |
| **Total** | ~~2020~~2021 | 0 |
| | ~~2021~~ | ~~0~~ |
| | 2022 | 2 |
| | 2023 | 1 |

| ~~State~~ | ~~Year~~ | ~~Outlets at the Start of the Year~~ | ~~Outlets Opened~~ | ~~Terminations~~ | ~~Non-Renewals~~ | ~~Reacquired By Franchisor~~ | ~~Ceased Operations-Other Reasons~~ | ~~Outlets at the End of the Year~~ |
|---|---|---|---|---|---|---|---|---|
| ~~Florida~~ | ~~2020~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ |
| | ~~2021~~ | ~~0~~ | ~~2~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~2~~ |
| | ~~2022~~ | ~~2~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~3~~ |
| ~~Georgia~~ | ~~2020~~ | ~~0~~ | ~~2~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~2~~ |
| | ~~2021~~ | ~~2~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~3~~ |
| | ~~2022~~ | ~~3~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~4~~ |
| ~~North Carolina~~ | ~~2020~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ |
| | ~~2021~~ | ~~0~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~1~~ |
| | ~~2022~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~1~~ |
| ~~Texas~~ | ~~2020~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ |
| | ~~2021~~ | ~~0~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~1~~ |
| | ~~2022~~ | ~~1~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~2~~ |
| ~~Utah~~ | ~~2020~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ |
| | ~~2021~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ |
| | ~~2022~~ | ~~0~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~1~~ |
| ~~Virginia~~ | ~~2020~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~1~~ |
| | ~~2021~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~1~~ |
| | ~~2022~~ | ~~1~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~1~~ |
| ~~Total~~ | ~~2020~~ | ~~1~~ | ~~2~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~3~~ |

| ~~State~~ | ~~Year~~ | ~~Outlets at the Start of the Year~~ | ~~Outlets Opened~~ | ~~Terminations~~ | ~~Non-Renewals~~ | ~~Reacquired By Franchisor~~ | ~~Ceased Operations-Other Reasons~~ | ~~Outlets at the End of the Year~~ |
|---|---|---|---|---|---|---|---|---|
| | ~~2021~~ | ~~3~~ | ~~5~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~8~~ |
| | ~~2022~~ | ~~8~~ | ~~4~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~12~~ |

**Table 3 – Status of Franchised Business Outlets Summary for Years ~~2020 to 2022~~2021 to 2023**

| State | Year | Outlets at the Start of the Year | Outlets Opened | Terminations | Non-Renewals | Reacquired By Franchisor | Ceased Operations-Other Reasons | Outlets at the End of the Year |
|---|---|---|---|---|---|---|---|---|
| **Alabama** | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **California** | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **Florida** | 2021 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 2 | 0 | 0 | 0 | 2 | 3 |
| **Georgia** | 2021 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2022 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 1 | 0 | 0 | 0 | 3 | 2 |
| **Michigan** | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **North Carolina** | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| **Texas** | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 2 | 0 | 0 | 0 | 1 | 3 |
| **Utah** | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **Virginia** | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **Total** | 2021 | 3 | 5 | 0 | 0 | 0 | 0 | 8 |
| | 2022 | 8 | 4 | 0 | 0 | 0 | 0 | 12 |
| | 2023 | 12 | 10 | 0 | 0 | 0 | 6 | 16 |

**Table 4 – Status of Company-Owned Business Outlets for Years ~~2020 to 2022~~2021 to 2023**

| State | Year | Outlets at the Start of the Year | Outlets Opened | Outlets Reacquired From Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at the End of the Year |
|---|---|---|---|---|---|---|---|
| ~~2020~~ | ~~2~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~0~~ | ~~2~~ | |
| **Virginia** | 2021 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 2 |
| | ~~2020~~2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| **Total** | 2021 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 2 |
| | ~~2022~~2023 | 2 | 0 | 0 | 0 | 0 | 2 |

**Table 5 – Projected New Franchised Business Outlets as of December 31, ~~2022~~2023**

| STATE | FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT ~~OPENED~~OPEN | PROJECTED NEW FRANCHISED OUTLET IN THE NEXT FISCAL YEAR | PROJECTED NEW COMPANY-OWNED OUTLET IN THE NEXT FISCAL YEAR |
|---|---|---|---|
| ~~Alabama~~ | ~~0~~ | ~~1~~ | ~~0~~ |
| ~~California~~ | ~~0~~ | ~~1~~ | ~~0~~ |
| Colorado | 0 | 1 | 0 |
| Delaware | 1 | 0 | 0 |
| Florida | ~~0~~2 | ~~4~~1 | 0 |
| Georgia | ~~3~~0 | 1 | 0 |
| Illinois | ~~0~~1 | ~~1~~0 | 0 |
| ~~Maryland~~Minnesota | 0 | 1 | 0 |
| ~~North Carolina~~ | ~~0~~ | ~~2~~ | ~~0~~ |
| Pennsylvania | ~~0~~1 | 1 | 0 |
| Tennessee | 0 | 1 | 0 |
| Texas | 1 | ~~5~~0 | 0 |
| Virginia | ~~0~~1 | 1 | 0 |
| **Total** | ~~4~~7 | ~~20~~7 | 0 |

~~States not listed currently do not have any projected openings.~~

The names, addresses and telephone numbers of our current franchisees and area developers are listed on Exhibit K. The name and last known address and telephone number of every current franchisee and every franchisee and area developer who has had a Home Clean Heroes Franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily



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ceased to do business under our franchise agreement during the one-year period ending December 31, ~~2022~~2023, or who has not communicated with us within 10 weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit K. ~~Our affiliate, HCH Local Operations, owns the operation listed on Exhibit L.~~ If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Our affiliate, HCH Local Operations, owns the operation listed on Exhibit L.

We do not have any previously owned franchises for sale.

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with Home Clean Heroes. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you.~~During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with Home Clean Heroes Franchise System. If you buy a Home Clean Heroes Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.~~

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific Franchise organizations.

## ITEM 21
## FINANCIAL STATEMENTS

The financial statements listed below are attached to this franchise disclosure document as Exhibit N:

1. Audited financial statements as of December 31, ~~2022~~2023, for the period from January 1, ~~2020~~ 2021 ending December 31, ~~2022~~2023.

Our fiscal year end is December 31.

## ITEM 22
## CONTRACTS

The following contracts are attached to this franchise disclosure document in the following order:

Exhibit D – Franchise Agreement
Exhibit E – Area Development Agreement
Exhibit F-1 – Authorization for Prearranged Payments Agreement (Direct Debits)
Exhibit F-2 – Promissory Note

Exhibit F-3 – Guaranty
Exhibit F-4 – Security Agreement
Exhibit G – Telephone Number Assumption Agreement
Exhibit H-1 – Transfer and Release Agreement
Exhibit H-2 – Commission Agreement
Exhibit H-3 – Escrow Agreement
Exhibit I – General Release
Exhibit M-1 – Franchise Disclosure Questionnaire
Exhibit M-2 – Confidentiality Agreement



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# EXHIBIT A

## LIST OF ADMINISTRATORS

We intend to register this franchise disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in that state:

CALIFORNIA
Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West Fourth Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677

HAWAII
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
King Kalakaua Building
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2744

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

INDIANA
Office of Secretary of State
Franchise Section
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN
Consumer Protection Division
Franchise Section
Attn: Ms. Katharyn Barron
670 G. Mennen Williams Building
Lansing, Michigan 48913
(517) 373-7117

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

NEW YORK
New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222



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NORTH DAKOTA
Franchise Division
Office of Securities Commission
600 East Boulevard, 5th Floor
Bismarck, North Dakota 58505
(701) 328-2946

RHODE ISLAND
Department of Business Regulation
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA
Division of Insurance
Securities Regulation
124 South Euclid Ave, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA
Director, Securities & Retail Franchising
Division
State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON
Department of Financial Institutions
Securities Division
General Administration Building
150 Israel Road, S.W. - 3rd Floor
Tumwater, Washington 98501
(360) 902-8760

WISCONSIN
Division of Securities
Department of Financial Institution
201 West Washington Avenue, Suite 500
Madison, Wisconsin 53703
(608) 266-8557



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# EXHIBIT B

## DISCLOSURE DOCUMENT STATE ADDENDA



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**ADDENDUM TO THE**
**HOME CLEAN HEROES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF CALIFORNIA**

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

Neither the franchisor nor any person or franchise broker in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

The financial performance representation does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain you net income or profit. You should conduct an independent investigation of the costs and expenses



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you will incur in operating your franchise business. Franchisees and former franchisees, listed in the disclosure document, may be one source of this information.

The Special Risks section and Item 15 of the disclosure document are amended to add the following:

> **Personal Guaranty**: Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

ITEM 17 of the disclosure document is amended to add the following:

> The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Area Development Agreement contains a provision that is inconsistent with the law, the law will control. In particular, Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act.
>
> The Franchise Agreement and Area Development Agreement contain covenants not to compete which extend beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Law. Business and Professions Code Section 16600.
>
> Both the governing law and choice of law for franchisees domiciled in California and operating outlets located in California will be the California Franchise Investment Law and the California Franchise Relations Act, regardless of the dispute resolution venue. Any language in the franchise agreement or amendment to or any agreement the contrary is superseded by this condition. (California Corporations Code Sections 31502 and 31203 and Business and Professions Code Sections 20015 and 20040.5).

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

**ADDENDUM TO THE**
**HOME CLEAN HEROES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF ILLINOIS**

ITEM 17 of the Disclosure Document is amended as follows:

Illinois law shall apply to and govern the Franchise Agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

The Disclosure Document is amended to include the following:

FRANCHISOR MAY ESTABLISH, IDENTIFY AND SERVICE "NATIONAL ACCOUNTS" WITHIN YOUR TERRITORY UNDER THE TERMS OF A SERVICE AGREEMENT. IF YOU REFUSE TO SERVICE THE NATIONAL ACCOUNT UNDER THE TERMS OF THE SERVICE AGREEMENT ~ FRANCHISOR, ITS AFFILIATE(S) OR ANOTHER FRANCHISEE MAY PROVIDE PRODUCTS & SERVICES TO THAT "NATIONAL ACCOUNT" WITH NO COMPENSATION PAID TO YOU.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Illinois Administrator has required the Franchisor to assure its financial capability. Accordingly, we defer the payment of the Initial Franchise Fee until we have satisfied our pre-opening obligations and the Franchised Business opens for business. Upon the occurrence of these conditions, you must pay to us the Initial Franchise Fee.

**ADDENDUM TO THE**
**HOME CLEAN HEROES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF INDIANA**

1. ITEM 8 of the Disclosure Document is amended to add the following:

   Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate or in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is promptly accounted for and submitted to you.

2. ITEM 17 of the Disclosure Document is amended to add the following:

   Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

   Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

   ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee and shall not be for a period longer than three (3) years.

   ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

   ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

   No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



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**ADDENDUM TO THE**
**HOME CLEAN HEROES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF MARYLAND**

ITEM 5 of the Disclosure Document is amended as follows:

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

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. In addition, all development fees and initial payments by Area Developers shall be deferred until the first franchise under the Area Development Agreement opens.

ITEM 17 of the disclosure document is amended to add the following:

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

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

The provisions in the Franchise Agreement and Area Development Agreement which provide for termination upon bankruptcy of the franchisee or area developer, as applicable, may not be enforceable under federal bankruptcy law.

Exhibit M-1, Franchise Disclosure 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 liability incurred under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



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**ADDENDUM TO THE**
**HOME CLEAN HEROES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF MICHIGAN**

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

Each of the following provisions is void and unenforceable under Michigan's Franchise Investment Law if contained in any documents relating to a franchise:

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in Michigan's 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 before the expiration of this 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 this failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure this failure.

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

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

(f) A provision requiring that arbitration or litigation be conducted outside this state (Michigan). This shall not preclude the franchisee from entering into an agreement,

at the time of arbitration or litigation, to conduct arbitration or litigation 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. The 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 or appraised value and has failed to cure the breach in the manner provided in subdivision (c).

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

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

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

Any questions regarding this notice should be directed to:

Office of the Attorney General
Consumer Protection Division
Attention: Franchise Department
525 W. Ottawa Street
670 G. Mennan Williams Building
Lansing, MI 48933
(517) 272-7117

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE**
**HOME CLEAN HEROES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF MINNESOTA:**

ITEM 13 of the disclosure document is amended as follows:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12, Subd.1(g), Franchisor will reimburse the Franchisee for any costs incurred by the Franchisee in the defense of the Franchisee's right to use the Marks, so long as the Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

ITEM 17 of the disclosure document is amended as follows:

With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, (1) that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement and (2) that consent to the transfer of the Franchise will not be unreasonably withheld.

Item 17 does not provide for a prospective general release of claims against Franchisor which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit 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 (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Further, Franchisee cannot consent to Franchisor obtaining injunctive relief; but, the Franchisor may seek injunctive relief.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



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**ADDENDUM TO THE**
**HOME CLEAN HEROES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document Cover:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. 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 THAT 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 any 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 concurrently 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, action affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisees 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.

6. 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.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

> However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" section 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.

9. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE**
**HOME CLEAN HEROES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF NORTH DAKOTA**

1. The State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:

(a) Covenants not to compete are generally considered unenforceable in the State North Dakota. The Commissioner has held that covenants restricting competition are contrary to Section 9-08-06 of the North Dakota Century Code, and are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Investment Law.

(b) A provision that designates jurisdiction or venue, or requires Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota;

(c) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;

(d) A provision requiring that the laws of a state other than North Dakota will apply;

(e) A provision calling for the waiver by a Franchisee of the right to trial by jury;

(f) A provision requiring the Franchisee to waive exemplary and punitive damages;

(g) A provision requiring a Franchisee to sign a general release upon renewal of the Franchise Agreement;

(h) A provision restricting the time in which a Franchisee may make a claim to less than the applicable North Dakota statute of limitations;

(i) A provision requiring a Franchisee to pay all costs and expenses incurred by the Franchisor in enforcing the Franchise Agreement or Area Development Agreement.

Such provisions, if applicable, are amended by the North Dakota amendments to the Franchise Agreement and Area Development Agreement attached to such agreements.

2. ITEM 5 is amended to add the following:

The State of North Dakota's Securities Department requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to franchisor until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.



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3. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE**
**HOME CLEAN HEROES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF RHODE ISLAND**

ITEM 17 of the disclosure document is amended to add the following:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



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**ADDENDUM TO THE**
**HOME CLEAN HEROES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE COMMONWEALTH OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for HOME CLEAN HEROES FRANCHISING, LLC for use in the Commonwealth of Virginia shall be amended as follows:

ITEM 5 of the disclosure document is amended to add the following:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

ITEM 17.h of the disclosure document is amended to add the following:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



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**ADDENDUM TO THE**
**HOME CLEAN HEROES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF WISCONSIN**

ITEM 17 of the disclosure document is amended to add the following:

> The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07, may affect the termination provision of the Franchise Agreement.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



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# EXHIBIT C

## AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

| | |
|---|---|
| CALIFORNIA<br>Commissioner of Financial Protection & Innovation<br>Department of Financial Protection & Innovation<br>320 West Fourth Street, Suite 750<br>Los Angeles, California 90013-2344<br>(213) 576-7500<br>(866) 275-2677 | MICHIGAN<br>Michigan Department of Attorney General<br>Consumer Protection Division, Franchise Section 525 West Ottawa Street<br>G. Mennen Williams Building, 1st Floor<br>Lansing, Michigan 48913 |
| HAWAII<br>Commissioner of Securities<br>Department of Commerce and Consumer Affairs<br>Business Registration Division<br>King Kalakaua Building<br>335 Merchant Street<br>Honolulu, Hawaii 96813 | MINNESOTA<br>Commissioner of Commerce of Minnesota<br>Department of Commerce<br>85 East Seventh Place, Suite 280<br>St. Paul, Minnesota 55101<br>(651) 539-1600 |
| ILLINOIS<br>Office of Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706 | NEW YORK<br>New York Secretary of State<br>99 Washington Avenue<br>Albany, New York 12231 |
| INDIANA<br>Indiana Secretary of State<br>302 West Washington Street<br>Room E-111<br>Indianapolis, Indiana 46204 | NORTH DAKOTA<br>Securities Commissioner<br>North Dakota Department of Securities<br>State Capitol<br>600 East Boulevard, 5th Floor<br>Bismarck, North Dakota 58505 |
| MARYLAND<br>Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2020 | RHODE ISLAND<br>Department of Business Regulation<br>1511 Pontiac Avenue<br>Cranston, Rhode Island 02920 |

SOUTH DAKOTA
Director, Division of Insurance
Securities Regulation
124 South Euclid Ave, Suite 104
Pierre, South Dakota 57501

VIRGINIA
Clerk of State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

WASHINGTON
Director of Department of Financial Institutions
Securities Division
General Administration Building
150 Israel Road, S.W. - 3rd Floor
Tumwater, Washington 98501

WISCONSIN
Administrator, Division of Securities
Department of Financial Institution
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705



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# EXHIBIT D

## FRANCHISE AGREEMENT AND STATE AMENDMENTS

# HOME CLEAN HEROES
# FRANCHISE AGREEMENT

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# HOME CLEAN HEROES FRANCHISE AGREEMENT

## 1. GRANT OF FRANCHISE

Home Clean Heroes Franchising, LLC, a Virginia Limited Liability Company ("**Home Clean Heroes**", "**Franchisor**", "**we**", "**us**", or "**our**") has developed a system ("**System**") for the operation of a residential and light commercial cleaning business. The Home Clean Heroes System utilizes special marketing techniques, quality control and operating procedures to facilitate the operation of a business offering high-quality cleaning services on a one-time or recurring basis, including initial, weekly, bi-weekly, monthly, special event and move in/move out, for both residential and commercial applications using the trade name "**Home Clean Heroes®**."

You have applied for a franchise that utilizes our system and our designated trademarks (the "**Marks**") (the "**Franchised Business**"). Subject to the terms of this franchise agreement (the "**Agreement**"), we grant you a Home Clean Heroes franchise. "**You**" is the franchisee entity (individual, partnership, corporation or limited liability company) which is granted the Franchise. You also includes each owner of an interest in the franchisee entity for purposes of Sections 5.j., 6.b., 6.n., 6.t., 6.u., 8.a., 8.b., 8.c., 9.a.-j., 10, 12, 13, 15, 16, 17, 18, 19, 20, and 21. This Agreement will allow you to operate a business, which offers high-quality cleaning services on a one-time or recurring basis, including initial, weekly, bi-weekly, monthly, special event and move in/move out, for both residential and commercial applications using our system and our Marks within a geographic area of responsibility (the "**Territory**"), described in Schedule A. You agree to abide by the terms of this Agreement.

You recognize and agree that the nature of the residential and commercial cleaning business is such that complete uniformity is not always practical or desirable and that we, in our sole discretion, may vary the terms of this Agreement and the standards of operation of the Franchised Business to accommodate the peculiarities of a particular situation and/or Territory. You have no recourse against us if other franchisees are granted allowances, which you are not granted.

## 2. TERM AND RENEWAL

**a. Term.** This Agreement will be effective for an initial ten (10)-year term beginning on the Effective Date specified in this Agreement, unless terminated sooner pursuant to the terms of this Agreement.

**b. Renewal.** You may, subject to the following conditions, renew this Agreement for 2 additional consecutive terms of 5 years. We may require satisfaction of any or all of the following conditions prior to such renewal:

(i) You must give us written notice of your election to renew not less than 6 months nor more than 9 months prior to the end of the then-current term;

(ii) You must make or provide for, in a manner satisfactory to us, renovation and modernization of the Franchised Business, as we may reasonably require, which may

include acquisition and use of new vehicles and equipment and renovation or replacement of signs, furnishings, fixtures, and décor to reflect the then-current standards and image of the System;

(iii) You must not be in default of any provision of this Agreement, any amendment of or successor to this Agreement, or any other agreement between you and us or our affiliates; and you must have substantially and consistently complied with all the terms and conditions of this Agreement and such agreements during their terms;

(iv) You must have satisfied all monetary obligations that you owed to us, our affiliates and your suppliers, and must have timely met those obligations throughout the term of this Agreement;

(v) You must, at our option, execute our then-current form of franchise agreement which will supersede this Agreement in all respects. Because the business and legal environment may evolve over time, you recognize the importance of our ability to adapt the System and the franchise agreement to the circumstances that exist at the time of renewal. Consequently, the terms of the then-current form of franchise agreement may differ in material respects from the terms of this Agreement; but, you will not be required to pay another Initial Franchise Fee and the then-current form of franchise agreement may not fundamentally alter the relationship between us and you;

(vi) You must execute a general release, in a form prescribed by us, of any and all claims against us and our affiliates, and our and our affiliates' respective officers, directors, securities holders, agents, and employees;

(vii) You must comply with our then-current qualification and training requirements, at your expense; and

(viii) You must pay a renewal fee of $5,000.

**c. Expiration.** In the event that you fail to give notice of renewal in the manner described in Section 2.b.(i) or otherwise fail to comply with the conditions contained in Section 2.b., this Agreement will automatically expire without further notice at the end of the current term.

## 3. TERRITORY

Your geographic area of responsibility is a Territory as described in Schedule A of this Agreement. Any change will require our prior written consent. You receive an exclusive Territory from Home Clean Heroes, in that, subject to your compliance with, and for the term of, this Agreement, we will neither grant another Home Clean Heroes franchise to be located within your Territory, nor locate any business providing residential and light commercial cleaning services we (or our affiliates) own within your Territory. You will receive a geographic area of responsibility within which you are responsible for actively marketing and providing residential and light commercial cleaning services to customers located within that geographic area. We may, in our sole discretion, add additional lines of service that you must provide as such lines of service are

added to our System in the future. You will solicit customers that are located only in the Territory using marketing materials we have prescribed or approved. You may not use any solicitations (i.e. telemarketing, direct mail, internet marketing, print medium, broadcast medium or distribution of brochures/leaflets) outside your Territory. We will not authorize any other franchisee to solicit customers in your Territory, except by referral. We alone will direct marketing and advertising campaigns directed across multiple separately-owned Territories.

To ensure quality customer service, all customer calls must be answered by a live person. We require you to use the services of our National Call Center. Customer service requests handled by our National Call Center normally result in the customer being assigned to the franchisee in whose Territory the customer is located. However, if the customer is located outside of your Territory, and the Territory has not been awarded to another franchise owner, we may, at our sole discretion, assign the customer service request to you. You agree that we may award a franchise to a third party for an area outside of your Territory in which you are servicing customers. In the event we do so, you will discontinue service to any customers in the area and will transfer their complete service information, without compensation, to the owner of the Territory or to us. To maintain customer service within the Metropolitan Statistical Area in which your Territory is located, you may be required to provide service to customers outside your Territory.

We reserve the right to solicit and sell products and services to national/regional accounts. If you or your Designated Manager die or are incapacitated as described in Section 13, we may authorize other franchisees to solicit business and service customers in your Territory until your Franchised Business has been assigned to an approved transferee or until we have approved a new Designated Manager for your Franchised Business.

We reserve all rights to the Internet utilizing our Marks.

We may sell any territory other than your Territory to other franchisees or we may locate company and/or affiliate owned businesses in the same line of business in any territories other than your Territory. We may establish in your Territory other franchises whose principal product or service is not identical to those offered by the Franchised Business and which uses Marks other than those granted hereunder.

We retain all rights not specifically granted to you, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of "Home Clean Heroes" Franchised Businesses at any location outside your Territory, regardless of proximity to your Territory; (ii) to acquire (or be acquired by) and operate businesses of any kind at any location within or outside of your Territory that do not operate under the Marks; (iii) to use and license others to use the System and/or the Marks at any location within or outside of your Territory other than for the operation of a "Home Clean Heroes" Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of your Territory, which Franchised Businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as we deem advisable, and without granting you any rights therein.

## 4. FEES AND PAYMENTS

**a. Initial Franchise Fee.** You must pay us an initial franchise fee in the amount of _____ dollars ($_____), which is payable when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon execution of the Franchise Agreement by us. The initial franchise fee is refundable only if you do not pass our Initial Training Program ("**Initial Training**") in accordance with our current passing standards for Initial Training, provided that you return to us all materials which we distributed to you during Initial Training.

**b. Start-Up Package Fee.** You must purchase certain equipment, products, supplies, uniforms and other items that we specify from us or our affiliate (the "**Start-Up Package**"). You must pay to us or our affiliate _____ dollars ($_____), plus shipping costs for the Start-Up Package, payable immediately upon invoicing by HCH Services. The Start-Up Package will be delivered in multiple shipments approximately thirty (30) days prior to your Scheduled Opening Date (as defined in Schedule A), and contains certain equipment, uniforms, material and supplies sufficient for you to equip ____ vehicle(s) and _____ team(s), and operate for the first 1-3 months after you begin operating the Franchised Business (depending on business volume). The Start-Up Package does not contain office or shop equipment such as computers, furniture, washer/dryers or tools that you will need to separately purchase from us, our affiliates, or our designated suppliers. A detailed list of the Start-Up Package is included in Schedule F.

**c. Mailer Program Fees.** We or our affiliate, Home Clean Heroes Services, LLC ("**HCH Services**"), or another affiliate of ours are the only approved supplier of the direct mail program ("**Mailer Program**") in which you must participate. You must purchase all Mailer Program services from us or our affiliate. You will be required to sign an annual agreement with us or our designated affiliate with respect to the Mailer Program (the "**Mailer Program Agreement**").

You must pay to us or our affiliate a fee to setup the Mailer Program (the "**Setup Fee**"). Currently, the Setup Fee is $1,000.

You must also pay us or our affiliate a fee to obtain the mailing list each year (the "**Mailing List Fee**"). Currently, the Mailing List Fee is $0.05 per Targeted Household on the mailing list. The mailing list is purchased on an annual basis by us or our affiliate and is our, or our affiliate's, property. Neither we nor our affiliate is required to provide you with names and addresses or other information contained on the mailing list.

Through the Mailer Program, you are required to send 35,000 postcards to certain Targeted Households in your Territory for your Franchised Business each calendar year. The actual schedule, distribution and frequency per household mailed, as well as the number of households will be determined by us in cooperation with you each year. You must pay a fee per postcard for each postcard mailed (the "**Postcard Fee**"). Currently, the Postcard Fee is $0.43 per postcard.

The Setup Fee, Postcard Fee and Mailing List Fee (collectively, "**Mailer Program Fee**") are subject to change, with notice, to reflect changes in cost. For the first ~~year~~ 12 months of each Franchised Business opened, one hundred percent (100%) of the Setup Fee and Mailing List Fee,

as well as Postcard fees for 35,000 postcards ($15,050), must be paid thirty (30) days prior to the scheduled opening date ("**Scheduled Opening Date**") as stated in Schedule A of this Agreement. The payment thereafter will require a monthly payment each month of the year. The amount of each payment will be determined by us based on the Targeted Households mailed in your Territory and the mailing list we purchase for the Mailer Program. The Mailer Program Fees are non-refundable.

We believe the Mailer Program Fees are equal to or lower than the prevailing market price you would obtain if you engaged a third party on your own to provide comparable services of a comparable quality on a consistent basis. This does not mean that we offer the lowest price; however, based on our experience, vendors that provide lower pricing for a single franchisee or a small group of franchisees and/or for a limited time do not promote the same level of uniformity in long-term system-wide product quality and service that we, as the franchisor, or our affiliates are able to provide. The Mailer Program Fees may include a mark-up which exceeds the direct costs of the Mailer Program, and we may derive a profit from the Mailer Program Fees. If we are no longer able to provide these services, we will endeavor to provide these services to you through an alternate supplier at a comparable cost.

If you fail to pay any Mailer Program Fees when due, we may, in addition to other remedies that we may have, suspend all Mailer Program services we are required to provide you under this Agreement or the Mailer Program Services Agreement. These remedies are in addition to any other remedies available to us at law or in equity.

IN NO EVENT WILL WE, OR ANY OF OUR AFFILIATES, BE LIABLE UNDER OR IN CONNECTION WITH OUR RIGHT TO SUSPEND SERVICES AS SET FORTH ABOVE, OR THE ACTUAL EXERCISE OF OUR RIGHTS SET FORTH ABOVE, UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ANY LOST PROFITS, LOSS OF GOODWILL OR REPUTATION, OR CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED OR PUNITIVE DAMAGES, IN EACH CASE REGARDLESS OF WHETHER WE, OR OUR AFFILIATES, WERE ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES.

**d. Digital Advertising Program Fees**. We or our affiliate, HCH Services, or another affiliate of ours, or our designated suppliers, are the only approved supplier of the digital advertising program ("**Digital Advertising Program**") in which you must participate. Through the Digital Advertising Program, you are required to pay to us or HCH Services, each year the sum of $3,600 (the "**SEO Fee**") for search engine optimization services ("**SEO**"). For the first year that the Franchised Business is open, one hundred percent (100%) of the SEO Fees must be paid at the time your website goes live. The payment schedule for the SEO Fees in subsequent years will require you to pay $300 per month, starting after the twelfth month that your website went live, payable in advance one (1) month prior to the month of service. SEO is a per website requirement. For a multi-territory franchisee operating from a single website, the SEO Fee will be $3,600 per year regardless of the number of territories open. You may only have 1 website.

In addition to the required purchase of SEO, our Digital Advertising Program requires that you pay to us, HCH Services or our approved digital suppliers a minimum annually of $21,600, the equivalent of $1,800 per month, for digital advertising to include pay per click, social media advertising, remarketing, various online customer acquisition channels and/or other digital services (the "**Digital Marketing Fees**"), and collectively with the SEO Fees, the "**Digital Advertising Program Fees**"). The Digital Marketing Fees will typically be billed one (1) month in advance and will be paid to us, our approved suppliers of digital advertising services or HCH Services. This required spend will be planned by you and our marketing department prior to your Scheduled Opening Date. You must continue to work with our marketing department to provide an annual plan at the beginning of each calendar year with spending projections, and provide receipts to us at the end of each month with details of digital and local advertising spend.

IN NO EVENT WILL WE, OR ANY OF OUR AFFILIATES, BE LIABLE UNDER OR IN CONNECTION WITH OUR RIGHT TO SUSPEND SERVICES AS SET FORTH ABOVE, OR THE ACTUAL EXERCISE OF OUR RIGHTS SET FORTH ABOVE, UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ANY LOST PROFITS, LOSS OF GOODWILL OR REPUTATION, OR CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED OR PUNITIVE DAMAGES, IN EACH CASE REGARDLESS OF WHETHER WE, OR OUR AFFILIATES, WERE ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES.

**e. Approval/Fee Refund.** We have ten (10) days from the date you complete our Initial Training to approve or deny your request to become a franchise owner based upon our criteria and standards in effect at the time. Should we deny your request, upon your returning to us all materials you received in training, we may refund, in whole or in part, the Initial Franchise Fee you paid to us.

**f. Royalty and Service Fee.** You must pay us a monthly royalty and service fee ("**Royalty and Service Fee**") of six percent (6%) of all Total Revenue. "**Total Revenue**" consists of all revenue from all services offered (including but not limited to repairs, maintenance, labor, materials, fees, referral fees, bartered services, service agreement services paid by us, commissions), less first-time customer discounts and returns. The Royalty and Service Fee is payable monthly for the previous month and is invoiced at the end of each month based on the total Revenue generated by you during that month from customers for your Franchised Business. Payment is processed and drafted from your Franchised Business bank account two days after invoice and may also be deducted from amounts due you for revenues disbursed to you from receivables collections and payments due you for services performed under service agreements we process. You authorize us to draft your bank account in accordance with the Authorization Agreement for Prearranged Payments (Direct Debits) attached as Schedule H to this Agreement. We reserve the right to modify this payment schedule in the Operations Manual.

**g. Marketing Fee.** You must pay us a monthly marketing fee of two percent (2%) of all Total Revenue. Marketing fees are payable each month with the Royalty and Service Fee for brand development, Internet marketing and production of advertising and marketing materials.

We raise fees related to system marketing through the Marketing Fees collected from our franchisees. We designate these fees for use in our advertising and marketing activities. We spend them as we determine is most beneficial to promoting our Marks and System. We use advertising and marketing fees to develop, produce, distribute and/or conduct advertising programs, marketing programs, public relations, Internet and social media, and marketing research. We may spend marketing fees on local, regional or national advertising as we deem appropriate. We produce advertising in-house and through advertising agencies. Advertising and marketing may include advertising to sell franchises. Franchises that we (or our affiliates) own and operate will contribute Marketing Fees equal to those contributed by our franchisees.

We maintain all Marketing Fees in an account separate from our other monies. We will not use them for any of our expenses, except for reasonable costs and overhead, if any, that we incur in activities reasonably related to the direction and implementation of marketing and advertising programs for franchisees and the System. These costs may include costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Marketing Fees are not our asset. Any monies remaining from Marketing Fees at the end of the taxable year in which such monies were received will be used for advertising or promotional purposes in the following taxable year before contributions from that taxable year are used. We reserve the right to terminate the Marketing Fees at any time, in which case all Marketing Fees remaining will be expended for advertising or promotional purposes or returned to the contributors on the basis of their respective contributions. The Marketing Fees and any earnings on them will not otherwise benefit us. We may offset some internal marketing costs with any payments we receive for providing advertising and marketing services. We are not a fiduciary of yours with respect to the Marketing Fees.

**h. National Call Center Fees.** You are required to use the National Call Center provided by HCH Services, another affiliate of ours, or our designated provider. You must pay an initial set-up fee of $300 thirty (30) days prior to the Scheduled Opening Date. In addition, you must pay $275 per month per entity, plus $30 per booked in-home estimate or single-service cleaning. The National Call Center Fees are subject to change to reflect changes in costs. All inbound callers who select the "new customer" option, along with customers submitting leads through online sources, will be directed to the National Call Center for booking and scheduling of appointments. All calls from existing customers received during regular business hours and not answered within a prescribed period of time (currently 30 seconds) by your local office, including calls received after hours, on weekends and holidays, will forward to the National Call Center. You will be able to dictate whether after hours, weekend or holiday calls ring first to your office or directly to the National Call Center. The National Call Center is responsible for answering these existing customer calls and forwarding messages to you via email.

**i. Complaint Fee & Customer Refunds.** You must pay us a complaint fee of fifty dollars ($50) per customer complaint, which applies only if, if in our sole discretion, we respond to a customer complaint about your service. Complaint fees are subject to change on thirty (30) days' notice to reflect changes in cost and must be paid weekly. We may in our sole discretion refund all or a portion of the revenue from a customer to resolve a customer complaint and you must reimburse us for such refunds weekly.

**j. National/Regional Accounts.** If we enter into a service agreement with a national/regional customer, secured by us, another franchisee or others with sites in your Territory, for which you provide service, you must pay ten percent (10%) to us on collected monies from these agreements for their term and on any future renewal periods. Upon payment by the customer, we remit ninety percent (90%) to you weekly, less Royalty and Service Fees and Marketing Fees owed by you on that bill. You have the right to refuse to service any national/regional customer under a service agreement. However, in the event that you refuse to service a national/regional customer under the terms of that service agreement, we may provide service to such national/regional customer through another franchisee and/or through an affiliate, without any compensation to you.

**k. Integrated Business Management System & Credit Card Processing.** To maintain the integrity of the System and provide our Franchised Businesses with an integrated business management solution, we have contracted with designated providers for: customer service management software; website hosting services; telecom services; email; learning management system; and credit card processing services. You must pay a fee of $395 per month beginning with the second full calendar month after you sign this Agreement. In addition, if you need more than two (2) VOIP seats, you must pay an additional $30 per month per seat. Provider costs may include access and usage charges and are subject to change and you must pay the providers directly or pay us or our affiliates in advance each month if we and/or our affiliates are billed directly by the provider.

**l. Late Payment Fees.** Failure to submit a payment when due will result in a one hundred dollars ($100) fee which will be added to the actual royalty due for the week. These fees are paid weekly.

**m. Interest on Overdue Payments.** You must pay interest of the lesser of eighteen percent (18%) (compounded daily) per year or the highest amount permitted by law on any amounts you owe us that are more than fifteen (15) days past due.

**n. Audit.** We or our designee shall have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy and audit your books, records and federal and state tax returns, and such other forms, reports, information and data as we reasonably may designate, applicable to the operation of the Franchised Business. If an inspection or audit discloses an understatement of Total Revenue, you shall pay us, within ten (10) days after receipt of the inspection or audit report, the deficiency in the royalty fees and Marketing Fees plus interest (as provided in Section 4.m) from the date originally due until the date of payment. If an inspection or audit is made necessary by your failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records or information on a timely basis, or if an understatement of Total Revenue for the period of any audit is determined by any audit or inspection to be greater than three percent (3%), you also shall reimburse us for the reasonable cost of the audit or inspection including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, room and board and compensation of our employees or designees involved in the audit or inspection. The foregoing remedies shall be in addition to our other remedies and rights under this Agreement or applicable law. If you fail to provide us on a timely basis with the records, reports and other information required by this

Agreement or, upon our request, with copies of same, we or our designee shall have access at all reasonable times (and as often as necessary) to your books and records (electronically or in hard copy) for the purpose, among other things, of preparing the required records, reports and other information. You promptly shall reimburse us or our designee for all costs and expenses associated with our obtaining such records, reports or other information.

**o. Transfer Fee.** In the event that you transfer this franchise, you must pay us a fee equal to 50% of the then current franchise fee. No fee is imposed for a transfer to other Home Clean Heroes franchise owners, spouses, siblings or qualified employees. The transfer fee is due upon approval of transfer by us.

**p. Training Fees.** Costs and expenses incurred by your trainees in connection with any training programs and seminars are your responsibility. In addition, there is a fee of five hundred dollars ($500) per day per trainee, plus any cost of travel, for additional training requested by you outside of our regularly scheduled training and seminar programs. There will be no course charge for our regularly scheduled training and seminars. The training fees are subject to change on thirty (30) days' notice to reflect changes in cost and must be paid as incurred.

**q. Sales Commission.** You may engage us to sell your existing Franchised Business for a fee ("**Sales Commission**") agreed upon in a Commission Agreement that typically will not less than ten percent (10%) of the sales price. The Sales Commission will be due upon the execution of the Purchase and Sale Agreement by both the buyer and seller.

**r Taxes.** You must pay to us all sales, excise, trademark, franchise, value added or similar taxes imposed on us (or our affiliates) on account of our (or such affiliate's) collection of any of the fees or payments called for by this Agreement or otherwise arising out of your operation of the Franchised Business. But this Section does not apply to any income tax or any optional alternative to an income tax.

**s. Payment Terms.** All invoices are due upon receipt unless otherwise noted.

**t. Heroes First Charitable Contribution Fee.** You must participate in our charitable contribution program ("**Heroes First**"). We will determine the elements of the Heroes First charitable contribution program, various fundraising opportunities in which you may elect or be required to participate, and the collection and distribution process for all funds contributed through Heroes First. In addition, we will select the non-profit organization(s) (currently, First Responders Children's Foundation) who will receive funds collected through Heroes First. One element of Heroes First requires you to pay to us $0.50 per each recurring service and one-time service that you perform (the "**Charitable Contribution Fee**"). We will match (up to $0.50 per each recurring service and one-time service) your Charitable Contribution Fee and remit your Charitable Contribution Fee along with our match to the non-profit organization selected by us. The Charitable Contribution Fee will be due to us and drafted from your Franchised Business bank account by us or our designee weekly by the 2nd business day of the week for the prior week ending on Sunday. You acknowledge and agree that the Heroes First charitable contribution program may be further modified by us, from time to time, without your consent, provided that the per service Charitable Contribution Fee that you must pay to us is not increased.

## 5. OBLIGATIONS OF FRANCHISOR

**a. Training.** We provide a seven (7) day Initial Training program, which is required of new franchisees and designated office managers. This training will consist of both virtual and onsite training in Virginia Beach, Virginia. We do not charge for the Initial Training at the startup of your Franchised Business, but you are responsible for all expenses you and your employees incur as a result of training, such as travel, lodging and entertainment. However, any additional training that you or your employees may require will be billed at five hundred dollars ($500) per day.

**b. Operations Manual and Sales Manual.** We will loan you a copy of our proprietary Operations Manual and a copy of our proprietary Sales Manual, each in digital or hard copy format, to offer guidance in the operation of your Franchised Business.

**c. Vehicle and Site Approval.** We provide guidance and advice regarding the selection of your vehicles utilized in your Franchised Business. The vehicles we currently have approved for providing customer service are the Ford EcoSport, Honda Civic Hatchback, Toyota Corolla Hatchback, Subaru Impreza, Hyundai Venue, Hyundai Kona, and Nissan Kicks. Vehicles can be new or pre-owned manufactured in the last five calendar years, and must meet our current standards for reliability and professionalism as set forth in our Operations Manual and detailed in paragraph 6.(r.) below. If not prohibited by local zoning laws, you may begin operating your business from your home. At some point during your ownership of the franchised business, you may decide, or local zoning laws may require you, to start operating your business from a commercial location, which must be approved in writing by us.

You are responsible for choosing your vehicle and commercial location, that will meet our current specification in the Operations Manual, but if you sign a lease or purchase agreement before we have approved the vehicle or commercial location, you risk the possibility that we will disapprove it for use in carrying on the Franchised Business. The factors we consider in approving your vehicle and commercial location include visibility and consistency of appearance to achieve the image necessary to maintain the integrity of the System.

We intend to approve or disapprove vehicle and commercial location selections within fifteen (15) days of submission to us. If we do not approve your vehicle or commercial location, you cannot open for business.

**d. Sources.** We will provide the names of suppliers and specifications for sources of decals, advertising materials, tools, products, chemicals, supplies, equipment, signs, materials and general customer product needs. We may negotiate terms and maintain relationships with suppliers for the benefit of the franchise system and the customers it serves, thus you may be restricted to purchase from either us, an affiliate, and/or a designated source: web-based management software services; web-site hosting services; telecommunications equipment and services; credit card processing services; national call center services; product application equipment; products; chemicals; supplies; decals/signs; service forms; brochures; and marketing materials. We may derive revenue from your purchase of goods and/or services from supplies. In addition, if we (or

our affiliates) are the designated supplier, we may include a mark-up which exceeds our (or their) direct costs. As of the date of this Agreement, we and/or our affiliates are the only approved supplier for the Mailer Program and the SEO and Digital Advertising Program.

**e. Marketing.** We raise fees related to marketing through Marketing Fees collected from our franchisees. We designate these fees for use in advertising and marketing activities. We spend them as we determine is most beneficial to promoting our Marks and System. We use advertising and marketing fees to develop, produce, distribute and/or conduct advertising programs, marketing programs, public relations, internet and social media, and marketing research. We may spend advertising fees on local, regional or national advertising as we deem appropriate in our sole discretion. We may produce advertising in-house or through advertising agencies. We pay the costs of marketing activities, including a share of corporate overhead related to advertising and marketing, with advertising and marketing fees. We do not guarantee that you will benefit directly from any marketing or advertising. We will make available to you planning assistance for marketing your Franchised Business including advertising plans and formats for advertising, marketing and promotional materials. Franchises that we (or our affiliates) own and operate will contribute Marketing Fees equal to those contributed by our franchisees.

You may only use advertising material we have prescribed or approved, and you may only distribute it to people or businesses located in your Territory. With our prior approval, we may permit advertising outside of your Territory. We recognize that there may be occasions where print, radio, television and Internet advertising have reach beyond your Territory. In those instances, prior to signing any agreement for such advertising or placing, running, approving or engaging in any such advertising, you must have our approval.

**f. Accounts; Billing.** You agree that all data and information that you collect from customers or others in connection with the Franchised Business is owned by us. You have the right to use such customer data and information to operate the Franchised Business while this Agreement is in effect, but only in accordance with our policies as in effect from time to time. You agree that we own all accounts, which you service, including all customer records, files and information. We and/or our designee have the right to bill and collect revenue from customers you serve, and, upon payment by the customer, remit the payments to you weekly, less royalty and advertising fees owed by you. However, you currently are responsible for all billing and collections of monies due on accounts you service for deposit in your Franchised Business bank account. We may require you to use a specified form for customer services and forward copies of them to us. You further agree that we own all email accounts that we or our affiliates provide to you for use in connection with your Franchised Business. We have the right to access your email accounts and all messages and contents thereof at any time during the term of this Agreement.

**g. Service Agreements.** We and/or our designee may solicit service agreement customers, whether within or outside the Territory, and may collect all revenue from service agreements sold by us or you. We alone have the right to set the terms and conditions for all service agreements, designate another to invoice the service agreement customers. We may suggest pricing of all services and products you offer and sell to your customers, but you will ultimately determine the prices you charge. However, you currently are responsible for all billing and collections of monies due on accounts you service. Our service agreement terms, billing

procedures and service fees are prescribed in the Operations Manual and may be amended, as we deem necessary. If we enter into a service agreement with a national/regional customer, secured by us, another franchisee or others with sites in your Territory, for which you provide service, you must pay ten percent (10%) to us on collected monies from these agreements for their term and on any future renewal periods. Upon payment by the customer, we will remit ninety percent (90%) to you weekly, less Royalty and Service Fees and Marketing Fees owed by you on that bill.

**h. Technical Support.** We will provide telephone and/or internet support for your questions regarding products and services that we have approved, during normal business hours.

**i. Operational Support & Inspections.** We will advise you in the budgeting for and operation of your franchise and at no cost to you, we will conduct, as we deem advisable, inspections of the Franchised Business and evaluations of the services rendered to our customers.

**j. Advanced Training.** We may provide and require your attendance at one (1) to two (2) day advanced training. These meeting could be held at various sites across the country which we select. The agenda for advanced training varies but often focuses on improving business management skills and new products or services in order to increase profitability. We do not charge for advanced training, but you will be responsible for all expenses that you incur as a result of attending training, such as travel, lodging and entertainment.

**k. Regional Meetings/Annual Conventions.** We may hold and require your attendance and at regional meetings and/or annual conventions. Each annual convention may be two (2) to three (3) days. The regional meetings and annual conventions may be held at various sites, which we select. We may charge a nominal fee for the regional meetings and annual conventions. In addition, you will be responsible for all expenses that you incur as a result of attending the regional meetings and annual conventions, such as travel, lodging and entertainment.

**l. National Call Center Support.** For the benefit of the System and for consistency in timely response to new service and customer service requests, we or our designee will provide call center operations for accepting customer service requests, including calls received after hours, on weekends and holidays, the cost of which is supported by National Call Center Fees (Section 4.h.). You will be able to dictate whether after hours, weekend or holiday calls ring first to your office or directly to the National Call Center.

**m. Group Discounts.** From time to time we may provide you with the opportunity to participate in group purchasing programs which offer group discounts. The discounts and terms for any such opportunities will vary.

**n. Vendor Relations Administration.** For the benefit and integrity of the System we and/or our affiliates may, in our sole discretion, contract and administer vendor relationships for sources for our Integrated Business Management System and Credit Card Processing Services and you must pay sources directly or reimburse us and/or our affiliates for actual costs and expenses, including a pro-rata share of costs and expenses incurred by us and/or our affiliates on behalf of your Franchised Business.

**o. Trademark Indemnity.** We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs.

**p. Delegation of Performance.** You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

## 6. OBLIGATIONS OF FRANCHISEE

**a. Required Marketing**. For each Franchised Business, you are required to purchase and participate in the centrally managed Mailer and Digital Advertising Programs each year. You must also spend a minimum of $5,000 on local marketing activities within your Territory during each calendar year ("**Local Advertising Expenditure**"). Upon reaching or exceeding $1,000,000 in Total Revenue in a given calendar year, you must spend annually an amount (the "**Required Advertising Expenditure**") on marketing in the succeeding year, as described in the chart below. The Required Advertising Expenditure includes the required Home Clean Heroes centrally managed programs (the Mailer Program and the Digital Advertising Program) as well as your own local marketing efforts.

| Prior Year Total Revenue (PYNR) | Required Advertising Expenditure ($) |
|---|---|
| $1,000,000 to $1,249,999 | PYNR x 5% |
| $1,250,000 to $1,499,999 | PYNR x 4% |
| $1,500,000 and above | $50,000 |

**b. Local Marketing.** In addition to required centrally-managed Mailer and Digital Advertising Programs, you may choose to use additional direct mail, companion mail, door hangers, and other local marketing methods that we have approved. You must spend a minimum of $5,000 on Local Advertising Expenditure annually. Your media and methods must be approved by us prior to placement and you must report your expenditures in a format specified by us, in the Operations Manual. The cost of local marketing is typically paid to third parties, however, if any costs are being billed directly to us and/or our affiliates on behalf of your Franchised Business they must be paid in advance. You must use trade names, service marks and trademarks ("**Marks**") as we develop them. At this time, our primary Mark is HOME CLEAN HEROES®. You must obtain

our written consent before using our Marks in any way except for materials provided by us or previously approved (and not subsequently disapproved) by us in writing. For example, you must obtain our approval prior to using our Marks in advertising and marketing. You may not use any marks which could be confused with our Marks. In the event that we replace, add to or modify our Marks, you agree to update or replace your signs, supplies, etc. to reflect the new marks, at your expense, in the time frame we provide at the time of such change. You must honor Home Clean Heroes rate structures, discount program and bear the cost of any discount granted to customers pursuant to any discount program promoted by Home Clean Heroes. We must approve all advertising and marketing materials before you use such materials. You may purchase such materials from any vendor, however, we may in the future require you to purchase such materials only from a designated source.

**c. Initial Training/Advanced Training.** You, if you are an individual, and your Designated Manager, if any, must attend and successfully complete our Initial Training before you may operate the Franchised Business. We may provide and require your attendance at one (1) to two (2) day advanced training. We do not charge for advanced training, but you will be responsible for all expenses that you incur as a result of attending Operating Training and advanced training, such as travel, lodging and entertainment.

**d. Use of Home Clean Heroes Marks.** You agree to use our Marks as we develop them. You agree to obtain our prior written consent before using our Marks in any way except for materials we provide or have previously approved in writing (and not subsequently disapproved). For example, you must obtain our approval prior to using our Marks in advertising or marketing, including any website. You may not maintain a website or any Internet advertising in connection with the Franchised Business or our Marks without our prior written approval. You agree not to use any marks which could be confused with our Marks. You may not use our Marks in connection with any other business directly or indirectly owned or operated by you. We may replace, modify or add to our Marks. In the event that we replace, modify or add additional Marks, you agree to update or replace yours signs, supplies, etc. to reflect the new Marks, at your expense, in the time frame we provide at the time of such an update. You may not use our Marks in the name of any legal entity you create to own and/or operate the Franchised Business. You must notify us if you learn of anyone who is using or claims the right to use our Marks. If we take action against any unauthorized user of our Marks, we require you to assist us, at your expense, in our efforts to enforce our rights in the Marks. We must approve all printed materials, and you are required to purchase from us or our designated third-party and utilize our service agreement contract, brochures and invoice forms in your Franchised Business. You may choose not to use our designated providers if you can find a qualified third party, approved by us, to provide the same products and services.

**e. Signs/Decals.** You must display a decal on your service and/or sales vehicle(s) as approved by us. We must approve all your signs and vehicle decals before you order or display them. If not prohibited by local zoning laws, you may begin operating your business from your home. At some point, you may want or be required by local ordinance to operate your business from a commercial location approved by us (the "**Approved Location**"). We must approve of the location prior to acquiring or leasing a location and you must submit to us, in the form we specify,

location information, as we may reasonably require, together with a copy of the lease, on terms satisfactory to us. We may require you to have signage at that Approved Location.

**f. Starting Date.** You agree to begin operations and be open for business no later than one hundred and twenty (120) days following the date you sign this Agreement.

**g. Operating Hours.** You agree to solicit and service your customers during such times as we specify in the Operations Manual. Notice of non-availability must be given in writing 48 hours prior via facsimile or as otherwise prescribed in the Operations Manual.

**h. Integrated Business Management System & Credit Card Processing.** Our designated third-party sources are the only supplier of customer service management software; website hosting; telecommunications equipment and services; email marketing; credit card processing; and related services. You must maintain this system and pay the associated cost to the providers directly or pay us in advance each month, if we and/or our affiliates are billed directly by the provider.

**i. Navigation System.** You may obtain and maintain a navigation system for each service vehicle.

**j. Equipment.** You must obtain and use computer systems and service equipment which meet our then current specifications in the Operations Manual. We may update the specifications. When the specifications are updated, you must either obtain or upgrade the computer systems and service equipment such that your equipment meets our then current specifications.

**k. Liability Insurance.** You must obtain, provide proof of and maintain required insurance specified in the Operations Manual (i.e., workers compensation, comprehensive general liability insurance policies, vehicle liability insurance, umbrella liability) for the Franchised Business, and you must pay the associated cost. If you do not purchase and maintain in force the required insurance, we may purchase it on your behalf, and charge you for it; you will be required to pay us any amount so charged within thirty (30) days.

**l. National Call Center.** You understand and acknowledge that in connection with the Franchised Business granted by this Agreement we require you to use the National Call Center services during the term of this agreement to maintain the integrity of the System.

**m. Operations Manual and Sales Manual.** We will loan you a paper or electronic copy of the Operations Manual and the Sales Manual. The Operations Manual and the Sales Manual are detailed extensions of this Franchise Agreement which cover standards to be maintained, operating procedures and other information. We may change the Operations Manual and the Sales Manual from time to time in order to adjust for competitive changes, technological changes, legal requirements and attempts to improve in the marketplace. You agree to be bound by the Operations Manual and the Sales Manual and future modifications to them. You must operate the Franchised Business according to the then current Operations Manual and the Sales

Manual in effect, including any modifications, amendments or supplements made to the Operations Manual and the Sales Manual after the date of this Agreement.

**n. Participation.** You agree that franchise services will be provided under your direct supervision and control and/or under the direct supervision and control of a full time Designated Manager who has been approved by, and not later disapproved by, us. We will not approve a Designated Manager prior to their successful completion of the Initial Training. You are required to use your best efforts to successfully operate and grow your Franchised Business. In this context, "your best efforts" means that you cannot have a material ownership or operational interest in any other business as a franchisee, licensee, franchisor, licensor or via another similar arrangement, with or without our prior written consent. The attention that you would be required to devote to such an effort would unavoidably distract you from devoting your best efforts to the operation and growth of your Franchised Business. In addition, operating as a franchisor or licensor would place you in direct competition with us for existing and potential franchisees who might acquire new or additional franchises from us.

**o. Quality Standards.** You must perform all residential and light commercial cleaning services and other work provided by your franchise carefully, timely, accurately and in accordance with prevailing industry standards and our Operations Manual and Sales Manual. Without limiting the foregoing, you agree that you may only offer the services approved for sale in writing by us and you may not offer any additional or complementary services unless you receive our express prior written approval. As may be explained further or modified in the Operations Manual and Sales Manual, you specifically agree to uphold the quality standards as specified in the Operations Manual and Sales Manual.

**p. Billing.** You agree that we own all accounts which you service no matter how procured. As the owner of all accounts and account information, we do not allow you to use any of the information that you obtain from customers to market or sell any services to the customers other than the services we specifically authorize you to market and sell pursuant to this Agreement. We and/or our designee have the right to bill and collect revenue from customers you serve, upon payment by the customer, remit the payments to you weekly, less Royalty and Service Fees and Marketing Fees owed by you on that bill. However, you currently are responsible for all billing and collections of monies due on accounts you service for deposit in your Franchised Business bank account. We may require you to use a specified form for customer services and forward copies of them to us. Upon termination or expiration of this Agreement, we may elect to bill and collect all outstanding amounts and we may apply any amounts collected by us to amounts due and owing to us by you.

**q. Employees.** You must hire sufficiently licensed, if required, staff to properly carry out the Franchised Business and require your employees to have all certifications, and undergo all screenings, all as specified in the Operations Manual. You are solely responsible for hiring, firing, compensating, paying applicable payroll taxes, scheduling and day-to-day supervision and control over your employees. You agree to take such steps as are necessary to ensure that all employees of the Franchised Business keep a neat and clean personal appearance, preserve good customer relations, and other System standards as Franchisor shall establish in the Operations Manual, Sales Manual or otherwise in writing. None of your employees will be considered our employees. We

will not have the power to hire, fire, control or supervise your employees. Any recommendations we make, in training, in our Operations Manual, Sales Manual or otherwise, regarding how you deal with your employees are only recommendations that you may choose whether or not to implement. You must communicate clearly with your employees in your employee manuals, human resource materials, written or electronic correspondence, pay checks and other materials that you (and only you) are their employer and that we are not their employer or a joint employer. You agree that our authority under this Agreement does not directly or indirectly vest in us the power to hire, fire, control or supervise any of your employees. We neither dictate nor control labor or employment matters for you or your employees.

**r. Vehicle and Location.** You must obtain for service technicians employed in the Franchised Business sufficient vehicles which meet our standards and you must maintain them in a high degree of repair and in good condition so as to present a neat and professional image. Service vehicle(s) that no longer meet the standards set forth in our Operations Manual (relating to age and condition) must be replaced by the then current service vehicle, as specified in the Operations Manual. You or any employee interacting with customers must only use vehicles which we have approved. Any commercial location utilized in the Franchised Business must be approved by us prior to lease or purchase and we require the landlord to provide us with a lease option rider, as specified in the Site Selection Addendum and incorporated herein by reference. You are required to bring the Approved Location into compliance with the System standards. We do not make any representation or warranty of any kind, express or implied, as to the suitability of the site you select. Your decision to operate the Franchised Business at the site is based solely on your own independent investigation of the suitability of the site for the Franchised Business. You release us, and our affiliates, officers, directors, managers, employees and agents from any and all losses, damages and liabilities arising from or in connection with your selection of the site for the Franchised Business. If you operate the Franchised Business from an Approved Location, it must be solely for the operation of the Franchised Business. You are prohibited from using or permitting the use of the premises for any other purpose or activity unless otherwise approved by us. If we specify in the Operations Manual or otherwise, you must maintain minimum hours and staff at the Approved Location. You must also maintain the Approved Location in accordance with our System standards, which may include signage, exterior and interior design, decor, colors, furnishings and fixtures as we direct.

**s. Supplies, Decals, Equipment and Products.** You agree that in order to establish a standard and consistent delivery of residential and light commercial cleaning services, certain items must be used in the operation of the franchise. You must use the items set forth as required and/or approved for use in the Franchised Business in the Operations Manual (e.g., customer invoices, contracts, supplies, products, chemicals, service equipment, telecommunications equipment, decals and computer systems). Pursuant to Section 5.d of this Agreement, we have the right to require you to use only certain suppliers that we designate. If we designate any particular supplier(s) and/or product(s)/chemical(s), you must purchase from such designated supplier(s) and use such designated product(s)/chemical(s). You are strictly prohibited from using alternative suppliers and alternative product(s)/chemical(s), unless you request, in writing, from us the right to purchase from such alternative supplier(s) or use such alternative product(s)/chemical(s), provide us with all such information we request, and we grant you the right, in writing, to purchase from such alternative supplier or to use such alternative product(s)/chemical(s). We are not

obligated to grant any such request and we may withhold our approval for any reason. You are responsible for the cost of all promotional materials, supplies, furniture, equipment, products, chemicals, telecommunications equipment, decals, computer equipment and other items which may be necessary to conduct the Franchised Business.

**t. Laws and Regulations.** You agree to comply with all federal, state and local laws and regulations. You will secure all necessary permits, certificates, licenses and consents to operate your Franchised Business. You must comply with the licensing laws and regulations for other contractors and tradesmen in the residential and commercial cleaning business. You also must comply with all local, state, and federal laws that apply to service establishments, including taxes (including sales and use taxes), employment, discrimination and health and safety laws. These include, but are not limited to minimum wage laws, Environmental Protection Agency laws, state and local laws, and obtain any required licenses. In addition, you must comply with all the laws dealing with chemical handling that apply to all residential and commercial cleaning businesses.

**u. Importance of System Standards.** You understand and acknowledge that every detail of the System and this Agreement is important to you, us, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products offered by all franchisees, and to protect our reputation and goodwill. You shall maintain our high standards with respect to customer service and operations. You understand, acknowledge and agree that we may, in our sole discretion, require you to purchase additional products, chemicals, services, equipment and other materials as we deem necessary.

**v. Additional Lines of Service.** You understand and acknowledge that in connection with the Franchised Business granted by this Agreement we may, in our sole discretion, require you to pay the associated costs of and require you to add additional lines of service during the term of this agreement to maintain the integrity of the System. Upon written notice, you will be required to add such lines of service within ninety (90) days.

**w. Website.** We have the right, but not the obligation, to establish and maintain a website which may, without limitation, promote the Marks, the System, approved products or services, Franchised Businesses and the franchising of the System. We have the sole right to control all aspects of the website, including, without limitation, its design, content, functionality, links to the websites of third parties, legal notices and policies and terms of usage. We also have the right to discontinue operation of the website at any time and without notice to you.

We have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your Franchised Business, with such web page(s) to be located within our website. You must comply with our policies with respect to the creation, maintenance and content of any such web page(s). We have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page(s).

You may not establish or maintain a separate website, register or use any domain name/URL address, or use any other social media outlet, such as Facebook, Twitter or any other outlet, for or in connection with the Franchised Business without our prior written approval (which

we shall not be obligated to provide). You may not post, respond to, or otherwise participate in any social media communications unless otherwise authorized by us.

**x. No Solicitation of Other Franchisees.** You agree that you will not solicit any of our franchisees to become franchisees or licensees of any other business without our prior written consent.

**y. No Use of our Vendors in Other Businesses.** To avoid creating a conflict of business interests between us, you and our key vendors, including, but not limited to, the providers of our chemicals and other residential and commercial cleaning products and supplies, business management software, customer relationship management software, franchise management system software, website design and maintenance, and VOIP-based phone system with zip code routing, and to protect the highly confidential information regarding our System which our vendors have, or have developed for us, including, but not limited to the pricing our vendors offer to us, and the customized software, contracts and reports, you agree that, during the term of this Agreement, you will not, without our prior written permission, solicit or contract with any of our vendors to provide goods or services similar to those they provide to us, to any other businesses that you may own or operate, directly or indirectly.

**z. Regional Meetings/Annual Conventions.** We may hold and require your attendance at regional meetings and/or annual conventions. Each annual convention may be two (2) to three (3) days. The regional meetings and annual conventions may be held at various sites which we select. We may charge, and you are responsible for paying, a nominal fee to attend. In addition, you will be responsible for all expenses that your attendees incur as a result of attending the regional meetings and the annual conventions, such as travel, lodging and entertainment. If we hold an annual convention and you do not attend, we may require you to pay us $1,200. If you fail to attend any subsequent annual convention, we may terminate your Franchise Agreement. If you own more than one franchise, your attendance on behalf of one franchise constitutes your attendance on behalf of all of your franchises.

**aa. Customer Surveys/ Mystery Shopper Service.** You shall participate in all customer surveys and satisfaction audits we request. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers. We may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to your Franchised Business. You agree your Franchised Business will participate in such mystery shopper program, as prescribed and required by us, including consent for audio recording as stipulated in Schedule J of this Franchise Agreement, and you further agree to pay all fees related to such mystery shopper program.

**bb. Data Privacy.** You will at all times during the Term of this Agreement (i) maintain appropriate administrative, physical, digital and technical safeguards for the protection of the privacy, security, confidentiality of all data, including but not limited to customer data and information; (ii) secure all data, including but not limited to customer data and information, against loss, theft, unintended access, disclosure, copying and other dissemination or distribution; (iii) comply with, and ensure that all of your employees and agents comply with, all applicable

laws regarding data privacy and security; (iv) comply with, at your sole cost and expense, all required and voluntary data breach notifications; (v) comply with all data privacy and security measures that we implement and incorporate through the Operations Manual or any other standard communication methods (e.g., email, online learning management system or online document library), which may include, but are not limited to, minimum security requirements for suppliers and vendors, developing, implementing and maintaining appropriate data privacy and security policies and an incident response plan, and permitting any privacy or security audit or inspection as requested by us; (vi) notify us immediately in writing in the event of any suspected, alleged or actual breach of privacy or security that may involve or impact any customer data or information; and (vii) cooperate with us in the event any suspected, alleged or actual data privacy or security incident or breach, which cooperation includes, but is not limited to, providing us with access to your computers, systems and networks and access to and copies of files, records, accounts, logs, reports, investigation information and reports, your policies and procedures, and such other information, materials, documents and agreements as we deem necessary. For purposes of this Section 6.bb, "customer data and information" includes, but is not limited to first and last name, address, telephone number, email address, account number, credit card information, Social Security number, driver's license number and such other information which could reasonably identify such customer.

**cc. Sales/Use Taxes.** You are responsible for complying with any and all applicable sales and use tax law, rules or ordinances, including the collection, remission and reporting thereof.

**dd. Heroes First Charitable Contribution Program**. You must participate in, and comply with, our Heroes First charitable contribution program as more fully described in Section 4.1 above and our Operations Manual.

## 7. REPORTS AND REVIEW

**a. Reporting Total Revenue.** You must report all Total Revenue from customers and local marketing expenses paid by you related to the Franchised Business in the manner, form and times we specify in the Operations Manual.

**b. Financial Reporting.** By the 20th of each month you must send us a profit and loss statement for the previous month's financial performance. By January 31st of each year, you must send us an unaudited profit and loss statement, in the manner and form we specify, for the twelve (12) month period ending December 31st of the prior year. Annually, by April 15th, you must provide us with a copy of your federal tax returns for the Franchised Business, or if an extension is filed you must provide us a copy of the extension and the tax return by the due date.

**c. Review.** We have the right to review, inspect and copy, during normal business hours, all of your financial records related to the Franchised Business.

**d. Mail Reviews.** If we request a copy of your customer invoices or other revenue related documents (paper and/or electronic) or any other business records related to the Franchised Business, you must send us at your expense these records within five (5) days of receiving our request.

**e. Electronic Review.** We may cause programs to run on your computer systems that may send information related to the Franchised Business to us. You agree that the use of such programs will not unreasonably interfere with your operation of the Franchised Business, and you agree to allow such programs to run without interference by you.

## 8. TERMINATION

**a.** You may terminate this Agreement only through non-renewal as set forth in Section 2.b. of this Agreement. If you terminate this Agreement, you must comply with all of the post termination provisions of this Agreement.

**b.** We may terminate this Agreement without notice and the opportunity to cure for any of the following:

(i) If you or the Franchised Business become insolvent or take any steps to seek protection from creditors, or if a receiver (permanent or temporary) is appointed by a creditor or a court of competent authority or if you make a general assignment for the benefit of creditors;

(ii) If a final judgment of record against you or your Franchised Business remains unsatisfied for thirty (30) days or longer;

(iii) If you, or any of your owners, principals, affiliates or entities under common control with or by you, enter a plea of *nolo contendere* to a felony or crime involving moral turpitude, which we reasonably believe is likely to have an adverse effect on the Franchised Business, the System, the Marks and/or the goodwill associated therewith or our interest therein;

(iv) If you, or any of your owners, principals, affiliates or entities under common control with or by you, are charged with, alleged to have committed, or commit any material violation of any law, ordinance, rule or regulation of a governmental agency or department, which we reasonably believe is likely to have an adverse effect on the Franchised Business, the System, the Marks and/or the goodwill associated therewith or our interest therein;

(v) If you discontinue the active operation of the Franchised Business in the Territory for five (5) business days without express written permission from us;

(vi) If you fail to open the Franchised Business within one hundred eighty (180) days of the Scheduled Opening Date in Schedule A of this Agreement, you fail to pay the Mailer Program Fees due within thirty (30) days of the Scheduled Opening Date in Schedule A of this Agreement, or you fail to pay the Mailer Program Fees in any subsequent year, or fail to pay any fees for SEO or other marketing or advertising services provided by us or our affiliates, or fail to add an additional line of service with ninety (90) days from the notice date;

(vii) If you market to customers outside the Territory;

(viii) If you fail to use in the Territory the systems we provide or recommend;

(ix) If each of you or your Designated Manager fails to attend required Advanced Training, or Regional/National meetings;

(x) If you fail to report revenue as outlined in the Operations Manual;

(xi) If you commit three (3) or more breaches of this Agreement, the Operations Manual, the Sales Manual or any other agreement related to the Franchised Business in any twelve (12) month period regardless of whether such breaches were cured after notice;

(xii) If we terminate any Franchise Agreement between us and you (or between us and any of your affiliated entities under common control with you), or if you (or any of your affiliated entities under common control with you) commit a material breach of any such Franchise Agreement, or any financing or other agreements related to your Franchise Agreement (except for the Area Development Agreement, a breach of which will not constitute grounds for terminating this Agreement);

(xiii) If you fail to maintain the required insurance;

(xiv) ~~You~~ If you fail to attend two (2) annual conventions;~~or~~

(xv) ~~You~~ If you offer any products, chemicals or services not approved by us~~.~~; or

(xvi) If you or any Guarantors violate any provisions of this Agreement governing your nondisclosure obligations or any restrictions on competition or solicitation during the term of this Agreement, including but not limited to Section 10 of this Agreement.

**c.** We may terminate this Agreement, after sending you notice, and an opportunity to cure within thirty (30) days, if:

(i) You violate any term or condition of this Agreement, the Operations Manual, the Sales Manual or any other agreement related to the Territory or Franchised Business (except for the Area Development Agreement, a breach of which will not constitute grounds for terminating this Agreement);

(ii) Any amount you owe us, our affiliates, or third-parties for leases, loans or purchases relating to the Territory or Franchised Business, is more than thirty (30) days past due;

(iii) You fail to submit required reports or other information as provided herein or if you make any false submission in connection therewith; or

(iv) You fail to obtain and maintain a valid license or certification which you are required by state or local laws or regulations to obtain and maintain.

**d.** Upon the occurrence of any event of default listed in Section 8.b or 8.c above, or any other material default under this Agreement or any other agreement between you and us or any of our affiliates, which remains uncured, we may (while such default remains uncured) (1) cease to provide you with services, (2) disable your access to, or prohibit you from accessing, any systems, web sites, web portals, materials or documentation, (3) access your systems, records and accounts, whether by remote means or otherwise, (4) service your customers and/or authorize another franchisee to service your customers, (5) solicit, or authorize another franchisee to solicit, customers in your Territory

## 9. POST TERMINATION OBLIGATIONS

In the event that this Agreement expires, is not renewed or is terminated for any reason by any party, including a sale of the Franchised Business, you must immediately:

**a.** Remove all Home Clean Heroes decals, signs and Marks from all of your vehicles and other premises;

**b.** Stop identifying yourself as a Home Clean Heroes franchisee, never hold yourself out as a former Home Clean Heroes franchisee and cease, and not thereafter commence, use of any of our Marks or any marks which are likely to be confused with our Marks;

**c.** Stop using all literature, information, documents, data and other materials (regardless of the form) received from, or made available by, us or our affiliates, including but not limited to all such materials that bear our Marks;

**d.** Pay to us all amounts owing to us;

**e.** Transfer to us all telephone numbers, listings and advertisements used in relation to the Franchised Business and deliver to us copies of such documents of transfer;

**f.** Deliver to us copies, including electronic copies, of lists and other sources of information containing the names and contact information of customers, potential customers, suppliers and vendors of the Franchised Business;

**g.** Deliver to us all customer files, data and information, records, accounts and account information in any form (regardless of whether in paper or electronic form);

**h.** Deliver to us the copy of the Operations Manual, Sales Manual and all updates which we loaned to you;

**i.** Cancel all fictitious name listings which you have filed for use of any of our Marks; and

**j.** Adhere to the provisions of the covenant not to compete and any other covenant herein that requires performance by you after you are no longer a franchisee.

**k.** At our option, assign to use any interest you have in any lease for the Approved Location and thereafter vacate the premises, rendering all necessary assistance to us to enable us to take prompt possession of the Approved Location. If you fail to do so, we have the right to make such assignment on your behalf and you hereby appoint us as your attorney-in-fact to do so. If we do not elect to exercise our option to acquire the lease for the premises of the Franchised Business, you must make all modifications and alterations to the premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from the appearance of other franchise premises under the System and you must make specific additional changes as we request for that purpose. If you fail or refuse to comply with the requirements of this Section 9.k., we have the right to enter the premises, without being guilty of trespass or other tort, for the purposes of making or causing to be made such changes as may be required, at your expense, which you agree to pay to us on demand.

**l.** Certify to us, in writing, that you have complied with the obligations sets forth in Section 9.f. through 9.h., that you have not retained, and will not retain, any copies in any form (regardless of whether paper or electronic) of the information contained therein, and that you have not provided, and will not provide, a copy, whether in whole or in part, of any such information to any party, including but not limited to any officer, director, manager, shareholder, member, partner, employee or agent.

## 10. COVENANT NOT TO COMPETE

**a. In-Term.** During the term of this Agreement, you agree not to (i) directly or indirectly, be employed by, work with, be engaged in, be interested in or advise, invest or contribute money to, lend money to or guarantee the debts or obligations of, any person or entity engaged in any business that competes with the residential home and/or light commercial cleaning services offered by our franchisees, or any other business being carried on by us or our franchisees under franchise agreements, without our prior written consent, (ii) directly or indirectly, franchise or license any concept or system that is potentially complementary to the businesses operated by any of our franchisees (including franchisees of our affiliates), including, but not limited to, Potentially Complementary Services Businesses, without our prior written permission, (iii) attempt to solicit or solicit any of our existing franchisees for any other franchise, license, system or concept offering Potentially Complementary Services Businesses, (iv) offer, cross-sell or solicit any Home Clean Heroes customer to purchase services from any other business in which you are directly or indirectly employed by, work with or are engaged in, and (v) use our accounts and/or customer information to promote any other business in which you, directly or indirectly, have an interest, whether as an owner, employee, agent or otherwise.

**b. Post-Term.** You agree that for a period of two (2) years following the termination, expiration, transfer or other disposition of this Agreement or the Franchised Business, you will not directly or indirectly, be employed by, work with, be engaged in, be interested in or advise, invest or contribute money to, lend money to or guarantee the debts or obligations of, any person or entity engaged in residential cleaning and/or light commercial services, within fifteen (15) miles of (i) your Territory, (ii) the territory of any of our other franchisees or (iii) the territory of our affiliate-owned residential and light commercial cleaning services business. Additionally, you will not solicit a service relationship with any of our customers, suppliers or strategic partners.

**c.** For two (2) years after the Agreement expires or terminates, you will not contact, for the purpose of providing residential and/or light commercial cleaning services which are the same as or similar to those you are authorized to sell under this Agreement, any person or organization which was, at any time during the two (2)-year period prior to such expiration or termination, a customer to which you provided such services, or which you know is a customer of another franchisee located within fifteen (15) miles of your Territory. "**Customer**" includes successors of any customer who reorganized, merged, acquired or transferred their business. "**Contact**" includes responding to another's request for services.

**d.** You acknowledge that a violation of any of the covenants in this Section 10 may cause irreparable injury to us and/or to our franchisees, for which money damages may not adequately compensate us. Accordingly, you agree that a court or arbitrator may enjoin your violation of these covenants during the pendency of any dispute resolution proceeding between us, and you agree that we have no duty to post a bond as a condition of receiving such interim relief.

**e.** You agree not to disparage us or any of our affiliates, including our and their current and former employees, agents, managers and directors.

**f.** You also agree that you will never, directly or indirectly during or after the term of this Agreement, divulge to or use for the benefit of any person or entity outside of the Home Clean Heroes system, any information contained in our Operations Manual, any information concerning customers served by your Franchised Business, any information related to marketing, or any other systems or methods of operation of our business or that of our franchisees. In addition, you are prohibited from using any information related to your customers and their accounts, or our existing vendors and vendor relationships, to market or attempt to sell any goods or services of any other business in which you may have any interest. You agree not to do any act prejudicial or injurious to our goodwill or name. Information furnished to your employees will be reasonably limited to that which directly relates to and assists in the proper performance of such employee's duties.

**g.** You hereby acknowledge that the qualifications to be a Home Clean Heroes franchisee are special, unique and extraordinary, and that this Agreement would not be entered into by us except upon condition that such restrictive covenants be embodied herein.

**h.** You acknowledge and agree that the provisions of this Section 10 are reasonable, valid and not contrary to the public interest and you waive all defenses to the strict enforcement thereof by us.

**i.** All of the covenants contained in this Section 10 will survive any termination or expiration of this Agreement.

**j.** If any covenant or provision herein is determined to be void or unenforceable, in whole or in part, it will be deemed severed and not to affect or impair the validity of any other covenant or provision of this Section.

We may reduce the temporal or geographic scope of any covenant in this Section 10, which reduction shall become effective upon your receipt of notice of it. You agree to comply with it as modified.

## 11. INDEPENDENT CONTRACTOR

You are an independent contractor. You are not our agent, partner, employee, or a participant in a joint venture and have no authority to hold yourself out as such to third parties. You do not have any authority to bind or obligate us. We are not and will not be liable for any act, omission, debt, or other obligation of yours.

You are responsible for all loss or damage and for all contractual liability to third parties originating in or in connection with the operation of the Franchised Business and for all claims or demands for damage directly or indirectly related thereto. You agree to defend, indemnify and hold us and our employees harmless from and with respect to any such claim, loss or damage including specifically paying any attorneys' fees or expert fees we incur as a result of any such claim.

## 12. DEATH OR INCAPACITY

If both you and your Designated Manager become incapacitated to the extent that we determine you are both unable to conduct normal business functions, or if you and your Designated Manager dies, or if one of you dies or becomes incapacitated and the other does not assume day-to-day control of the Franchised Business, we, at our option, may allocate service calls in your Territory to neighboring franchisees without any obligation to compensate you or your estate, or we may appoint an interim Designated Manager. The interim Designated Manager, who may be another franchisee, shall operate the Franchised Business for the benefit of your estate, until the Franchised Business has been transferred to a new franchisee in compliance with Section 13, until the Franchised Business has been terminated, or until we approve a new Designated Manager to operate the Franchised Business for the benefit of your Survivors. Your Survivors include your estate, others owning an interest in your Franchised Business, including any trust which owns an interest in the Franchised Business under terms which we have approved, and the beneficiaries of any will or trust you have established ("**Survivors**"). If we must operate the business under Section 12 of the Franchise Agreement, we will operate the business for a ninety (90) day period of time (which may be renewed for one (1) additional ninety (90) day period), and we will periodically discuss the status of the Franchised Business with you or your Survivors.

Absent agreement to the contrary, the interim Designated Manager's compensation shall equal thirty five percent (35%) of the net proceeds collected from amounts the Designated Manager bills on behalf of your Franchised Business. The Franchised Business shall be liable for paying sales taxes and all other expenses of the Franchised Business from its share of the proceeds. A Designated Manager may condition offering his or her services on the Survivor's agreement to different compensation or to an indemnification agreement.

We have no duty to appoint a Designated Manager for you or for your estate. We do not represent or warrant that any Designated Manager will operate the business in a way which is

profitable. We will condition our approval of a Designated Manager on your Survivors releasing us from liability for acts or omissions of a Designated Manager.

If a Survivor does not desire to acquire or retain your or your Designated Manager's interest, the Survivor will have a reasonable period of time, but no more than 180 days, to make a transfer acceptable to us, subject to the procedures described in Section 13.

## 13. ASSIGNABILITY

We may assign this Agreement to an assignee who agrees to remain bound by its terms, without obtaining your approval. We will not permit you to sub-license or sub-franchise the Franchised Business. Your interest under this Agreement or your ownership in the Franchised Business may be transferred or assigned only if you comply with the following provisions. No interest may be transferred unless or until you are in full compliance with this Agreement and any lease for the Approved Location. No accounts or assets of the Franchised Business may be assigned apart from an assignment of this Agreement.

**a.** If you have received and desire to accept a signed, bona fide offer to purchase or otherwise transfer an interest in the Franchised Business or any interest in this Agreement or you (the franchisee entity), you will grant us the option (the "**Right of First Refusal**") to purchase the Franchised Business or interest in you as hereinafter provided.

**b.** If you or the owner of any interest in the franchisee entity desires to make a transfer, such person or entity ("**transferor**") must comply with the following terms, conditions and procedures to effectuate a valid transfer:

(i) If any proposed assignment of any rights under this Agreement, or if any other transfer which, when aggregated with all previous transfers, would, in our reasonable opinion, result in the transfer of effective control over the ownership of this Agreement and/or operation of the Franchised Business, a material part of your assets or you, (the franchisee entity), the transferee must apply for a Franchise and must meet all of our then current standards and requirements for becoming a franchisee (which standards and requirements need not be written).

**c.** Regardless of the degree of control which would be affected by a proposed transfer:

(i) The proposed transferor shall first notify us in writing of any bona fide proposed transfer and set forth a complete description of all terms and fees of the proposed transfer in a manner we prescribe, including the prospective transferee's name, address, financial qualifications and previous five (5) years' business experience;

(ii) The transferor shall provide us with a copy of any written offer or agreement to purchase, signed by the proposed transferee, together with copies of any documents referenced in the offer or agreement, including notes and security agreements. If all material terms of the proposed sale are not described in the offer or agreement, the transferor shall provide details of all such terms in its submission to us, accompanied by the proposed transferee's written agreement to the terms.

(iii) The proposed transferor shall provide us with any additional information, agreements, certifications or documents we request for use in our evaluation of whether to approve the transfer or to exercise our right of first refusal. We will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by you which requires our consent under Section 13 of the Franchise Agreement.

(iv) Upon receipt of our request, the proposed transferor shall promptly provide us with access to any property, documents or records relevant to the transaction and to the interest which is the subject of the transfer. Once we have received all materials submitted by the proposed transferor and have reviewed all property, records and documents we have requested, within thirty (30) days we shall notify the transferor of our decision to exercise our right to acquire all or any part of the interest being transferred, and the conditions, if any, under which we will approve the proposed transfer.

(v) If the Franchised Business is being offered in combination with one or more other items, we have the right to purchase the interest we select at the price and under the terms offered or agreed to by the transferor. Regardless of whether the offer establishes different prices for different interests to be transferred, if the parties are unable to agree as to a purchase price and terms, the fair market value of such premises and property shall be determined by three appraisers chosen in the following manner. You shall select one and we shall select one, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.

(vi) If non-monetary consideration is offered, we may pay the cash equivalent of the non-monetary consideration offered. If such non-monetary consideration includes the employment of the transferor, we may require the transferor to perform the proposed services on substantially the same terms as those offered by the proposed transferee. At our option, we may agree not to pay the agreed compensation for the services to be performed by the transferor, and decline the services to be performed under the terms of the offer. If we elect this option, we may set off against any amount due for services to be rendered by the transferor, any income to be received by the transferor for services performed by others during the period when the transferor had agreed to perform services for us. Neither we nor our designee shall be liable for paying any brokerage commission on the value of the interest transferred.

(vii) If we exercise our right of first refusal, the transferor shall transfer the interest to us or to our assignee pursuant to an agreement to purchase which contains the material terms to which the transferor and the proposed transferee had agreed. However, if the offer or proposed purchase contract has omitted any terms customarily addressed in a transfer of an interest of the type which is the subject of the transaction, we may supply those terms in the purchase agreement and related documents.

(viii) If we or our assignee fail to exercise the option to purchase the interest sought to be transferred, then we shall, within thirty (30) days after receipt of the notice of the proposed transfer, notify the proposed transferor in writing of our approval or disapproval of the prospective transferee.

**d.** A transfer to a "**Controlled Entity**" will not trigger the Right of First Refusal. A "**Controlled Entity**" is an entity in which you are the beneficial owner(s) of the majority of all voting ownership interest in such entity. At the time of the desired transfer of interest to a Controlled Entity, you must notify us in writing of the name of the Controlled Entity. We only will approve a transfer to a Controlled Entity after all its beneficial owners have signed a personal guaranty of the Controlled Entity's obligations to us in a form which we prescribe. We do not charge a transfer fee for this change. The Controlled Entity is strictly prohibited from engaging in any business or activity other than the exercise of the rights granted in this Agreement to you and the performance of its obligation as a franchisee hereunder.

In the event you transfer to a Controlled Entity, you agree to comply with the following obligations:

(i) a Controlled Entity which is a corporation shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement:

(1) The Controlled Entity shall furnish us with its Articles of Incorporation, Bylaws, other governing documents, any other documents we may reasonably request, and any amendments thereto;

(2) The Controlled Entity shall confine its activities, and its governing documents, if any, shall at all times provide that its activities are confined, exclusively to the management and operation of the Franchised Business contemplated hereunder; including the establishment and operation of the Franchised Businesses to be developed hereunder;

(3) The Controlled Entity shall maintain stop transfer instructions against the transfer on its records of any voting securities and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with Home Clean Heroes dated _____. Reference is made to the provisions of said Franchise Agreement and to the Articles and Bylaws of this Corporation.

(4) The Controlled Entity shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Controlled Entity and shall furnish the list to us upon request.

(ii) The Controlled Entity which is a partnership or a limited liability company shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement:

(1) The Controlled Entity shall furnish us with its partnership agreement or membership agreement as well as such other documents as we may reasonably request, and any amendments thereto; and

(2) The Controlled Entity shall prepare and furnish to us, upon request, a list of all of its general and limited partners and all of its members.

**e.** A transfer of interest among the owners of a franchisee entity will not trigger the Right of First Refusal, provided that only the percentage of ownership, rather than the identity of the owners, is changing. At the time of the desired transfer of interest within an entity, you must notify us in writing of the name and address of each officer, director, shareholder, member, partner or similar person and their respective ownership interest before and after the transfer. We do not charge a transfer fee for this change.

**f.** If we do not exercise our Rights of First Refusal, you may transfer the Franchised Business or ownership interest therein according to the terms set forth in the notice described in Section 13.c.(i), provided that you satisfy the conditions in sub-parts (f) through (j) below and complete the sale within ninety (90) days from the day on which we received the notice. If you do not conclude the proposed sale transaction within the ninety (90)-day period, the Right of First Refusal granted to us hereunder will continue in full force and effect.

**g.** The proposed transferee(s) must complete our then current Home Clean Heroes franchise application and pass our application screening using our then current qualifications.

**h.** The proposed transferee(s) must sign the then current Home Clean Heroes amendment forms and/or franchise agreement, as required by us, and must personally assume and be bound by all of the terms, covenants and conditions therein.

**i.** The proposed transferee(s) must attend and successfully complete our Initial Training.

**j.** You must sign our then current transfer and release forms and pay us a transfer fee of fifty percent (50%) of the then current franchise fee. We may require up to ten percent (10%) of the purchase price be held by us in a reserve account for six (6) months from the date of the sale to cover any warranty or service agreement claims by customers you have served. The exact percentage held will be determined by the number of projects completed by you in the six (6) months before the sale. If a claim is made, we will deduct from your reserve account Service Assistance costs (currently $100 per labor hour plus expenses) for each claim. At the end of the six (6) months, we will release any funds remaining to you.

**k.** You and your transferring owners must comply with the confidentiality, non-compete, non-solicitation and non-interference obligations under Section 10 of this Agreement.

## 14. NON-WAIVER OF BREACH

The failure of either party hereto to enforce any one or more of the terms or conditions of this Agreement will not be deemed a waiver of such terms or conditions or of either party's rights thereafter to enforce each and every term and condition of this Agreement.

## 15. GOVERNING LAW

**a. Virginia Law.** This Agreement takes effect upon our acceptance and execution of it. It shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Virginia choice of law rules); provided, however, that if the covenants in Section 10 of this Agreement would not be enforceable under the laws of Virginia, and your Franchised Business is located outside of Virginia, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 15 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the Commonwealth of Virginia to which this Agreement would not otherwise be subject.

**b. Mediation.**

(i) Except as otherwise provided in this Agreement, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, except for any actions brought with respect to: (i) the Marks; (ii) issues concerning the alleged violations of federal or state antitrust laws; (iii) securing injunctive relief or specific performance; or (iv) the right to indemnification or the manner in which it is exercised, shall first be subject to mandatory, non-binding mediation in Virginia Beach, Virginia. Mediation shall not defer or suspend our exercise of any termination right under Section 8.

(ii) Non-binding mediation hereunder shall be concluded within 60 days of the issuance of the request, or such longer period as may be agreed upon by the parties in writing ("**Mediation Termination Date**"). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever. The parties shall bear their own costs of mediation, and shall share equally in the cost of the mediator or mediation service.

(iii) No litigation may be commenced on any claim subject to mediation under this Section prior to the Mediation Termination Date whether or not the mediation has been commenced. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Agreement or to determine the validity or effect of any provision of this Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms. If litigation is commenced before the Mediation Termination Date, except for one of the specific exemptions set forth in Sections 15.b(i), 15.b(vii) and 15.g, the parties hereto agree that such litigation should be dismissed, based on non-compliance with the mandatory mediation provision set forth in this Section 15.b, with all attorney's fees and costs incurred in obtaining such dismissal being awarded by the court to the party who successfully sought and obtained dismissal of such litigation.

(iv) The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation giving written notice of the request for mediation to the party with whom mediation is sought. The request shall specify with reasonable particularity the matters for which non-binding mediation is sought.

(v) Non-binding mediation hereunder shall be conducted by a mediator or mediation program designated by us in writing. We shall make the designation within a reasonable time after issuance of the request.

(vi) No right or remedy conferred upon or reserved to either party is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

(vii) Nothing in this Agreement shall bar either party's right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing this Agreement. Either party also shall be able to seek injunctive relief to prohibit any act or omission by the other party or its employees that constitutes a violation of any applicable law, is dishonest or misleading to your customers or to the public, or which may impair the goodwill associated with the Marks. The prevailing party shall be entitled to recover its costs and reasonable attorney fees incurred by it in obtaining such relief.

~~b~~c. **Jurisdiction and Venue.** In any suit brought by us, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, you consent to venue and personal jurisdiction in the state and federal court of the city or county in which our national office is located, presently Virginia Beach, Virginia. In any suit brought against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, venue will be proper only in the federal court located nearest our national office (presently the United States District in Norfolk, Virginia), or if neither federal subject matter or diversity jurisdiction exists, in the city or county state court located where our national office is (presently the City of Virginia Beach, Virginia).

~~e~~d. **Jury Waiver.** In any trial between any of the parties hereto, including present and former employees and agents of ours, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

~~d~~e. **Class Action Waiver.** You agree that any claim you may have against us, including our past and present employees and agents, must be brought individually and you will not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

~~e~~f. **Compensatory Damages; Attorneys' Fees.** In any lawsuit, dispute or claim between or against any of the parties hereto, including present and former agents and employees of ours, you and we agree to waive our rights, if any, to seek or recover punitive damages. Further, the prevailing party in any dispute shall be awarded its reasonable attorneys' fees and expert fees.

~~f~~g. **Statute of Limitations.** All suits must be filed within one (1) year after the event(s) giving rise to the claim or the suit will be forever barred based on this agreed one (1) year statute of limitations; however, the parties agree that either party may commence a judicial proceeding before the Mediation Termination Date, if and only if such commencement is necessary to meet the one (1) year bar date set forth herein.

## 16. MODIFICATION

No modifications to this Agreement will have any effect unless such modification is in writing and signed by you and by our authorized officer. Notwithstanding the foregoing, we may modify the provisions of the Operations Manual and Sales Manual, without your consent, at any time during the term of this Agreement in order to adjust for competitive changes, technological advancements, legal requirements and attempts to improve in the market place.

## 17. RELEASE OF PRIOR CLAIMS

By executing this Agreement, you and everyone owning an interest in the franchisee entity, on behalf of yourselves and your heirs, legal representatives, successors and assigns, and each assignee of this Agreement, hereby forever release and discharge Home Clean Heroes Franchising, LLC, its past and present employees, agents, officers and directors, including Home Clean Heroes Franchising, LLC's parent, subsidiary and affiliates, their respective past and present employees, agents, officers and directors, from any and all claims relating to or arising out of any franchise agreement between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not apply to any duty we may have to offer to renew your Franchise as provided in any prior franchise agreements between us.

For the State of California. You understand that you may later discover claims or facts that may be different from, or in addition to, those that it now knows or believes to exist regarding the subject matter of the release contained herein, and which, if known at the time of signing this Agreement, may have materially affected this Agreement and your decision to enter into it and grant the release contained herein. Nevertheless, except as otherwise provided in this Agreement, you intend to fully, finally and forever settle and release all claims that now exist, may exist, or previously existed, as set out in the release contained herein, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. You hereby waive any right or claim that might arise as a result of such different or additional claims or facts. You have been made aware of, and understand, the provisions of California Civil Code Section 1542 ("Section 1542"), which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING HIS OR HER SETTLEMENT WITH THE DEBTOR." You expressly, knowingly and intentionally waive any and all rights, benefits and protections of Section 1542 and of any other state or federal statute or common law principle limiting the scope of a general release.

## 18. INDEMNIFICATION

You agree to indemnify us against any and all claims or causes of action, including attorneys' fees and expert fees, arising out of or related to your operation of the Franchised Business, unless such claim is solely the result of actions by us.

## 19. NOTICES

Any notice or request hereunder must be given by mail or courier, postage fully prepaid, or delivered personally or by facsimile, to our Chief Executive Officer, at our national headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452. Telephone: (757) 215-4253. Facsimile: (757) 494-4505. Any such notice may also be given to you in the same manner or by electronic mail at the address indicated below the Franchisee's signature on this Agreement.

## 20. FULL UNDERSTANDING

This Agreement is the entire agreement between you and us. This Agreement supersedes all other prior oral and written agreements and understandings between you and us with respect to the subject matter herein. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

## 21. GUARANTY

You and all your officers, directors, partners, and members of the franchisee entity (collectively "**Guarantors**"), agree to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due us, and pay for products, chemicals or services later ordered from us. Likewise, for and in consideration of this Agreement, the signatures of the individual(s) below also constitute their personal joint and several guaranty to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due us, and pay for products, chemicals or services later ordered from us. The Guarantors waive presentment, demand or notice of non-performance and the right to require us to proceed against the other Guarantors. In addition, by each of their individual signatures below, each individual Guarantor agrees to Sections 10, 17 and 21 of this Agreement, and to be bound by the terms of ~~Section 15(a) (e~~Sections 10 and 15(a)-(f), inclusive, of this Agreement, as if the term "**Guarantor**" were substituted for the term "**you**" in each provision of ~~Section 15(a) (e~~Sections 10 and 15(a)-(f), inclusive, of this Agreement.

## 22. SYSTEM MODIFICATIONS AND DISCRETION~~.~~

**a. System Modifications.** You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, chemicals, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, chemicals, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the equipment, signage, color schemes and uniform specifications and all

other design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the covenant of good faith and fair dealing (to the extent it is implied by applicable law).

**b. Discretion.** Whenever we have expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests. This also applies if we are deemed to have a right and/or discretion. Our judgment of what is in the best interests of the System, at the time our decision is made or our right or discretion is exercised, can be made without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; (2) our decision or the action taken promotes our financial or other interests; (3) our decision or the action taken applies differently to you and one or more other franchisees or our company-operated operations; or (4) our decision or the action taken is adverse to your interests. We will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your express rights and obligations under this Agreement.

## 23. SURVIVAL

Any of your obligations and the obligations of your owners and Guarantors that contemplate performance of such obligation after, or are intended by their nature to survive, termination, expiration or transfer of this Agreement or the transfer of any interest of you or your owners shall survive such termination, expiration or transfer.

**Name of Franchisee:**_____

**Type of Entity (Individual, Partnership, Corporation, LLC):**_____

**Effective Date:**_____ **Entity Number:**_____

**FRANCHISEE:**

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

Email:_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

Email:_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

Email:_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

Email:_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%



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**GUARANTORS:**

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

By:_____
(Signature)

_____
(Printed Name)

Title:_____

Address:_____

_____

_____
(Telephone Number)

Percentage of Ownership (if entity):_____%

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Joe Delatte, President

Date:_____



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## SCHEDULE "A" TO THE FRANCHISE AGREEMENT

### Territory

The Franchise Territory is as follows:

### Targeted Households In Territory

Targeted Households located within the Territory are as follows:

### Scheduled Opening Date

Scheduled Opening Date for the Franchised Business is as follows: _____



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**SCHEDULE "B" TO THE FRANCHISE AGREEMENT**

**Form of Ownership**

**Franchisee:** _____

***Form of Ownership***
**(Check One)**

**____ Individual ____ Partnership _____ Corporation ____ Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: _____

**Management (managers, officers, board of directors, etc.):**

| Name | Title |
|---|---|
| | |
| | |
| | |
| | |

**Members, Stockholders, Partners:**

| Name | Address | Percentage of Stock |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**Confirmation of entity documents**. I/we affirm that we have provided true and valid business entity formation documents (i.e., Articles of Incorporation) for the entity type indicated above

Initials: _____ Initials: _____

*Signatures on following page*

_____

**FRANCHISEE**

By:_____
(Signature)

_____
(Printed Name)

_____
(Title)

By:_____
(Signature)

_____
(Printed Name)

_____
(Title)

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Joe Delatte, President

Date:_____



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## SCHEDULE "C" TO THE FRANCHISE AGREEMENT

### Special Stipulations

To the extent of any conflict between the following and the provisions of the Franchise Agreement dated _____, the following special stipulation(s) will control:

NONE

_____

**FRANCHISEE**

By:_____ (Signature)

_____ (Printed Name)

_____ (Title)

By:_____ (Signature)

_____ (Printed Name)

_____ (Title)

By:_____ (Signature)

_____ (Printed Name)

_____ (Title)

By:_____ (Signature)

_____ (Printed Name)

_____ (Title)

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____ Joe Delatte, President

Date:_____



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## SCHEDULE "D" TO THE FRANCHISE AGREEMENT

### Site Selection Addendum

HOME CLEAN HEROES FRANCHISING, LLC, a Virginia limited liability company ("Franchisor", "we", "us" or "our") and _____ ("Franchisee" or "you") have entered into a Franchise Agreement, dated _____ ("Franchise Agreement") and desire to supplement its terms as set out below in this Site Selection Addendum, dated _____ ("Addendum"). The parties hereto agree as follows:

### AGREEMENT

1. Time to Locate Site. If not prohibited by local zoning laws, you may begin operating the franchise business granted to you pursuant to the Franchise Agreement (the "Franchised Business") from your home. At some future point, you may decide, or local zoning laws may require you, to begin operating your business from a commercial location. If this is the case, you shall acquire or lease, at your expense, commercial real estate that is properly zoned for the use of the business to be conducted by the Franchised Business at a site approved by us as hereinafter provided.

2. Site Selection Assistance. We may provide you with leasing guidelines ("Leasing Guidelines") to assist you in your site selection. If we provide Leasing Guidelines, you must follow the Leasing Guidelines.

3. Site Selection Package Submission and Approval. You must submit to us, in the form specified by us, a copy of the site plan and such other information or materials as we may reasonably require, together with an option contract, letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We have fifteen (15) days after receipt of such information and materials from you to approve or disapprove, in our sole discretion, the proposed site as the location for the Franchised Business. In the event we do not disapprove a proposed site by written notice to your within said fifteen (15) days such site shall be deemed approved by us.

4. Lease Responsibilities. Within thirty (30) days of site approval by us, you must sign your lease. Our approval of any lease is conditioned upon inclusion in the lease of the Rider to Lease Agreement attached hereto as Schedule 1. However, we are not responsible for review of the Lease for any terms other than those contained in the Rider to Lease Agreement.

5. Site Evaluation Services. We have the right, but not the obligation, to perform any on-site evaluation as we may deem advisable. If on-site evaluation is deemed necessary and appropriate by us (on our own initiative or at your request) for any Franchised Business to be established, you must reimburse us for all reasonable expenses incurred by us in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals.

6. Approved Location. After the location for the Franchised Business is approved by us pursuant to Section 1 and 3 hereof and leased or acquired by you pursuant to Section 4 hereof,

the location shall constitute the "Approved Location" as referenced in the Franchise Agreement. The Approved Location shall be specified on a separate piece of paper and be attached hereto as Schedule 2 hereto, which shall become a part the Franchise Agreement.

7. Ratification. This Site Selection Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly sign and deliver this Site Selection Addendum on the date first above written.

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | HOME CLEAN HEROES FRANCHISING, LLC |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |

## SCHEDULE 1 TO THE SITE SELECTION ADDENDUM

## RIDER TO LEASE AGREEMENT

This RIDER TO LEASE AGREEMENT (the "Rider") is executed as of the _____ day of _____, 20___, by and between _____, a _____ (the "Landlord"); and _____, a _____ (the "Tenant" or "Franchisee"), as a rider, modification and/or addendum to that certain "_____", dated _____, 20 ____, by and between Landlord and Tenant (the "Lease"), for premises located at _____ (the "Premises").

WHEREAS, Tenant is a franchisee of Home Clean Heroes Franchising, LLC, a Virginia limited liability company (together with its successors and assigns, the "Franchisor"), and Tenant intends to operate a franchised "Home Clean Heroes" residential and light commercial cleaning services business (the "Franchised Business") from the Premises;

WHEREAS, if a Franchised Business will be operated from the Premises, Tenant is required by agreement with Franchisor (the "Franchise Agreement") to include certain terms in the Lease; and

WHEREAS, Landlord and Tenant desire for the required terms to be included in the Lease, as set forth herein;

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. This Rider is hereby made a part of, and incorporated into, the Lease. In the event of a conflict between the terms and conditions set forth within this Rider and the terms and conditions set forth elsewhere in the Lease, the terms and conditions set forth within this Rider shall govern and control.

2. The Franchised Business may be operated in and from the Premises. So long as the Franchised Business is operated in or from the Premises, and/or Franchisor's marks, designs, logos and/or other proprietary materials are used or stored in/on the Premises, no other use may be conducted in/on the Premises without the Franchisor's prior written consent. Landlord understands and acknowledges that in operating the Franchised Business in and from the Premises, Tenant may store cleaning materials and other chemicals routinely used in connection with the Franchised Business in/on the Premises, and Tenant may park (including overnight and on weekends and holidays) vehicles containing materials and chemicals, and bearing Franchisor's marks, designs and logos, on the Premises and/or in the parking lot serving the Premises. The foregoing rights granted to Tenant shall be subject to compliance with applicable laws and regulations. Nothing herein shall negate or waive any indemnification obligations of Tenant set forth in the Lease.

3. Subject to compliance with applicable laws and regulations, and any recorded restrictions encumbering the Premises, Tenant shall have the right to utilize Franchisor's standard signage and other proprietary marks, designs, logos and identification on the exterior, and within the interior, of the Premises.

4. Landlord's consent to an assignment of the Lease or subletting of the Premises shall not be required in connection with an assignment or subletting as a part of a merger, reorganization or sale of all or substantially all of Tenant's assets or business, or an assignment or sublet, to Franchisor, or any parent, subsidiary or affiliated corporation of Tenant or Franchisor, or another franchisee of Franchisor. Landlord shall approve as an assignee or subtenant any person or entity who has become a transferee of the Franchise Agreement as a result of a merger, reorganization or sale of all or substantially all of Tenant's assets. Tenant shall also have the right, without the consent of Landlord, to assign this Lease to a company incorporated or to be incorporated by Tenant or a partnership formed or to be formed by Tenant, provided that Tenant owns or beneficially controls a majority of the issued and outstanding shares of capital stock or units of interest of the company or is the managing general partner of the partnership.

5. Landlord agrees to send copies to Franchisor of any and all demand letters, default notices or other similar notices of non-compliance (individually and collectively, the "Notice") that Landlord sends to Tenant. Copies of the Notice, which shall be sent simultaneously with the Notice sent to Tenant, shall be sent to Franchisor at the following address: 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452. Franchisor may change its notice address at any time, by providing a change of address notice to Landlord (to be sent to Landlord's notice address set forth in the Lease). In the event Tenant fails to cure or otherwise remedy the subject matter of the Notice, Landlord shall grant Franchisor the identical period of time in which to cure same (said cure period to commence immediately upon written notice from Landlord to Franchisor (at the address set forth herein) that Tenant has failed to cure in a timely manner) and Landlord agrees to accept the performance of Franchisor within said period of time as performance by Tenant pursuant to the terms of the Lease.

6. The Lease may not be modified, amended, renewed, extended or assigned by Tenant without Franchisor's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

7. Tenant hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Tenant's rights, title and interest to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal and Franchisor has notified Landlord in writing of the same within thirty (30) days of the occurrence of the same; and (b) Franchisor notifies Tenant and Landlord in writing that Franchisor expressly assumes Franchisee's obligations under the Lease. Notwithstanding any provision herein or elsewhere in the Lease to the contrary, Franchisor's assumption of Tenant's leasehold interest shall not be subject to any defaults or claims that may exist between Landlord and Tenant. It is further agreed that Franchisor may assign the Lease or sublet the Premises to a franchisee of Franchisor for use as a Franchised Business. Nothing contained herein shall affect Landlord's right to recover any and all amounts

due under the Lease from Tenant or to exercise any right of Landlord against Tenant as provided under the Lease.

8. Landlord waives any and all claims and liens that it may now or hereafter have against and/or encumbering anything in or on the Premises (or used by Tenant in connection with the Franchised Business) that contains or constitutes Franchisor's marks, designs, logos and/or other proprietary materials.

9. Landlord and Tenant hereby acknowledge that in the event the Franchise Agreement and/or Lease expires or is terminated, Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the Premises as a Franchised Business, and to remove all of Franchisor's marks, designs, logos and other proprietary materials from the Premises. Landlord agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Tenant, including allowing Franchisor, its employees, agents and contractors, to enter and remove signs, decor and materials bearing or displaying any marks, designs, logos and/or proprietary information of Franchisor; provided, however, that Landlord shall not be required to bear any expense thereof. Tenant agrees that if Tenant fails to de-identify the Premises and remove the aforementioned items promptly upon termination or expiration as required under the Franchise Agreement, Franchisor may cause all required de-identification and removal to be completed at Tenant's sole cost and expense.

10. Franchisor is a third party beneficiary under this Rider. References to the Lease and the Franchise Agreement include all amendments, addenda, extensions and renewals to such documents. References to the Landlord and Tenant shall include the successors and assigns of each of the parties as permitted under the Lease. This Rider shall be binding upon and burden Landlord, Tenant and their respective successors and assigns.

| **LANDLORD:** | **TENANT:** |
|---|---|
| _____ | _____ |
| By:_____ | By:_____ |
| Its:_____ | Its:_____ |

## SCHEDULE 2 TO THE SITE SELECTION ADDENDUM

## APPROVED LOCATION

The Approved Location of the Franchised Business is:

_____

_____

_____

Date: _____

# SCHEDULE "E" TO THE FRANCHISE AGREEMENT

## State Addenda



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**ADDENDUM TO THE FRANCHISE AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF CALIFORNIA**

This Addendum to the Franchise Agreement is entered to this _____ day of _____, 20___, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Franchise Agreement shall be amended as follows:

a. The California Franchise Relations Act provides rights to the Franchisee concerning termination or nonrenewal of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

b. Sections 2.b and 13.j of the Franchise Agreement require Franchisee to sign a general release as a condition of renewal and transfer of the franchise. Under California Corporations Code Section 31512, any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order related to that law is void.

c. Section 8.b of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.).*

d. Section 10 of the Franchise Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Franchise Agreement; this covenant may not be enforceable under California law.

e. Section 15.a of the Franchise Agreement is amended to provide that in the event of a conflict of law, California Law will prevail.

f. Section ~~15.b~~ 15.c of the Franchise Agreement requires litigation to be conducted in the Commonwealth of Virginia; the requirement may not be enforceable under California law.

g. Section 21 of the Franchise Agreement is amended to add the following:

**Personal Guaranty**: Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty



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will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud in the inducement, whether common law or statutory, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California Investment Law and/or the California Franchise Relations Act are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

**ADDENDUM TO THE FRANCHISE AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF ILLINOIS**

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for Home Clean Heroes Franchising, LLC shall be amended as follows:

a. Section 4.a. of the Franchise Agreement shall be amended to add:

Notwithstanding the foregoing, the Illinois Office of the Attorney General requires us to defer payment of the Initial Franchise Fee until we have completed pre-opening obligations contained in this Agreement and the Franchised Business is open for business.

b. Section 8 of the Franchise Agreement shall be amended to add:

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

c. Section 15.a of the Franchise Agreement shall be amended to add:

Illinois law governs the Franchise Agreement.

d. Section ~~15.b~~ 15.c of the Franchise Agreement shall be amended to add:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

2. The following paragraph shall be included in Section 3, Territory, as part of the Franchise Agreement:

FRANCHISOR MAY ESTABLISH, IDENTIFY AND SERVICE "NATIONAL ACCOUNTS" WITHIN YOUR TERRITORY UNDER THE TERMS OF A SERVICE AGREEMENT. IF YOU REFUSE TO SERVICE THE NATIONAL ACCOUNT UNDER THE TERMS OF THE SERVICE AGREEMENT ~ FRANCHISOR, ITS AFFILIATE(S) OR ANOTHER FRANCHISEE MAY PROVIDE PRODUCTS & SERVICES TO THAT "NATIONAL ACCOUNT" WITH NO COMPENSATION PAID TO YOU.

3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or other law of Illinois is void.

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____



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**ADDENDUM TO THE FRANCHISE AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF INDIANA**

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2.5, the Franchise Agreement for Home Clean Heroes Franchising, LLC shall be amended as follows:

a. Sections 2.b and 13.j of the Franchise Agreement do not provide for a prospective general release of claims against Franchisor which may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

b. Section 18 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

c. Section 15.a is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, 23-2-2.7, will prevail.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

[Signatures on following page]



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IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____



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**ADDENDUM TO THE FRANCHISE AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF MARYLAND**

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§14-201 et seq., the Franchise Agreement shall be amended as follows:

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

b. Section 8(b)(i) of the Franchise Agreement which terminates the Franchise Agreement upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

c. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Agreement.

d. 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.

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

f. 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. In addition, all development fees and initial payments by Area Developers shall be deferred until the first franchise under the Area Development Agreement opens.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



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3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____



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**ADDENDUM TO THE FRANCHISE AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF MINNESOTA**

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise said Franchise Agreement as follows:

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

a. Sections 2.b and 8 shall be amended to add that with respect to franchises governed by Minnesota law, the Franchisor will comply with the Minnesota Franchise Law which requires, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

b. Sections 2.b and 13.j do not provide for a prospective general release of claims against Franchisor which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

c. Section 6.d shall be amended to add that as required by Minnesota Franchise Act, Franchisor will reimburse you for any costs incurred by you in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

d. Section 15.a shall be amended to add that Franchisor shall not in any way abrogate or reduce Franchisee's rights as provided for under the Minnesota Franchise Law including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. In addition, Section ~~15.f~~ 15.g shall be amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for the claim is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

f. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit 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 (1) any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____



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**ADDENDUM TO THE FRANCHISE AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF NEW YORK**

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 et seq., the Franchise Agreement is amended as follows:

a. Sections 2.b and 13.j require you to sign a general release as a condition of renewal and transfer of the Franchise, and Section 17 contains a general release by you; the release excludes claims arising under the General Business Laws of the State of New York.

b. Section 11 is amended to provide that you will not be required to indemnify us for any liability imposed upon us as a result of your reliance upon or use of procedures or products which we required, if such procedures or products were utilized by you in the manner required by us.

c. Under Section 13 of the Franchise Agreement, we will not transfer and assign our rights and obligations under the Franchise Agreement unless the transferee will be able to perform our obligations under the Franchise Agreement, in our good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

d. Section 15.a of the Franchise Agreement states that the franchise must be governed by the laws of the Commonwealth of Virginia. This requirement will not be considered a waiver of any right conferred upon the Franchisee by Article 33 of the General Business Laws.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum govern.



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4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Addendum on the date written below.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____



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**ADDENDUM TO THE FRANCHISE AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF NORTH DAKOTA**

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the North Dakota Franchise Investment Law, the Franchise Agreement for Home Clean Heroes Franchising, LLC shall be amended as follows:

(a) Section 2.b of the Franchise Agreement requires Franchisee to sign a general release as a condition of renewal of the franchise; such release shall exclude claims arising under the North Dakota Franchise Investment Law.

(b) Section 4.a. of the Franchise Agreement is amended to add the following as the last sentence:

Notwithstanding the foregoing, the State of North Dakota's Securities Department requires us to defer payment of the Initial Franchise Fee and other initial payments owed by you to us until all initial obligations owed to you under the Franchise Agreement or other documents have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement.

(c) Section 10.b of the Franchise Agreement is amended to add:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

(d) Section 15.a of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, the Franchise Agreement will be governed by North Dakota law.

(e) Section ~~15.b~~ 15.c of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the North Dakota Franchise Investment Law shall be litigated in the State of North Dakota.

(f) Section ~~15.c~~ 15.d of the Franchise Agreement regarding waiver of jury trial is deleted in its entirety.

(g) Section ~~15.e~~ 15.f of the Franchise Agreement is amended to delete the waiver of the right to seek or recover punitive damages.



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2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

**ADDENDUM TO THE FRANCHISE AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF RHODE ISLAND**

This Addendum to the Franchise Agreement is entered into this ___ day of _____, 20__, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Agreement for Home Clean Heroes Franchising, LLC shall be amended as follows:

(a) Section 15.a of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, the Franchise Agreement will be governed by Rhode Island law.

(b) Section ~~15.b~~ 15.c of the Franchise Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the Rhode Island Franchise Investment Act shall be litigated in the State of Rhode Island.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

**ADDENDUM TO THE FRANCHISE AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE COMMONWEALTH OF VIRGINIA**

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. In recognition of the requirements of the Virginia Retail Franchising Act, Va. Code §§13.1-557 et seq., the Franchise Agreement shall be amended as follows:

a. Section 4.a. shall be amended to add: The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

b. Sections 8.b(x) and 8.c(i) states that the Franchisor may terminate the Franchise Agreement if the Franchisee commits a default under any other franchise agreement with Franchisor; this provision may not be enforceable if the grounds for default or termination do not constitute "reasonable cause" as that term is defined in the Virginia Retail Franchising Act or laws of Virginia.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Unless expressly amended by this Addendum, all other terms of the Franchise Agreement remain unchanged.



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IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____



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**ADDENDUM TO THE FRANCHISE AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF WISCONSIN**

This Addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Franchise Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07, will supersede any conflicting terms of the Franchise Agreement.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____



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## SCHEDULE "F" TO THE FRANCHISE AGREEMENT

## START-UP PACKAGE

The items listed below will arrive in one or more shipments to the address you provide. You will be responsible for unloading, unpacking, assembly and storage of equipment and items as necessary. The items on this list should be sufficient to stock one vehicle and two-person team at start-up. The speed with which you scale your business will determine when you will have to re-stock consumable supplies and materials. We and our supplier will determine the brand, model and type of these items based on our research and development.

| ~~Count*~~Quantity | Item Description | ~~Count*~~ | ~~Item~~ |
|---|---|---|---|
| 2 | ~~Porta Power Light Weight~~ZM-500 UPRIGHT VACUUM 5.5AMP | ~~10~~2 | ~~HCH Yellow Quart Bottle~~TOILET WAND DISPOSABLE TOILET |
| ~~50~~<br>~~2~~<br>~~35~~ | ~~Hoover Type N Bag~~<br>~~Qc Straight Extension~~<br>~~18" Microfiber Flat Mop~~ | ~~10~~<br>~~10~~<br>~~10~~ | ~~HCH Red Quart Bottle~~<br>~~HCH Blue Quart Bottle~~<br>~~HCH Green Quart Bottle~~ |
| ~~1~~100 | ~~3-Gal Blue Pad Bucket W/Lid~~ZM-500 VACUUM BAGS | 15 | ~~HCH Blue Trigger Sprayer~~HCH GREEN TRIGGER SPRAYER |
| ~~2~~ | ~~Microfiber High Reach Clng Kit~~ | ~~2~~ | ~~Zm-500 Upright Vacuum 5.5Amp~~ |
| ~~6~~1 | Zoom Replacement ~~Sleeve Duster~~Bar | ~~15~~1 | ~~HCH Red Trigger Sprayer~~HCH STAINLESS STEEL POLISH |
| 5 | Zoom Vacuum Belts | 3 | TILE & GROUT BRUSH |
| 2 | PORTA POWER LIGHT WEIGHT | 6 | KREME CLEANSER |
| 50 | HOOVER TYPE N BAG | 1 | 1.5" #9 RAZOR BLADES F/SCRAPER |
| 2 | QC STRAIGHT EXTENSION | 2 | HCH RINSING PITCHER |
| 35 | 18" MICROFIBER FLAT MOP | 2 | 18" QUICK CONNECT WET DRY |
| 1 | 3-GAL BLUE PAD BUCKET W/LID | 2 | HOOVER CH01005 CARRYING BAG |
| 2 | MICROFIBER HIGH REACH CLNG KIT | 1 | OXY CONCENTRATE (4/1-GAL/CS) |
| 6 | REPLACEMENT SLEEVE DUSTER | 2 | ADAPTER,DISPOSABLE BAG SUPPORT |
| 250 | HCH ~~Blue Microfiber~~ BLUE MICROFIBER 12" X 12" | ~~15~~1 | ~~HCH Yellow Trigger Sprayer~~BIRSCH BULLSEYE HAND SANITIZER |
| ~~250~~ | ~~HCH Yellow Microfiber~~ | ~~2~~ | ~~Toilet Wand Disposable Toilet~~ |
| 250 | HCH ~~Gray Microfiber~~ GRAY MICROFIBER 12" X 12" | ~~15~~2 | ~~HCH Green Trigger Sprayer~~FACEMASK 3 PLY NON-WOVEN BLUE |
| 250 | HCH ~~Orange Microfiber~~ORANGE MICROFIBER | ~~1~~5 | ~~HCH Stainless Steel Polish~~NON-SLIP SHOE COVERS LARGE |
| 1 | ~~15 Qt Towel Storage - Plastic~~15 QT TOWEL STORAGE - PLASTIC | ~~3~~1 | ~~Tile & Grout Brush~~HCH SLIM CLIPBOARD STORAGE BOX |
| 1 | ~~Melamine Erasable Sponges~~MELAMINE ERASABLE SPONGES | ~~6~~12 | ~~Kreme Cleanser~~ MICROFIBER CLOTH BLUE{GLASS} |



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| | | | |
|---|---|---|---|
| 2 | ~~Oxo Good Grip Detail Brush Set~~OXO GOOD GRIP DETAIL BRUSH SET | 1 | ~~1.5" #9 Razor Blades F/Scraper~~CLOROX TOILET WAND REFILL HEAD |
| 3 | ~~Cutting Board Brush <White>~~CUTTING BOARD BRUSH <WHITE> | ~~2~~1 | ~~HCH Rinsing Pitcher~~BIRSCH VYBLENDP/F BLUE LARGE |
| 5 | ~~Scrub Sponge, No Scratch~~SCRUB SPONGE, NO SCRATCH | ~~2~~1 | ~~18" Quick Connect Wet Dry~~BIRSCH VYBLEND P/F BLUE MEDIUM |
| 2 | ~~Ergotec Safety Scraper~~ERGOTEC SAFETY SCRAPER | ~~2~~1 | ~~Hoover Ch01005 Carrying Bag~~BIRSCH VYBLEND P/F BLUE SMALL |
| 1 | ~~One-Step Folding Step Stool~~ ONE-STEP FOLDING STEP STOOL | ~~2~~3 | ~~Oxy Concentrate (4/1 Gal/Cs)~~LYSOL 1 GALLON |
| 1 | ~~Rubbermaid Comm. Es Quick Cart~~RUBBERMAID COMM. ES QUICK CART | ~~2~~10 | ~~Adapter,Disposable Bag Support~~UNIFORM SHIRTS |
| 12 | ~~Nylon Mesh Laundry Bags~~ NYLON MESH LAUNDRY BAGS | 1 | ~~Birsch Bullseye Hand Sanitizer~~MESH BANNER |
| 1 | 17X18 ~~Hi-D Liner~~ HI-D LINER 50/40 | ~~2~~100 | ~~Facemask 3-Ply Non-Woven Blue~~BRANDED SERVICE POST IT NOTES |
| 1 | ~~24 X 33 Roll Can Liners~~ 24 x 33 ROLL CAN LINERS | ~~5~~250 | ~~Non-Slip Shoe Covers Large~~BRANDED LOYALTY ITEMS |
| ~~1~~<br><br>~~6~~<br>~~12~~ | ~~Sterilite 5 Shelf Unit~~<br><br>~~5 Gal Shurfill Jug W/Spout~~<br>~~W5" Wax Applicator~~ | ~~1~~<br><br>~~12~~<br>~~1~~ | ~~HCH Slim Clipboard Storage Box~~<br><br>~~Microfiber Cloth Blue{Glass}~~<br>~~Clorox Toilet Wand Refill Head~~ |
| 1 | ~~Porta-Blend Proportioner~~STERILITE 5 SHELF UNIT | ~~1~~100 | ~~Vitrile P/F Blue Large~~YARD SIGNS WITH STAKES |
| 6 | 5 GAL SHURFILL JUG W/SPOUT | 1 | POP UP BANNER |
| 12 | W5" WAX APPLICATOR | 250 | SERVICE PROPOSAL FORMS |
| 1 | PORTA-BLEND PROPORTIONER | 250 | POCKET FOLDERS |
| 3 | ~~Kleenguard Safety Glasses~~KLEENGUARD SAFETY GLASSES | ~~1~~250 | ~~Vitrile P/F Blue Medium~~LETTERHEAD |
| 1 | ~~First Aid Kit 25 Person~~FIRST AID KIT 25 PERSON | ~~1~~250 | ~~Vitrile P/F Blue Small~~ENVELOPES |
| ~~5~~10 | ~~Zm-500 Vacuum Bags~~ HCH YELLOW QUART BOTTLE | ~~-~~250 | ~~-~~BUSINESS CARDS |
| 10 | HCH RED QUART BOTTLE | 250 | SHARE THE SHINE CARDS |
| 10 | HCH BLUE QUART BOTTLE | 250 | TRI-FOLD BROCHURES |
| 10 | HCH GREEN QUART BOTTLE | 100 | RACK CARDS |
| 15 | HCH BLUE TRIGGER SPRAYER | 500 | DOOR HANGERS |
| 15 | HCH RED TRIGGER SPRAYER | 250 | THANK YOU NOTES |



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| | | | |
|---|---|---|---|
| 15 | HCH YELLOW TRIGGER SPRAYER | _ | _ |

*Actual count of some of these items may vary based on packaging quantities

**Delivery Address**

Street Address/Building Number

City/State/Zip

Special Instructions

Commercial Address ☐ Residential Address ☐ Contact Phone _____



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**SCHEDULE "G" TO THE FRANCHISE AGREEMENT**

**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)**

The undersigned depositor ("Depositor") hereby:

authorizes HOME CLEAN HEROES FRANCHISING, LLC and HOME CLEAN HEROES SERVICES, LLC (collectively, the "Company") to initiate debit entries and or credit correction entries to the undersigned's checking and/or savings account indicated below and

authorizes the depository designated below ("Depository") to debit such account pursuant to Company's instructions.

_____
Bank

_____
Address

_____ _____ _____
City State Zip Code

_____ _____
Bank Transit/ABA Number Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days prior written notice of the termination of this authority. If an erroneous debit entry in initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

_____
FRANCHISEE (Depositor) (Print Name)

By: _____ Date: _____



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_____
FRANCHISEE (Depositor) (Print Name)

By: _____ Date: _____

_____
FRANCHISEE (Depositor) (Print Name)

By: _____ Date: _____

_____
FRANCHISEE (Depositor) (Print Name)

By: _____ Date: _____



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**SCHEDULE "H" TO THE FRANCHISE AGREEMENT**

**PROGRAM SERVICES AGREEMENT**

This PROGRAM SERVICES AGREEMENT is entered into this ____ day of _____, 20__, between HOME CLEAN HEROES SERVICES, LLC ("we," "us" or "HCH Services") and _____ ("you" or "Franchisee").

WHEREAS, Home Clean Heroes Franchising, LLC ("Franchisor") and Franchisee are parties to that certain Franchise Agreement dated as of the same date hereof (the "Franchise Agreement');

WHEREAS, pursuant to the terms of the Franchise Agreement, Franchisee is required to purchase Mailer Program services and Digital Advertising Program services from Franchisor or its affiliate.

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

1 Setup Fee. You must pay us a fee to setup the Mailer Program (the "Setup Fee") within thirty (30) days prior to the Scheduled Opening Date. Currently, the Setup Fee is $1,000.

2. Mailing List Fee. You must pay to us a fee to obtain the mailing list each year (the "Mailing List Fee"). Currently, the Mailing List Fee is $0.05 per Targeted Household in your Territory.

3. Postcard Fee. Through the Mailer Program, you must send a minimum of 35,000 postcards to the Targeted Households located in your Territory. You must pay us a fee per postcard for each Targeted Household in your Territory (the "Postcard Fee"). Currently, the Postcard Fee is $0.43 per postcard.

4. First Year Mailer Program Fees. For your first year, you must pay to us the Setup Fee, Mailing List Fee and Postcard Fees for 35,000 postcards (collectively, the "Mailer Program Fees") at least thirty (30) days prior to the Scheduled Opening Date. Following the mailing of your first 35,000 postcards you must pay us postcard fees monthly in advance of subsequent mailings.

5. Subsequent Year Mailer Program Fees. After your first year, you shall pay to us the Mailing List Fee and the Postcard Fee each year. You must pay us the Mailing List Fee and Postcard Fee each month in advance of the mailings: you must pay the fees to us on _____ for the mailings to be sent the following _____ through _____. The amount of the payment will be determined by us based on the Targeted Households in your Territory and the mailing list we purchase for the Mailer Program. You must make the payment to us by electronic funds transfer, or such other method as we determine from time to time.

6. SEO Fee. You must pay us a monthly fee per website for our provision and/or management of search engine optimization services (the "SEO Fee"). Currently, the SEO Fee is $300 per month. For your first year, you must pay 100% of the annual SEO Fee to us at the time your



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website goes live. In subsequent years, you must pay the SEO Fee to us one month prior to the month of service, starting after the twelfth month that your website went live.

7. Digital Marketing Fee. You must pay to us or an approved supplier an annual fee for online, social media and other digital marketing initiatives and campaigns (the "Digital Marketing Fee"). Currently, the Digital Marketing Fee is a minimum annual spend of $21,600, the equivalent of $1,800 per month. You may wish to spend more to grow your business. You must pay the Digital Marketing Fee to us or our approved supplier in advance on a monthly basis.

8. National Call Center Fees. You are required to use the services of our National Call Center for new customer and overflow calls. You must pay to us or an approved supplier $275 per month per entity, plus a $30 fee per booked in-home estimate or single-service cleaning. You must also pay to us or an approved supplier a one-time $300 setup fee thirty (30) days prior to the Scheduled Opening Date. All inbound callers who select the "new customer" option, along with customers submitting leads through online sources, will be directed to the National Call Center. Requests for In-Home Estimates which are scheduled through your website will automatically be placed on your schedule and will not flow to the National Call Center. All calls from existing customers received during regular business hours and not answered within a prescribed period of time (currently 30 seconds) by your local office, including calls received after hours, on weekends and holidays, will forward to the National Call Center. You will be able to dictate whether after hours, weekend or holiday calls ring first to your office or directly to the National Call Center. The National Call Center is responsible for answering these existing customer calls and forwarding messages to you via email.

9. Integrated Business Management Fee. You are required to use the integrated business management systems and solutions ("Integrated Business Management System") that we require. You must pay to us or an approved supplier a fee of $395 per month beginning with the second full calendar month after you sign the Franchise Agreement. In addition, if you need more than two (2) VOIP seats, you must pay us or an approved supplier an additional $30 per month per seat.

10. Rights, Fee Increases. We rent exclusive rights to use the mailing list for one year at a time and these lists are not available to you. They are solely available for use by us and/or our affiliates. We reserve the right to increase the Mailer Program Fees to reflect changes in the costs of design, production, list purchasing costs and postage and the SEO Fee and Digital Marketing Fee (collectively, the "Digital Advertising Program Fees") to reflect changes in the costs of the digital services, and the fees for the National Call Center and Integrated Business Management System to reflect changes in the cost of those services. You must pay the then-current price in effect for the Mailer Program services, Digital Advertising Program services, National Call Center Services and Integrated Business Management System Services provided by us under this Agreement, which may be more than our costs to provide the Mailer Program services, the Digital Advertising Program services, the National Call Center Services and/or Integrated Business Management System Services to you. We will provide you with thirty (30) days' prior written notice of any change in the amount of the Mailer Program Fees and the Digital Advertising Program Fees. You acknowledge and agree that (i) we have the right to administer the Mailer Program, the Digital Advertising Program, the National Call Center and Integrated Business Management System and

to profit therefrom, and (ii) you release any and all claims that you may have, now or at any time in the future, with respect to such administration and/or profit.

11. Our Obligations.

(a) Mailer Program. Provided that you are current in your obligations to us and you are not otherwise in default under the Franchise Agreement or any other agreement (excluding the area development agreement, if applicable) with us or our affiliates, we will produce, or use a third party selected by us to produce, mailers for the Targeted Households in your Territory and deliver, or have delivered by a third party selected by us, the mailers to the United States Postal Service (or such other mail service we specify) on a weekly basis during the year. You may request that we produce, or have produced, and deliver, or have delivered, to the United States Postal Service (or such other mail service we specify) additional mailers on your behalf. You must pay our then-current fee for all additional mailers produced pursuant to this Section 10.

(b) Digital Marketing Program. Provided that you are current in your obligations to us and you are not otherwise in default under the Franchise Agreement or any other agreement (excluding the area development agreement, if applicable) with us or our affiliates, we will provide SEO for your local website that we authorize, and online placement services, such as pay-per-clock advertising, Facebook or other social media advertising administration, remarketing or other digital advertising services.

12. Late Fees. You must pay to us interest at the lesser of eighteen percent (18%) (compounded daily) per year or the highest amount permitted by law on all amounts you owe to us that are more than fifteen (15) days past due. All unpaid amounts will continue to accrue interest until paid in full.

13. Term. Unless sooner terminated as provided herein, the term of this Agreement shall be commensurate with the term of the Franchise Agreement and upon termination of the Franchise Agreement, this agreement shall immediately terminate; provided that your payment obligations under this Agreement will survive termination.

14. Termination. This Agreement will automatically terminate upon the termination of the Franchise Agreement. In addition, we have the right to terminate this Agreement upon ten (10) days' notice to you if you are in default under any terms and conditions of the Franchise Agreement or under any terms and conditions of this Agreement and such default continues for a period of ten (10) days after written notice to you. A default under this Agreement constitutes a default under the Franchise Agreement.

15. Pre-Termination Options. Prior to termination of this Agreement, if you are in default of any of your obligations under this Agreement, we may, in addition to other remedies that we may have, suspend all Mailer Program services, SEO and Digital Advertising Program services, National Call Center services and/or Integrated Business Management System services we are required to provide to you under this Agreement. In addition, if you are in default under the terms of this Agreement, we reserve the right to withhold provision of services to you under the Franchise

Agreement. These remedies are in addition to any other remedies available to us at law or in equity.

IN NO EVENT WILL WE, OR ANY OF OUR AFFILIATES, BE LIABLE UNDER OR IN CONNECTION WITH OUR RIGHT TO SUSPEND SERVICES AS SET FORTH ABOVE, OR THE ACTUAL EXERCISE OF OUR RIGHTS SET FORTH ABOVE, UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE, FOR ANY LOST PROFITS, LOSS OF GOODWILL OR REPUTATION, OR CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED OR PUNITIVE DAMAGES, IN EACH CASE REGARDLESS OF WHETHER WE, OR OUR AFFILIATES, WERE ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES.

16. Mailing Lists and Delivery. We obtain the mailing lists and identify the Targeted Households from third party data compilation and demographic information service provider(s) that we and/or our affiliate(s) select. We make no representation or warranty regarding the accuracy of any such mailing lists or demographic information related to the Targeted Households, which we use to perform our obligations under this Agreement. We are unable to represent or warrant that the actual number of mailers produced by us or a third party on your behalf and delivered to the United States Postal Service (or other mail service specified by us) will be delivered by the postal carrier to the Targeted Households in your Territory.

17. Assignment. This Agreement is fully assignable by us. You may not assign this Agreement without our prior written consent.

18. Capitalized Terms. All capitalized terms not otherwise defined herein have the meanings ascribed to them in the Franchise Agreement.

19. Miscellaneous. Sections 15 of the Franchise Agreement is hereby incorporated into this Agreement and applies to this Agreement.

20. Third Party Beneficiary. You acknowledge and agree that Franchisor is an express and intended third party beneficiary of this Agreement, with the right to directly enforce this Agreement as it were a party hereto.

21. Waiver. The failure by HCH Services to enforce one or more terms or conditions of this Agreement will not be deemed a waiver of such term or condition, or of HCH Services' rights thereafter to enforce each and every term and condition of this Agreement.

22. Severability. If any provision hereof shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision shall be stricken from this Agreement without any effect upon the validity or enforceability of any other provisions of this Agreement.

23. Amendment. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.



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24. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to any conflicts of law rules or provisions.

25. Venue and Jurisdiction. Franchisee irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which HCH Services' national office is located, presently Virginia Beach, Virginia, and of the United States District Court having jurisdiction over matters arising entirely within such city or county in which HCH Services' national office is located, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that any such action or proceeding must be brought exclusively in such courts.

26. Attorney's Fees. The prevailing party in any suit brought to enforce the terms of this Agreement shall be entitled, in addition to other remedies as may be available at law or in equity, to recover its reasonable attorney's fees and expert fees incurred in bringing and prosecuting any such action.

27. Notice. Any notice hereunder must be given by mail or courier, postage prepaid or delivered personally or by facsimile, to our Chief Executive Officer, at our national headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452, facsimile (757) 494-4505. Any such notice to Franchisee must be given in the same manner, or by electronic mail, at the address indicated below the Franchisee's signature to this Agreement.

28. Authority. The individual signing on behalf of the Franchisee represents and warrants that he/she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and bind, Franchisee.

29. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Program Services Agreement, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES SERVICES, LLC**

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____



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Franchisee:_____

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____

Franchisee:_____

By:_____
Name:_____
Title:_____



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## GUARANTY FOR PROGRAM SERVICES AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned jointly and severally agree as follows: (a) the undersigned guarantees to Home Clean Heroes Services, LLC ("HCH Services") that _____ ("Franchisee") shall promptly pay and perform each and every undertaking, agreement and covenant of Franchisee set forth in the Program Services Agreement, and (b) the undersigned jointly and severally agree to be personally bound by, and personally liable for any breach of each and every provision of the Program Services Agreement by Franchisee, and (c) the undersigned jointly and severally guaranty payment of all amounts owed to HCH Services from time to time by Franchisee.

Dated this ____ day of _____, 20__

GUARANTORS:

_____

Print Name: _____

_____

Print Name: _____

_____

Print Name: _____

_____

Print Name: _____

## SCHEDULE "I" TO THE FRANCHISE AGREEMENT

## CONSENT TO AUDIO RECORDING

I understand that **Home Clean Heroes Franchising, LLC** uses a third-party "mystery shopper" vendor to help the company gauge customer service levels and to help the company identify and understand learning opportunities for its employees who directly or indirectly work with our customers. I understand that audio recording of telephone conversations by the mystery shopper vendor is part of the mystery shopper process.

As a business owner and Home Clean Heroes franchisee, I understand the importance of professional phone protocol. Therefore, I give my permission to the company, **Home Clean Heroes, LLC** and its' mystery shopping vendor to make audio recordings of any verbal interactions that I may have with a mystery shopper. I understand that the recordings may be disclosed to the company and **Home Clean Heroes, LLC**, and will be used for the purposes outlined above.

I acknowledge that I understand the purpose of this consent form and its content.

| _____ | _____ | _____ |
|---|---|---|
| Franchise Owner Name | Signature | Date |
| _____ | _____ | _____ |
| Franchise Owner Name | Signature | Date |



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# EXHIBIT E

## AREA DEVELOPMENT AGREEMENT AND STATE AMENDMENTS



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**HOME CLEAN HEROES**

**Area Development Agreement**



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**HOME CLEAN HEROES**

**AREA DEVELOPMENT AGREEMENT**


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**EXHIBITS**


EXHIBIT A Development Schedule

EXHIBIT B Guarantee

EXHIBIT C Franchise Agreement

**HOME CLEAN HEROES**
**AREA DEVELOPMENT AGREEMENT**

This Area Development Agreement (the "Agreement") is entered into on _____, 20____ by and between HOME CLEAN HEROES FRANCHISING, LLC (the "Franchisor", "Home Clean Heroes), and _____, a _____ having its principal offices located at _____, _____, _____ (the "Area Developer").

WITNESSETH:

WHEREAS, Franchisor has developed a method and concept (the "System") to provide a business offering high-quality cleaning services on a one-time or recurring basis, including initial, weekly, bi-weekly, monthly, special event and move in/move out, for both residential and commercial using the System and the Marks (as both are defined below) (the "Franchised Business or Businesses");

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to, the mark "Home Clean Heroes" and logo, and such other trade names, service marks, and trademarks as are now designated (and may hereinafter be designated by Franchisor in writing) for use in connection with the System (the "Marks"); and

WHEREAS, Area Developer wishes to obtain certain development rights to operate Franchised Businesses under Franchisor's System and wishes to obtain franchises from Franchisor for that purpose.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. GRANT

1.1 Franchisor hereby grants development rights to Area Developer, and Area Developer hereby accepts the obligation, pursuant to the terms and conditions of this Area Development Agreement, to develop the number of Franchised Businesses as specified in Exhibit A to this Agreement. Each Franchised Business for which a development right is granted hereunder shall be established and operated pursuant to: (i) a separate Home Clean Heroes Franchise Agreement ("Franchise Agreement") to be entered into between Area Developer and Franchisor in accordance with Section 3.1 below; and (ii) the development schedule set forth in Paragraph 2 of Exhibit A attached hereto (the "Development Schedule"). Each Franchised Business developed hereunder shall be located in the area described in Paragraph 1 of Exhibit A, attached hereto (the "Development Area"). Area Developer (and its affiliates) may not open a second Franchised Business until the first Franchised Business opened pursuant to this Agreement has been open for at least twelve months. Area Developer may purchase additional territories (beyond the number granted in this Agreement) at the discounted price (currently $25,000 per territory) within 24



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months after the opening of its (or its Affiliate's) first Franchised Business, provided Area Developer (or its Affiliate) is a franchise owner in good standing, and at our sole discretion.

1.2 So long as Area Developer is in compliance with its obligations under this Agreement and/or any other agreements with the Franchisor or its affiliates, Franchisor shall not establish, nor license anyone other than Area Developer to establish, a Franchised Business under the System in the Development Area, until the last date specified in the Development Schedule. Franchisor retains all rights not specifically granted to Area Developer, including, for example, the right: (i) to use and license others to use the System and Marks for the operation of "Home Clean Heroes" Franchised Businesses at any location outside the Development Area, regardless of proximity to the Development Area; (ii) to acquire (or be acquired by) and operate businesses of any kind at any location within or outside of the Development Area that do not operate under the Marks; (iii) to use and license others to use the System and/or the Marks at any location within or outside of the Development Area other than for the operation of a "Home Clean Heroes" Franchised Business; and (iv) to use and license others to use marks other than the Marks in connection with the operation of Franchised Businesses at any location within or outside of the Development Area, which Franchised Businesses are the same as, similar to, or different from the Franchised Businesses, all on terms and conditions as Franchisor deems advisable, and without granting Area Developer any rights therein. Franchisor may dispatch franchisees from neighboring territories to service customers in the Development Area as provided in Home Clean Heroes Franchise Agreements. Area Developer's rights within the Development Area are also subject to other franchisees' rights under Franchisor's various programs and policies.

1.3 This Agreement is not a franchise agreement, and does not grant to Area Developer any right to use in any manner Franchisor's Marks or System.

1.4 Area Developer shall have no right under this Agreement to license others to use in any manner the Marks or the System.

## 2. CUMULATIVE FRANCHISE FEE

2.1 In consideration of the development rights granted herein, Area Developer has paid to Franchisor upon execution of this Agreement fee equal to _____ Dollars ($_____) (the "Cumulative Franchise Fee"), receipt of which is hereby acknowledged by Franchisor, which has been fully earned and is non-refundable in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted Area Developer herein.

## 3. DEVELOPMENT OBLIGATIONS

3.1 Area Developer (or an entity controlled by Area Developer (hereafter "Affiliate")) shall execute a Franchise Agreement for each Franchised Business in a territory approved by Franchisor in the Development Area as hereinafter provided (the "Territory"). The Franchise Agreement for the first Franchised Business developed hereunder shall be in the form of the Franchise Agreement attached hereto as Exhibit C (the "First Franchise Agreement"). The Franchise Agreement for each additional Franchised Business developed hereunder shall be in the

form of the Franchise Agreement being offered generally by Franchisor at the time each such Franchise Agreement is executed. The Franchise Agreement for each Franchised Business shall be executed by Area Developer and submitted to Franchisor within fifteen (15) days of its receipt from Franchisor. Area Developer must execute one Franchise Agreement, and make all payments required thereunder at the time of signing, at the time this Area Development Agreement is signed.

Franchisor's duty to offer or grant franchises is subject to the requirement to maintain franchise disclosure documents and franchise registrations as required by law. If Franchisor may not lawfully offer or sell a franchise at a time Area Developer desires to execute the Franchise Agreement, Franchisee's and Area Developer's duties hereunder shall be deferred until such documents are amended and, if applicable, approved for use, and delivered to Area Developer.

3.2 Recognizing that time is of the essence, Area Developer agrees to satisfy the Development Schedule. Failure by Area Developer to adhere to the Development Schedule, shall constitute a default under this Agreement as provided in Section 6.2 hereof.

## 4. TERM

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the date when Area Developer has opened and in operation all of the Franchised Businesses required by the Development Schedule.

## 5. DUTIES OF THE PARTIES

5.1 For each Franchised Business developed hereunder, Franchisor shall furnish to Area Developer the following:

5.1.1 Such developer training for Area Developer as Franchisor may deem advisable.

5.2 Area Developer accepts the following obligations:

5.2.1 An Area Developer which is a corporation shall comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.2.1.1 Area Developer shall furnish Franchisor with its Articles of Incorporation, Bylaws, other governing documents, any other documents Franchisor may reasonably request, and any amendments thereto;

5.2.1.2 Area Developer shall confine its activities, and its governing documents, if any, shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder;

5.2.1.3 Area Developer shall maintain stop transfer instructions against the transfer on its records of any voting securities and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of an Area Development Agreement with Home Clean Heroes dated _____. Reference is made to the provisions of said Area Development Agreement and to the Articles and Bylaws of this Corporation.

5.2.1.4 Area Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Area Developer and shall furnish the list to Franchisor upon request.

5.2.2 An Area Developer which is a partnership or a limited liability company shall comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.2.2.1 Area Developer shall furnish Franchisor with its partnership agreement or membership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto; and

5.2.2.2 Area Developer shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners and all members in Area Developer.

5.2.3 Area Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Area Developer by Franchisor, and shall disclose such information or materials only to such of Area Developer's employees or agents who must have access to it in connection with their employment. Area Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

5.2.4 Area Developer shall comply with all requirements of federal, state and local laws, rules and regulations.

5.2.5 Area Developer shall provide Franchisor with annual unaudited balance sheets and statements of financial condition.

## 6. DEFAULT

6.1 Area Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Area Developer, if Area Developer shall become insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Area Developer or such a petition is filed against and not opposed by Area Developer; or if Area Developer is adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other

custodian for Area Developer's business or assets is filed and consented to by Area Developer; or if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Area Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless *supersedeas* bond is filed); or if Area Developer is dissolved; or if execution is levied against Area Developer's business or property; or if suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Business developed hereunder is instituted against Area Developer and not dismissed within thirty (30) days; or if the real or personal property of Area Developer shall be sold after levy thereupon by any sheriff, marshal or constable.

6.2 If Area Developer fails to meet its obligations under the Development Schedule, such action shall constitute a default under this Agreement, upon which Franchisor, in its discretion, may terminate the rights granted in Section 1.2 hereof, effective thirty (30) days following notice from Franchisor.

6.3 Except as otherwise provided in Sections 6.1 and 6.2 above, if Area Developer fails to comply with any material term and/or condition of this Agreement, or fails to comply with the terms and/or conditions of any Franchise Agreement between the Area Developer (or a person or entity affiliated with or controlled by the Area Developer) and the Franchisor, such action shall constitute a default under this Agreement. Upon the occurrence of any such default, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Area Developer at least fifteen (15) days prior to the effective date of termination; provided, however, that Area Developer may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the fifteen (15)-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to the right to develop new Franchised Businesses) shall terminate without further notice to Area Developer effective immediately upon the expiration of the fifteen (15)-day period or such longer period as applicable law may require. Notwithstanding the foregoing, if Area Developer is in default under any Franchise Agreement, the provisions of this Section 6.3 shall not be construed to grant any cure period that is in addition to, or longer than, any cure period applicable to such breach under the Franchise Agreement, and any cure period, if applicable, shall be as set forth in the Franchise Agreement.

6.4 Upon termination of this Agreement, Area Developer shall have no right to establish or operate any Franchised Business for which a Franchise Agreement has not been executed by Franchisor at the time of termination. Thereafter, Franchisor shall be entitled to establish, and to license others to establish, Franchised Businesses in the Development Area except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Area Developer.

6.5 No default under Section 6.2 of this Area Development Agreement shall constitute a default under any Franchise Agreement between the parties hereto.

6.6 No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

## 7. TRANSFERS

7.1 Franchisor may assign this Agreement to an assignee who agrees to remain bound by its terms, without obtaining Area Developer's approval. Neither Area Developer nor an owner with an interest in this Agreement (collectively "transferor") may sub-license or sub-franchise its rights granted by this Agreement. Area Developer's interest under this Agreement or its ownership in the Area Developer entity may be transferred or assigned only if transferor complies with the following provisions. No interest may be transferred unless or until Area Developer and the transferor are in full compliance with this Agreement. No right to execute a Franchise Agreement may be assigned apart from an assignment of all of Area Developer's rights to execute Franchise Agreements under this Agreement.

7.2 If a transferor has received and desires to accept a signed, bona fide offer to purchase or otherwise transfer an interest in Area Developer's business or any interest in this Agreement or the Area Developer entity, the transferor shall grant Franchisor the option (the "Right of First Refusal") to purchase transferor's business or interest in the Area Developer as hereinafter provided.

7.3 If the transferor desires to make a transfer, such person or entity must comply with the following terms, conditions and procedures to effectuate a valid transfer:

7.3.1 If any proposed assignment of any rights under this Agreement, or if any other transfer which, when aggregated with all previous transfers, would, in Franchisor's reasonable opinion result in the transfer of effective control over the ownership of this Agreement and/or operation of Area Developer's business, a material part of Area Developer's assets or the Area Developer entity, the transferee must apply for an Area Development Agreement and must meet all of Franchisor's then current standards and requirements for becoming an Area Developer (which standards and requirements need not be written).

7.4 Regardless of the degree of control which would be affected by a proposed transfer:

7.4.1 The proposed transferor shall first notify Franchisor in writing of any bona fide proposed transfer and set forth a complete description of all terms and fees of the proposed transfer in a manner Franchisor prescribes, including the prospective transferee's name, address, financial qualifications and previous five (5) years' business experience;

7.4.2 The transferor shall provide Franchisor with a copy of any written offer or agreement to purchase, signed by the proposed transferee, together with copies of any documents referenced in the offer or agreement, including notes and security agreements. If all material terms of the proposed sale are not described in the offer or agreement, the transferor shall provide details of all such terms in its submission to Franchisor, accompanied by the proposed transferee's written agreement to the terms.

7.4.3 The proposed transferor shall provide Franchisor with any additional information, agreements, certifications or documents Franchisor requests for use in its evaluation of whether to approve the transfer or to exercise its Right of First Refusal.

7.4.4 Upon receipt of Franchisor's request, the proposed transferor shall promptly provide Franchisor with access to any property, documents or records relevant to the transaction and to the interest which is the subject of the transfer. Once Franchisor has received all materials submitted by the proposed transferor and has reviewed all property, records and documents Franchisor has requested, within thirty (30) days Franchisor shall notify the transferor of Franchisor's decision to exercise its right to acquire all or any part of the interest being transferred, and the conditions, if any, under which Franchisor will approve the proposed transfer.

7.4.5 If the transferor's interest in Area Developer, the Area Developer's business or in this Agreement is being offered in combination with one or more other items, Franchisor has the right to purchase the interest it selects at the price and under the terms offered or agreed to by the transferor. Regardless of whether the offer establishes different prices for different interests to be transferred, Franchisor may establish a fair value for the interest it selects to acquire, based either upon the prices paid for similar interests in arm's length transactions during the previous two (2)-year period before the date of the proposed transfer, or on other reasonable criteria.

7.4.6 If non-monetary consideration is offered, Franchisor may pay the cash equivalent of the non-monetary consideration offered. If such non-monetary consideration includes the employment of the transferor, Franchisor may require the transferor to perform the proposed services on substantially the same terms as those offered by the proposed transferee. At Franchisor's option, Franchisor may agree not to pay the agreed compensation for the services to be performed by the transferor, and decline the services to be performed under the terms of the offer. If Franchisor elects this option, Franchisor may set off against any amount due for services to be rendered by the transferor, any income to be received by the transferor for services performed by others during the period when the transferor had agreed to perform services for Franchisor. Neither Franchisor nor its assignee shall be liable for paying any brokerage commission on the value of the interest transferred.

7.4.7 If Franchisor exercises its Right of First Refusal, the transferor shall transfer the interest to Franchisor or to Franchisor's assignee pursuant to an agreement to purchase which contains the material terms to which the transferor and the proposed transferee had agreed. However, if the offer or proposed purchase contract has omitted any terms customarily addressed in a transfer of an interest of the type which is the subject of the transaction, Franchisor may supply those terms in the purchase agreement and related documents.

7.4.8 If Franchisor or its assignee fails to exercise the option to purchase the interest sought to be transferred, Franchisor shall, within thirty (30) days after receipt of the notice of the proposed transfer, notify the proposed transferor in writing of its approval or disapproval of the prospective transferee.

7.5 A transfer to a "Controlled Entity" will not trigger the Right of First Refusal. A "Controlled Entity" is an entity in which the transferor(s) is/are the beneficial owner(s) of one hundred percent (100%) of each class of voting ownership interest in the Area Developer entity. At the time of the desired transfer of interest to a Controlled Entity, the transferor must notify Franchisor in writing of the name of the Controlled Entity. Franchisor only will approve a transfer to a Controlled Entity after all its beneficial owners have signed a personal guaranty of the Controlled Entity's obligations to Franchisor in a form which Franchisor prescribes. Franchisor does not charge a transfer fee for this change.

7.6 A transfer of interest among the owners of an Area Developer entity will not trigger the Right of First Refusal, provided that only the percentage of ownership, rather than the identity of the owners, is changing. At the time of the desired transfer of interest within an entity, the transferor must notify Franchisor in writing of the name and address of each officer, director shareholder, member, partner or similar owner of an interest and their respective ownership interest before and after the transfer. Franchisor does not charge a transfer fee for this transfer.

7.7 If Franchisor does not exercise its Right of First Refusal, the transferor may transfer this Area Development Agreement or ownership interest herein according to the terms set forth in the notice, provided that Area Developer and the transferor satisfy the conditions in Sections 7.8 through 7.13 below and complete the sale within ninety (90) days from the day on which Franchisor receives the notice. If Area Developer does not conclude the proposed transfer within the ninety (90)-day period, the Right of First Refusal granted to Franchisor hereunder shall continue in full force and effect.

7.8 The proposed transferee(s) must complete Franchisor's then current Home Clean Heroes franchise application and pass Franchisor's application screening using Franchisor's then current qualifications, which need not be written.

7.9 The proposed transferee(s) must sign the then current Home Clean Heroes amendment forms and/or franchise agreement, as required by Franchisor, and must personally assume and be bound by all of the terms, covenants and conditions therein.

7.10 The proposed transferee(s) must attend and successfully complete Franchisor's Initial Training.

7.11 The transferor must sign Franchisor's then current transfer and release forms.

7.12 All materials required for any offer or sale of securities of Area Developer (or any entity that owns or is affiliated with Area Developer) by federal or state law shall be submitted to Franchisor for review, approval, and consent prior to their being filed with any government agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review, approval, and consent prior to their use. No Area Developer offering shall imply (by use of the Marks or otherwise) that Franchisor is participating as an underwriter, issuer or offer or of Area Developer's or Franchisor's securities; and Franchisor's review and approval of any offering shall be limited solely to the subject of the relationship between Area Developer and Franchisor and shall not, in any manner be deemed a review or approval of the substantive nature or legality of

any such security offering or sale. Area Developer and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Area Developer shall pay Franchisor a non-refundable fee of Fifteen Thousand Dollars ($15,000) in order to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Area Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 7.12. Any such offering shall be subject to Franchisor's Right of First Refusal, as set forth in Section 7.4 hereof.

7.13 Franchisor's consent to a transfer of any interest in this Agreement granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee. Franchisor may disapprove any transfer which may constitute a subdivision of the Territory or the granting of subfranchises.

## 8. COVENANTS

8.1 Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer (or, if Area Developer is a corporation, limited liability company or partnership, a principal of Area Developer approved by Franchisor) shall devote sufficient time, energy and best efforts to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder.

8.2 Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer shall receive valuable specialized training and confidential information, including, without limitation, a manual and other information regarding the site selection, operational, sales, promotional and marketing methods and techniques of Franchisor and the System, and that Area Developer has the exclusive right and obligation to develop the Development Area. Area Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation divert or attempt to divert any business or customer of any Franchised Business using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks and the System.

8.3 Area Developer covenants that, except as otherwise approved in writing by Franchisor, Area Developer shall not, during the term of this Agreement, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership or corporation, own, maintain, operate, engage in or have any interest in any business which is the same as or similar to the business contemplated hereunder which is located in whole or in part within the Development Area, other than those Franchised Businesses provided for in the Development Schedule; and shall not for a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 7, above; (b) the expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized

court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 8.3; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any persons, partnership or corporation, own, maintain, operate, engage in or have any interest in any business which develops, finances or offers residential or light commercial cleaning services and which business is, or is intended to be, conducted within the Development Area or within a fifteen (15)-mile radius of the territory of any other franchisee then using the System or any of our affiliate-owned businesses.

8.4 Section 8.3 hereof shall not apply to ownership by Area Developer of less than a one percent (1 %) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the federal Securities and Exchange Act of 1934.

8.5 At Franchisor's request, Area Developer shall require and obtain execution of covenants similar to those set forth in this Section 8 (including covenants applicable upon the termination of a person's relationship with Area Developer) from any or all of the following persons: (1) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Area Developer, and of any corporation directly or indirectly controlling Area Developer, if Area Developer is a corporation or other entity; and (2) the general partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Area Developer is a partnership. Every covenant required by this Section 8.5 shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Area Developer to obtain execution of a covenant required by this Section 8.5 shall constitute a default under Section 6.3 hereof.

8.6 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.7 Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 8, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof; and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.8 Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 8. Area Developer agrees to pay all

costs and expenses (including reasonable attorneys' fees and expert fees) incurred by Franchisor in connection with the enforcement of this Section 8, and any of Franchisor's other rights under this Agreement.

8.9 Area Developer acknowledges that Area Developer's violation of the terms of this Section 8 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer accordingly consents to the issuance of an injunction prohibiting any conduct by Area Developer in violation of the terms of this Section 8.

## 9. NOTICES

Any notice or request hereunder must be given by mail or courier, postage fully prepaid, or delivered personally or by facsimile, to our CEO at our National Headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452. Telephone: (757) 215-4253. Facsimile: (757) 215-4505. Any such notice may also be given to you in the same manner or by electronic mail at the address indicated below the Area Developer's signature on this Agreement. Either party may change the address at which it shall receive notices by sending a notice to the other party as provided in this section.

## 10. PERMITS AND COMPLIANCE WITH LAWS

10.1 Area Developer shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business contemplated under this Agreement.

10.2 Area Developer shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Area Developer and/or any Franchised Business established pursuant to this Agreement.

## 11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 Area Developer is an independent contractor. Area Developer is not Franchisor's agent, partner, employee or a participant in a joint venture and has no authority to hold itself out as such to third parties. Area Developer does not have any authority to bind or obligate Franchisor. Franchisor is not and shall not be liable for any act, omission, debt or other obligation of Area Developer.

11.2 Area Developer is responsible for all loss or damage and for all contractual liability to third parties arising out of or incurred in connection with the operation of the Area Developer's business and for all claims or demands for damage directly or indirectly related thereto. Area Developer agrees to defend, indemnify and hold harmless Franchisor and its employees of and from and with respect to any such claim, loss or damage.

## 12. APPROVALS AND WAIVERS

12.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Area Developer shall make a timely written request to Franchisor therefore, and such approval or consent must be obtained in writing. A request for approval shall be deemed denied unless or until Franchisor grants its written approval.

12.2 Franchisor makes no warranties or guarantees upon which Area Developer may rely, and assumes no liability or obligation to Area Developer, by providing any waiver, approval, consent, or suggestion to Area Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

12.3 No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Area Developer under any of the terms, provisions, covenants, or conditions hereof, shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Area Developer, or as to subsequent breach or default by Area Developer. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Area Developer of any terms, provisions, covenants, or conditions of this Agreement.

## 13. ENTIRE AGREEMENT AND AMENDMENT

13.1 This Agreement is the entire agreement between Area Developer and Franchisor. This Agreement supersedes all other prior oral and written agreements and understandings between Area Developer and Franchisor with respect to the subject matter herein. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

13.2 No modifications to this Agreement shall have any effect unless such modification is in writing and signed by Area Developer and by Franchisor's authorized officer.

## 14. RELEASE OF PRIOR CLAIMS

By executing this Agreement, the undersigned entity, if any, and all individuals, on behalf of themselves and Area Developer and their heirs, legal representatives, successors and assigns, and each assignee of this Agreement, hereby forever release and discharge Franchisor, its past and present employees, agents, officers and directors, including Franchisor's parent, subsidiary and affiliated corporations, their respective past and present employees, agents, officers and directors, from any and all claims relating to or arising out of any Area Development Agreement, Franchise Agreement or other agreement or relationship, between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not apply to Franchisor's renewal obligations, as contained in any prior or other area development agreement, or to any duty it may have to comply with franchise sales laws applicable to this transaction.

For the State of California. The undersigned entity, if any, and all individuals, on behalf of themselves and Area Developer and their heirs, legal representatives, successors and assigns, and each assignee understands that they may later discover claims or facts that may be different from, or in addition to, those that they now knows or believes to exist regarding the subject matter of the release contained herein, and which, if known at the time of signing this Agreement, may have materially affected this Agreement and their decision to enter into it and grant the release contained herein. Nevertheless, except as otherwise provided in this Agreement, they intend to fully, finally and forever settle and release all claims that now exist, may exist, or previously existed, as set out in the release contained herein, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. They hereby waive any right or claim that might arise as a result of such different or additional claims or facts. They have been made aware of, and understand, the provisions of California Civil Code Section 1542 ("Section 1542"), which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING HIS OR HER SETTLEMENT WITH THE DEBTOR." They expressly, knowingly and intentionally waive any and all rights, benefits and protections of Section 1542 and of any other state or federal statute or common law principle limiting the scope of a general release.

15. NON-WAIVER OF BREACH

The failure of either party hereto to enforce any one or more of the terms or conditions of this Agreement shall not be deemed a waiver of such terms or conditions or of either party's rights thereafter to enforce each and every term and condition of this Agreement.

16. APPLICABLE LAW

16.1 Virginia Law. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Virginia choice of law rules); provided, however, that if the covenants in Section 8 of this Agreement would not be enforceable under the laws of Virginia, and Area Developer is located outside of Virginia, then such covenants shall be interpreted and construed under the laws of the state in which the Area Developer's principal place of business is located. Nothing in this Section 16.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the Commonwealth of Virginia to which this Agreement would not otherwise be subject.

16.2 Jurisdiction and Venue. In any suit brought by Franchisor, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, Area Developer consents to venue and personal jurisdiction in the state and federal court of the city or county of Franchisor's national office, presently Virginia Beach, Virginia. In any suit brought against Franchisor, including Franchisor's present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, venue shall be proper only in the federal court located nearest Franchisor's national office (presently the United States District in Norfolk, Virginia), or if neither federal subject matter nor diversity jurisdiction

exists, in the city or county state court located where Franchisor's national office is (presently the City of Virginia Beach, Virginia).

16.3 Jury Waiver. In any trial between any of the parties hereto, including present and former employees and agents of Franchisor, Area Developer and Franchisor agree to waive Area Developer's and Franchisor's rights to a jury trial, and instead have such action tried by a judge.

16.4 Class Action Waiver. Area Developer agrees that any claim it may have against Franchisor, including Franchisor's past and present affiliates, officers, directors, employees and agents, must be brought individually and Area Developer shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against Franchisor.

16.5 Compensatory Damages. In any lawsuit, dispute or claim between or against any of the parties hereto, including present and former affiliates, officers, directors, agents and employees of ours, you and we agree to waive our rights, if any, to seek or recover punitive damages.

## 17. GUARANTY

The Area Developer, and if it is an entity, all its officers, directors, partners and members, agree to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, and to pay any other debts due Franchisor. Likewise, for and in consideration of this Agreement, the signatures of the individual(s) below also constitute their personal joint and several guaranty to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligation to make payments specified herein, pay any other debts due Franchisor, and the duty to comply with the transfer procedures and covenants set forth in Sections 7 and 8. The Guarantors waive presentment, demand or notice of non-performance and the right to require Franchisor to proceed against the other Guarantors.

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered this Agreement in duplicate on the day and year first above written.

**HOME CLEAN HEROES FRANCHISING, LLC**

**FRANCHISOR:**

By:_____

Name:_____

Title:_____

Notices to Franchisor:
HOME CLEAN HEROES FRANCHISING, LLC
2829 Guardian Lane, Suite 100
Virginia Beach, VA 23452

Notices to Area Developer:
_____
_____
_____
Attention: _____
Fax:_____

_____

**AREA DEVELOPER:**

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____



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**HOME CLEAN HEROES**
**AREA DEVELOPMENT AGREEMENT**

**EXHIBIT A**

**DEVELOPMENT SCHEDULE**

1. Each Franchised Business developed under this Area Development Agreement shall be located in the following area (the "Development Area", as more specifically described in Section 1.1 of this Agreement):

2. Recognizing that time is of the essence, Area Developer agrees to satisfy the development schedule set forth below:

| **By Date:** | **Cumulative Total Number of Franchised Businesses Which Area Developer Shall Have Opened and in Operation:** |
|---|---|
| | |
| | |
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| | |
| | |
| | |
| | |

**INITIALED:**

**FRANCHISOR: ___ AREA DEVELOPER: ___**



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**HOME CLEAN HEROES**
**AREA DEVELOPMENT AGREEMENT**

**EXHIBIT B**

**GUARANTEE**

As an inducement to HOME CLEAN HEROES FRANCHISING, LLC (the "Franchisor", "Home Clean Heroes") to execute the Home Clean Heroes Area Development Agreement between Franchisor and _____ ("Area Developer") dated _____, 20_____ (the "Agreement"), the undersigned hereby agree to defend, indemnify and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, employees, and agents harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, expert fees, reasonable costs of investigation, court costs, and expenses) resulting from, or arising out of or in connection with any failure by Area Developer to perform any obligation of Area Developer under the Agreement, any amendment thereto, or any other agreement executed by Area Developer referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 8 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for obligations hereunder existing at the time of death; the obligations of the other guarantors shall continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 8 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Virginia. In the event of any conflict of law, the laws of Virginia shall prevail (without regard to, and without giving effect to, the application of Virginia conflict of law rules).

[SIGNATURE PAGE FOLLOWS]

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

GUARANTOR(S)

(Seal) _____, Individually

Name:_____

Address:_____

_____

(Seal) _____, Individually

Name:_____

Address:_____

_____

(Seal) _____, Individually

Name:_____

Address:_____

_____

(Seal) _____, Individually

Name:_____

Address:_____

_____



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**HOME CLEAN HEROES**
**AREA DEVELOPMENT AGREEMENT**

**EXHIBIT C**

**FRANCHISE AGREEMENT**

The form of Franchise Agreement currently offered by Franchisor is attached.



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# AREA DEVELOPMENT AGREEMENT

# STATE SPECIFIC AMENDMENTS



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**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF CALIFORNIA**

This Addendum to the Area Development Agreement is entered to this _____ day of _____, 20___, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or Franchisor") and _____ ("you" or "Franchisee") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Area Development Agreement shall be amended as follows:

a. Section 7.11 of the Area Development Agreement requires Franchisee to sign a general release as a condition of transfer of the area development rights. Under California Corporations Code Section 31512, any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order related to that law is void.

b. Section 6.1 of the Area Development Agreement which terminates the Area Development Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.).*

c. Section 8.3 of the Area Development Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Area Development Agreement; this covenant may not be enforceable under California law.

d. Section 16.1 of the Area Development Agreement is amended to provide that in the event of a conflict of law, California Law will prevail.

e. Section 16.2 of the Area Development Agreement requires litigation to be conducted in the Commonwealth of Virginia; the requirement may not be enforceable under California law.

f. Section 17 of the Area Development Agreement is amended to add the following:

**Personal Guaranty**: Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California Investment Law and/or the California Franchise Relations Act are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF ILLINOIS**

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Area Development Agreement for Home Clean Heroes Franchising, LLC shall be amended as follows:

a. Section 2.1 of the Area Development Agreement shall be amended to add:

Notwithstanding the foregoing, the Illinois Office of the Attorney General requires us to defer payment of the Cumulative Fee until we have completed pre-opening obligations as set forth in the applicable Franchise Agreement for a Franchised Business and the Franchised Business is open for business. The Cumulative Fee must be paid proportionally with respect to each Franchised Business.

b. Section 6 of the Area Development Agreement shall be amended to add:

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

c. Section 16.1 of the Area Development Agreement shall be amended to add:

Illinois law governs the Area Development Agreement.

d. Section 16.2 of the Area Development Agreement shall be amended to add:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

2. The following paragraph shall be included as part of the Area Development Agreement:

FRANCHISOR MAY ESTABLISH, IDENTIFY AND SERVICE "NATIONAL ACCOUNTS" WITHIN YOUR TERRITORY UNDER THE TERMS OF A SERVICE AGREEMENT. IF YOU REFUSE TO SERVICE THE NATIONAL ACCOUNT UNDER THE TERMS OF THE SERVICE AGREEMENT ~ FRANCHISOR, ITS AFFILIATE(S) OR ANOTHER FRANCHISEE MAY PROVIDE PRODUCTS & SERVICES TO THAT "NATIONAL ACCOUNT" WITH NO COMPENSATION PAID TO YOU.

3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, 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.

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF INDIANA**

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2.5, the Area Development Agreement for Home Clean Heroes Franchising, LLC shall be amended as follows:

   a. Section 14 of the Area Development Agreement does not provide for a prospective general release of claims against Franchisor which may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

   b. Section 16.1 is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, 23-2-2.7, will prevail.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.



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IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____



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**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF MARYLAND**

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§14-201 et seq., the Area Development Agreement shall be amended as follows:

a. Section 6.1 of the Area Development Agreement which terminates the Area Development Agreement upon bankruptcy of the Area Developer may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

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

c. An area developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

d. 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.

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

f. 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. In addition, all development fees and initial payments by Area Developers shall be deferred until the first franchise under the Area Development Agreement opens.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the

inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other provisions of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF MINNESOTA**

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise said Area Development Agreement as follows:

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Area Development Agreement agree as follows:

a. Sections 4 and 6 shall be amended to add that with respect to franchises governed by Minnesota law, the Franchisor will comply with the Minnesota Franchise Law which requires, except in certain specified cases, that an Area Developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

b. Section 14 does not provide for a prospective general release of claims against Franchisor which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400(D) prohibits an area developer from requiring a franchisee to assent to a general release.

c. Section 16.1 shall be amended to add that Franchisor shall not in any way abrogate or reduce Area Developer's rights as provided for under the Minnesota Franchise Law including the right to submit matters to the jurisdiction of the courts of Minnesota.

d. In addition, Section 16.1 shall be amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for the claim is commenced within three (3) years from the date on which Area Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

e. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit 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 (1) any of Area Developer's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Area Developer's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF NEW YORK**

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 et seq., the Area Development Agreement is amended as follows:

a. Under Section 7.1, we will not transfer and assign our rights and obligations under the Area Development Agreement unless the transferee will be able to perform our obligations under the Area Development Agreement, in our good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.

b. Section 7.11 requires you to sign a general release as a condition to transfer of the area development rights; the release excludes claims arising under the General Business Laws of the State of New York.

c. Section 16.1 of the Area Development Agreement states that the franchise must be governed by the laws of the state in which our principal business is then located. This requirement will not be considered a waiver of any right conferred upon the Area Developer by Article 33 of the General Business Laws.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum is inconsistent with any terms or conditions of the Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum govern.

4. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.



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IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Addendum on the date written below.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____



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**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF NORTH DAKOTA**

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the North Dakota Franchise Investment Law, the Area Development Agreement for Home Clean Heroes Franchising, LLC shall be amended as follows:

(a) Section 2.1 of the Area Development Agreement is amended to add the following as the last sentence:

Notwithstanding the foregoing, the State of North Dakota's Securities Department requires us to defer payment of the Cumulative Franchise Fee and other initial payments owed by you to us until all initial obligations owed to you under your first Franchise Agreement or other documents have been fulfilled by us and you have commenced doing business pursuant to your first Franchise Agreement.

(b) Section 8.3 of the Area Development Agreement is amended to add:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

(c) Section 16.1 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, the Area Development Agreement will be governed by North Dakota law.

(d) Section 16.2 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the North Dakota Franchise Investment Law shall be litigated in the State of North Dakota.

(e) Section 16.3 of the Area Development Agreement regarding waiver of jury trial is deleted in its entirety.

(f) Section 16.5 of the Area Development Agreement is amended to delete the waiver of the right to seek or recover punitive damages.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller,



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or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____



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**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF RHODE ISLAND**

This Addendum to the Area Development Agreement is entered into this ___ day of _____, 20__, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Rhode Island Franchise Investment Act, the Area Development Agreement for Home Clean Heroes Franchising, LLC shall be amended as follows:

(a) Section 16.1 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, the Area Development Agreement will be governed by Rhode Island law.

(b) Section 16.2 of the Area Development Agreement is amended to add:

Notwithstanding the foregoing, any claim arising under the Rhode Island Franchise Investment Act shall be litigated in the State of Rhode Island.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act applicable to the provisions are met independently of this Addendum. To the extent that this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

4. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.



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IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____



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**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE COMMONWEALTH OF VIRGINIA**

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. In recognition of the requirements of the Virginia Retail Franchising Act, Va. Code §§13.1-557 et seq., the Area Development Agreement shall be amended as follows:

a. Section 2.1 shall be amended to add: The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

b. Section 6.3 states that the Franchisor may terminate the Area Development Agreement if the Area Developer commits a default under any franchise agreement with Franchisor; this provision may not be enforceable if the grounds for default or termination do not constitute "reasonable cause" as that term is defined in the Virginia Retail Franchising Act or laws of Virginia.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Unless expressly amended by this Addendum, all other terms of the Area Development Agreement remain unchanged.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____



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**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT**
**HOME CLEAN HEROES FRANCHISING, LLC**

**FOR THE STATE OF WISCONSIN**

This Addendum to the Area Development Agreement is entered into this ____ day of _____, 20___, between **HOME CLEAN HEROES FRANCHISING, LLC** ("we", "us" or "Franchisor") and _____ ("you" or "Area Developer") to amend and revise the Area Development Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07, will supersede any conflicting terms of the Area Development Agreement.

2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims of fraud under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Area Development Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

**HOME CLEAN HEROES FRANCHISING, LLC**

By:_____
Name:_____
Title:_____

Area Developer:_____

By:_____
Name:_____
Title:_____

# EXHIBIT F-1

## AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)



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**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS**
**(DIRECT DEBITS)**

The undersigned depositor ("Depositor") hereby:

authorizes HOME CLEAN HEROES FRANCHISING, LLC and HOME CLEAN HEROES SERVICES, LLC (collectively, the "Company") to initiate debit entries and or credit correction entries to the undersigned's checking and/or savings account indicated below and

authorizes the depository designated below ("Depository") to debit such account pursuant to Company's instructions.

_____
Bank

_____
Address

_____ _____ _____
City State Zip Code

_____ _____
Bank Transit/ABA Number Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days prior written notice of the termination of this authority. If an erroneous debit entry in initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

_____
FRANCHISEE (Depositor) (Print Name)

By: _____

Date: _____

# EXHIBIT F-2

## PROMISSORY NOTE



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**PROMISSORY NOTE**

**$_____** **_____, 20__**

**Virginia Beach, Virginia**

FOR VALUE RECEIVED, the undersigned ("Borrower") promises to pay to the order of HOME CLEAN HEROES SERVICES, LLC ("Lender"), at 2829 Guardian Lane, Suite 100, Virginia Beach, VA 23452 or at the Lender's option, at such other place as may be designated from time to time by holder, the amount of _____ and __/100 DOLLARS ($_____.__), together with interest at the rate per annum set for the below, on the unpaid balance computed from the date set forth below.

This Note shall be payable in monthly payments of principal and interest commencing on _____, 2___, and continuing on the ___ day of each month thereafter. The entire outstanding principal balance and all interest and other applicable fees, costs and charges, if any, will be due on _____, 2____.

Interest on the outstanding principal balance shall accrue as follows:

Months 1-12: _____%
Months 23-24:_____%
Months 25-36:_____%
Months 37-48:_____%
[Add additional months as necessary]

This Note shall be secured.

Borrower has requested that Lender make the loan evidenced by this Note to enable Borrower to [finance the Initial Franchise Fee and other opening costs] for a Home Clean Heroes franchise (the "Franchised Business") to be opened and operated by Borrower pursuant to a Franchise Agreement, dated _____, by and between Pool Scouts Franchising, LLC ("Franchisor") and Borrower (the "Franchise Agreement").

After maturity, this Note shall bear interest at the rate of _____ percent (___%) per annum or the maximum interest rate permitted by law, whichever is less. In the event Borrower fails to fully pay any installment of principal and/or interest or otherwise fails to repay this Note within five (5) days of its due date, the Obligor (as defined below) agrees to pay the Lender on demand a late charge of five percent (5%) of the scheduled payment. The Lender may, at its option, apply any late payments (either full or partial) in the following manner: first, to interest, then to principal and finally to late charges.

The Borrower represents and warrants to Lender that the loan evidenced by this Note is being made for business, commercial or investment purposes. The undersigned shall have the right to pre-pay this Note, in whole or in part, without penalty, at any time.

The Borrower agrees to pay all attorneys' fees, expert fees and other costs and expenses that Lender may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any collateral for the payment of this Note.

Each person liable on this Note in any capacity, whether as Borrower, endorser, surety, guarantor, or otherwise (an "Obligor"), waives the benefit of the homestead exemption and of all other exemptions available to him and also waives presentment, demand, protest, notice of dishonor and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law. Each Obligor agrees that Lender may take any one or more of the following actions, on one or more occasions, whether before or after the maturity of this Note, without any notice to such Obligor, without any further consent to such actions, and without releasing or discharging such Obligor from liability on the Note: (a) any extension or extensions of the time of payment of any principal, interest or other amount due and payable under this Note; (b) any renewal of this Note, in whole or in part; (c) any full or partial release or discharge from liability under this Note of any other Obligor; (d) any waiver of any default under this Note or other agreement between the Lender and any Obligor relating to the indebtedness evidenced by this Note; or (e) any agreement with the Borrower changing the rate of interest or any other term or condition of this Note.

TIME IS OF THE ESSENCE with regard to the payment of any amounts due under this Note and the performance of the covenants, terms and conditions of this Note.

Any one or more of the following shall constitute an event of default under this Note: (a) any default in the payment of any installment or payment of principal, interest, or other amounts due and payable under this Note; (b) the death, dissolution, merger, consolidation or termination of existence of any Obligor; (c) any default by Obligor in the performance of, or compliance with, any provision in this Note or other agreement, document or instrument to which any Obligor and Lender and/or any affiliate of Lender are parties; (d) any Obligor is unable to pay debts as they become due, or is or becomes insolvent or makes an assignment for the benefit of creditors; (e) any Obligor files or becomes the subject of any petition or other pleading for relief under the Federal bankruptcy laws or any state insolvency statute; or (f) a receiver is appointed for, or a writ or order of attachment, levy or garnishment is issued against, any Obligor or the property, assets or income of any Obligor.

If an event of default shall occur or if the undersigned shall fail to pay this Note in full at maturity, the entire unpaid balance of this Note and all accrued interest shall become immediately due and payable, at the option of Lender without notice or demand to any Obligor. The remedies provided in this Note upon default and in other agreement between Lender and/or any affiliate of Lender and any Obligor are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity.

**EACH OBLIGOR HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH SUCH OBLIGOR AND LENDER MAY BE PARTIES, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO, THIS NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL**

**PARTIES TO SUCH ACTION OR PROCEEDING, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY EACH OBLIGOR, AND EACH OBLIGOR HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY AND THAT EACH OBLIGOR HAS BEEN REPRESENTED IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH ITS COUNSEL.**

The covenants, terms and conditions of this Note shall be binding upon the heirs, personal representatives, successors and assigns of each Obligor and shall inure to the benefit of Lender, its successors and assigns.

[This Note shall be contingent upon the Borrower securing SBA or other suitable financing for the Franchise Business.]

This Note shall be governed by and construed in all respects and enforced according to the laws of the Commonwealth of Virginia. Franchisee irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which Franchisor's national office is located, presently Virginia Beach, Virginia, and of the United Stated District Court having jurisdiction over matters arising entirely within such city or county in which Franchisor's national office is located, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Borrower further agrees that any such action or proceeding must be brought exclusively in such courts.

WITNESS the following signature(s) and seal(s):

If Borrower is an entity:

BORROWER:

_____

By: _____

Name: _____

Title: _____

Address: _____



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_____

If Borrower is an individual:

Signature:_____ Signature:_____

Name: _____ Name:_____

Address: _____ Address: _____

_____ _____



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# EXHIBIT F-3

## GUARANTY



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## GUARANTY AGREEMENT

FOR VALUE RECEIVED, and in order to induce HOME CLEAN HEROES SERVICES, LLC ("Lender") to accept the Promissory Note dated _____, in the principal amount of _____ and __/100 DOLLARS ($_____.__) ("Note") signed by _____ ("Borrower"), the undersigned hereby absolutely and unconditionally guarantee to Lender the due and prompt payment of the indebtedness represented by said Note, and all other costs incurred, including reasonable attorneys' fees, in enforcing the terms of the Note and this Guaranty.

The undersigned hereby agrees that Lender may from time to time without notice to or consent of the undersigned and upon such terms and conditions as Lender may deem advisable without affecting this Guaranty: (a) make any agreement extending or otherwise altering the time for or the terms of payment of all or any part of the Note; (b) modify, waive, compromise, release, subordinate, resort to, exercise or refrain from exercising any right Lender may have hereunder; (c) accept security or additional security or guarantees of any kind; (d) endorse, transfer or assign the Note to any other party; (e) accept from the Borrower or any other party partial payment or payments on account of the Note; (f) from time to time hereafter further loan monies or give or extend credit to or for the benefit of the Borrower; (g) release, settle or compromise any claim of Lender against the Borrower, or against any other person, firm or corporation.

The undersigned hereby unconditionally and absolutely waive: (a) any obligation on the part of Lender to protect, secure or insure any of the security given for the payment of the Note; (b) the invalidity or unenforceability of the Note; (c) any of the security given for the payment of the Note; (d) notice of acceptance of this Guaranty by Lender; (e) notice of presentment, demand for payment, notice of non-performance, protest, notices of protest and notices of dishonor, notice of non-payment or partial payment; (f) notice of any defaults in the performance of any of the covenants and agreements contained therein, in any instrument given as security for the Note or in any other agreement or contract between Lender and Borrower; (g) the transfer or sale by Borrower or the diminution in value thereof or any security given for the Note; (h) any failure, neglect or omission on the part of Lender to realize or protect the Note or any security given therefor; (i) any right to insist that Lender prosecute collection of the Note or resort to any instrument or security given to secure the Note or to proceed against the Borrower or against any other guarantor or surety prior to enforcing this Guaranty; provided, however, at its sole discretion Lender may either in a separate action pursuant to this Guaranty pursue its remedies against the Borrower or any other guarantor or surety, without affecting its rights under this Guaranty; (j) notice to the undersigned of the existence of an extension of the Note; or (k) any order, method or manner of application of any payments on the Note.

Without limiting the generality of the foregoing, the undersigned will not assert against Lender any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, ultra vires acts, usury, illegality or unenforceability which may be available to the Borrower in respect of the Note, or any setoff available against Lender to the Borrower whether or not on account of a related transaction, and the undersigned expressly agrees that the undersigned shall be and remain liable for any deficiency remaining after

foreclosure of any mortgage or security interest securing the Note, notwithstanding provisions of law that may prevent Lender from enforcing such deficiency against the Borrower. The undersigned hereby specifically waives and renounces any right to proceed against Lender, and its successors and assigns, for any deficiency arising as a result of the foreclosure of any mortgage or security agreement. The liability of the undersigned shall not be affected or impaired by any voluntary or involuntary dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar event or proceeding affecting the Borrower or any of its assets and that upon the institution of any of the above actions, at Lender sole discretion and without notice thereof or demand therefor, the undersigned's obligations shall become due and payable and enforceable against the undersigned whether or not the Note or any of its installments is then due and payable.

The undersigned further agrees that no act or thing, except for payment in full, which but for this provision might or could in law or in equity act as a release of the liabilities of the undersigned hereunder shall in any way affect or impair this Guaranty and the undersigned agrees that this shall be a continuing, absolute and unconditional Guaranty and shall be in full force and effect until the Note has been paid in full.

The undersigned agrees that all indebtedness, liability or liabilities now or at any time or times hereafter owing by the Borrower to the undersigned are hereby subordinated to the Note and any payment of indebtedness of the Borrower to the undersigned, if Lender requests, shall be received by the undersigned as trustee for Lender on account of the Note. The undersigned agrees that the payment of any amount or amounts by the undersigned pursuant to this Guaranty shall not in any way entitle the undersigned, whether at law, in equity or otherwise to any right to direct the application or disposition of any such security or any right to direct the enforcement of any such security.

Performance by the undersigned under this Guaranty shall not entitle the undersigned to be subrogated to the Note or to any security therefor, unless and until the full amount of the indebtedness has been fully paid.

This Guaranty Agreement shall governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to the conflicts of laws provisions. Each undersigned guarantor irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which Franchisor's national office is located, presently Virginia Beach, Virginia, and of the United States District Court having jurisdiction over matters arising entirely within such city or county in which Franchisor's national office is located, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Each of the undersigned further agrees that any such action or proceeding must be brought exclusively in such courts.

Each of the undersigned acknowledge and agree that the promises herein shall be construed to be and are hereby declared to be joint and several in each and every particular and shall be fully binding upon and enforceable against any or all of the undersigned and neither the death nor

release of any person or party to this Guaranty shall affect or release the joint and several liability of any other person or party.

DATED _____

LENDER:

HOME CLEAN HEROES SERVICES, LLC

Signature:_____

Name:_____

Title: _____

GUARANTOR:

Signature:_____

Name:_____

Address:_____

_____

Signature:_____

Name:_____

Address:_____

_____



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# EXHIBIT F-4

## SECURITY AGREEMENT



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## SECURITY AGREEMENT

THIS SECURITY AGREEMENT, made this ____ day of _____, 20__, by the undersigned ("Borrower"), to HOME CLEAN HEROES SERVICES, LLC, a Virginia limited liability company, having its principal place of business at 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452 ("Secured Party").

Borrower and Home Clean Heroes Franchising, LLC ("Franchisor") have entered into that certain Franchise Agreement, dated _____, 2____ (the "Franchise Agreement") pursuant to which Franchisor granted Borrower a right to operate a Home Clean Heroes franchise (the "Franchised Business"). To enable Secured Party to pay to Franchisor the franchise fee and other opening costs, Secured Party has made a loan to Borrower in the amount of $_____ (the "Loan") as evidenced by that certain Promissory Note, dated _____, 2____ (the "Note").

1. In consideration of Secured Party making the Loan to Borrower, Borrower hereby grants to Secured Party a security interest in all of the stock of goods, wares and merchandise (collectively the "Inventory"), and the trade fixtures, furnishings and equipment, including Borrower's service van(s), vehicles, computers and computer programs (collectively the "Equipment"), and accounts, contract rights, general intangibles, chattel paper, revolving accounts, extended credit contracts, open accounts, leases, insurance policies, documents, deposits, trademarks, trade names, customers lists, books, records, catalogues and sales aids (collectively the "Property") (the Inventory, the Equipment and the Property are collectively referred to herein as the "Collateral"), wherever located, whether now owned or hereafter acquired, and any replacement, substitutions, additions, accessions or cash and non-cash proceeds arising therefrom, whether as a result of the sale, exchange, collection or other disposition of any of the Collateral, or otherwise.

2. This Security Agreement is made as security for the payment by the Borrower to Secured Party of Borrower's indebtedness pursuant to the Note.

3. Borrower hereby represents and warrants to Secured Party that the property covered by this Security Agreement is lawfully in Borrower's possession, is now free from all liens and encumbrances other than this security interest and a security interest in favor of such party(ies) listed on Exhibit A attached hereto.

4. Borrower may sell and install the Inventory in the regular course of business, provided however, that he shall replenish said Inventory so sold and installed, and shall at all times maintain said Inventory to substantially the same amount that presently exist.

5. Borrower represents and warrants that all Collateral shall be kept within the state where its Franchised Business is located. Borrower shall promptly notify Secured Party in writing of any change in Borrower's address or use of any other names under which it is doing business.

6. Borrower further covenants and agrees as follows:

(a) To keep the Collateral insured against loss and damage by fire and other casualty at least to the extent of their book value, for the benefit of Secured Party in such form and

in such insurance company as Secured Party shall reasonably approve, said policies to name Secured Party as co-insured, and that in default thereof, Secured Party may effect such insurance, and the sum so paid for that purpose with interest thereon at the lesser of eighteen percent (18%) per annum or the maximum legal rate shall immediately be payable by the Borrower and shall be deemed a part of the debt secured hereby.

(b) It is understood that any loss, injury or destruction of the Collateral shall be at the risk of Borrower and shall not release the Borrower from any obligation hereunder.

(c) To use the Collateral with reasonable care, skill and caution, and not to permit the same to be damaged, injured or depreciated; not to encumber or permit any encumbrance or lien of any character against the Collateral; not to use the Collateral in violation of any law; not to waste or destroy the Collateral or to suffer it or any part thereof to be attached or taken on execution or other process.

(d) To make and file all statements required by law and to pay all fees, taxes, assessments and charges of any nature that may be levied against or in connection with the Collateral, this instrument, or the indebtedness secured hereby and to keep this Security Agreement in full force and effect until said debt is paid. In the event the Borrower shall neglect or fail to pay said expense, Secured Party may pay them, and all sums of money so expended with interest thereon at the lesser of eighteen percent (18%) per annum or the maximum legal rate shall immediately be payable by the Borrower and shall be deemed a part of the debt secured hereby.

(e) Borrower shall pay to Secured Party all expenses incurred by Secured Party in enforcing any of the provisions hereof, including but not limited to, costs of collecting the debt secured hereby, and all such expenses shall be deemed a part of the debt secured hereby.

(f) To defend the Collateral against the claims of all persons.

(g) It is understood and agreed that the Collateral is, and shall continue to remain, personal property, and that Borrower shall not change or alter or act upon or permit any change, alteration or action upon which the Collateral would change its character as personal property.

(h) That the said Equipment shall not be sold, mortgaged, conveyed or disposed of in any way without the prior written consent of Secured Party unless Borrower has replaced such Equipment with equipment of equal or greater value.

(i) At the request of Secured Party, Borrower will join in executing, or will execute, all necessary financing statements and any other documents deemed necessary by Secured Party and pay the cost of filing such statements and other documents.

7. This Security Agreement may be assigned, negotiated, and/or transferred by Secured Party, without notice to Borrower, and when assigned, negotiated and/or transferred shall be free from any defense, counterclaim or cross-complaint by Borrower.

8. No transfer, renewal, extension, modification or assignment of this Security

9. Agreement, or any interest hereunder, nor the failure of Secured Party to enforce any provision hereof, shall operate or be construed as a waiver by Secured Party of the strict performance of the covenants and conditions of this Security Agreement by Borrower.

10. Time is of the essence of this Security Agreement.

11. Any one or more of the following shall constitute a default under this Security Agreement: (a) a default by Borrower of this Security Agreement or any of its obligations hereunder; (b) a default by Borrower under any other agreement or contract between Secured Party and Borrower, or Franchisor and Borrower; (c) the insolvency of Borrower or Borrower's cessation of the business as a going concern or a petition in bankruptcy by or against Borrower; (d) in the event of the existence of a lien upon or the sequestration or attachment of any property in the possession of Borrower; (e) an assignment for the benefit of creditors by Borrower; (f) disposal by Borrower of more than ten percent (10%) of its assets other than in the regular course of its operation of the Franchised Business, or (if a corporate entity) a change of ownership of ten percent (10%) or more of the shares of capital stock of Borrower to other than an existing shareholder; or (g) if Secured Party shall, at any time, reasonably deem the security afforded by this Security Agreement unsafe or at any risk. In the event of any such default, the full amount of the aforesaid debt shall become immediately due and payable at the option of Secured Party; and it shall then be lawful for Secured Party (and Borrower hereby so authorizes and empowers it) without notice or demand and without legal process, to take immediate possession of the Collateral and for that purpose to enter upon any premises where the same or any part thereof may be and to remove the same therefrom; and Secured Party shall not thereby be liable for damages for trespass or subject to suit of any kind.

12. Borrower acknowledges and agrees that upon any such default as aforesaid and to the extent permitted by law, (a) Secured Party may, without notice to Borrower sell the Collateral and all equity of redemption of Borrower therein without legal procedure and without demand for performance, either at public or private sale, and in such county and at such place as Secured Party may elect without having the said property at the place of sale; and, (b) Secured Party may purchase said property or any part thereof at any such sale, and that out of the moneys arising from said sale, Secured Party may retain all sums secured by this Security Agreement, whether then or thereafter payable, including all costs, charges and expenses incurred by Secured Party in effecting such sale or otherwise in relation to the said property, rendering the surplus, if any, to Borrower. If a deficiency occurs, Borrower agrees to pay such deficiency forthwith, together with a reasonable attorneys' fee for the recovery thereof if an attorneys' fee is incurred by Secured Party.

13. Borrower authorizes any attorney to appear in any court of record of the United States and to confess judgment in the amount of the deficiency against Borrower and in favor of Secured Party, and Borrower hereby waives service of process and any right of appeal.

14. **BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION (INCLUDING STATUTORY AND EMERGENCY STATUTORY ACTIONS), PROCEEDING OR COUNTERCLAIM ON ANY MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH ANY AGREEMENT OR CONTRACT BETWEEN BORROWER AND SECURED PARTY, THEIR RELATIONSHIP, NON-PAYMENT OF**

**ANY PAYMENT(S) REQUIRED OF BORROWER TO BE PAID TO SECURED PARTY, AND NON-MONETARY DEFAULT(S) OF BORROWER.**

15. Borrower waives the right to remove any legal action from the court originally acquiring jurisdiction and waives all homestead and other property exemption laws.

16. If any provision of this Security Agreement shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision(s) shall be stricken from this Security Agreement without any effect upon the validity or enforceability of any other provisions of this Security Agreement.

17. All rights and remedies of Secured Party hereunder are cumulative and not alternative. Any remedies herein provided shall be in addition to any other remedy available to Secured Party at law or in equity.

18. The failure of Secured Party to enforce any one or more of the terms and conditions of this Security Agreement will not be deemed a waiver of such terms or conditions or of Secured Party's rights thereafter to enforce each and every terms and conditions of this Security Agreement.

19. Franchisee may not assign this Agreement, whether by sale of assets, merger, consolidation or otherwise, or any obligations contained herein, without the express prior written consent of Secured Party.

20. This Security Agreement shall bind Borrower and the heirs, legal representatives, successors and/or assigns of Borrower and shall inure to the benefit of Secured Party and the successors and/or assigns of Secured Party. If Secured Party assigns its interest herein, its assignee shall take free of any defense, counterclaim or cross-complaint Borrower may have against Secured Party.

21. This Agreement, together with all Exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

22. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

23. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to any conflicts of law rules or provisions.

24. Franchisee irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which Franchisor's national office is located, presently Virginia Beach, Virginia, and of the United States District Court having jurisdiction over matter arising entirely within such city or county in which Franchisor's national office is located, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that any such action or proceeding must be brought exclusively in such courts.

25. The individual signing on behalf of the Franchisee represents and warrants that he/she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and bind, Franchisee.

26. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

27. Each of the undersigned acknowledge and agree that the promises herein shall be construed to be and are hereby declared to be joint and several in each and every particular and shall be fully binding upon and enforceable against any or all of the undersigned and neither the death nor release of any person or party to this Security Agreement shall affect or release the joint and several liability of any other person or party to this Security Agreement.

IN WITNESS WHEREOF, the undersigned have duly executed this Security Agreement on the day and year first above written.

BORROWER:

_____

By: _____
Name: _____
Title: _____

Address: _____

_____

If Borrower is an individual:

_____
Signature

_____
Name

Address: _____

_____



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**Exhibit A to Security Agreement**

**Permitted Liens**

# EXHIBIT G

## TELEPHONE NUMBER ASSUMPTION AGREEMENT

**TELEPHONE NUMBER ASSUMPTION AGREEMENT**

_____
(Name of Telephone Company)

_____
(Address)

_____

TRANSFER OF SERVICE AGREEMENT

In the event my Home Clean Heroes Franchise is discontinued for any reason, I hereby release the use of the following telephone number(s):
_____ _____ which were used in conjunction with said Franchise to Home Clean Heroes, or its designee.

_____ _____
Date Present Customer's Signature

SWORN TO AND SUBSCRIBED before me by the said
_____
on the _____day of _____, 20___.

_____
Notary Public, State of _____

**********

I hereby assume and agree to pay all charges outstanding, either billed or unbilled, including White Pages directory charges, on the telephone number(s) listed above.

_____ _____
Date New Customer's Signature

SWORN TO AND SUBSCRIBED before me by the said
_____
on the _____day of _____, 20___.

_____
Notary Public, State of _____



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# EXHIBIT H-1

## TRANSFER AND RELEASE AGREEMENT



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**TRANSFER AND RELEASE AGREEMENT**
**(Franchise)**

This **TRANSFER AND RELEASE AGREEMENT** (the "Agreement") is made and entered into on this _____ day of _____, 20___, by and among HOME CLEAN HEROES FRANCHISING, LLC ("Franchisor"), _____ ("Franchisee") and _____ ("Transferee").

**WITNESSETH**

**WHEREAS,** Franchisor and Franchisee entered into that certain Franchise Agreement, dated DATE (the "Franchise Agreement") for the operation of a Home Clean Heroes franchise (the "Franchised Business");

**WHEREAS**, NAME and NAME (collectively, the "Guarantors") have guaranteed the obligations of Franchisee under the Franchise Agreement;

**WHEREAS,** Franchisee notified Franchisor of Franchisee's desire to transfer to Transferee all right, title, and interest held by Franchisee, in and to the Franchised Business and Franchise Agreement and, therefore, has requested that Franchisor consent to the transfer thereof to Transferee pursuant to Section 13 of the Franchise Agreement; and

**WHEREAS,** Franchisor is willing to waive its right of first refusal and to grant its consent to the proposed transfer of the Franchise Agreement, subject to the terms and conditions set forth herein.

**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. Consent to Transfer. Franchisor hereby waives its right of first refusal under the Franchise Agreement and consents to the transfer by Franchisee to Transferee of all of Franchisee's right, title, and interest in and to the Franchised Business. The foregoing waiver and consent is subject to and made in reliance upon the following terms, conditions, representations, and warranties:

(a) Franchisee and Transferee represent, warrant, and agree that, subject to Franchisor's consent, Franchisee has transferred to Transferee all of Franchisee's right, title, and interest in and to the Franchised Business, and that all legal actions necessary to effect such transfer have been accomplished.

(b) Transferee must execute Franchisor's current form of franchise agreement and its principles must personally assume and be bound by all of the terms, covenants and conditions contained therein.

(c) Payment by Franchisee to Franchisor, in a manner satisfactory to Franchisor, of all accrued monetary obligations, including, but not limited to, all obligations pursuant to the Franchise Agreement.

(d) Payment by Franchisee to Franchisor's affiliates, in a manner satisfactory to Franchisor's affiliates, of all accrued monetary obligations owed to such affiliates pursuant to any agreement or arrangement between Franchisee and such affiliate(s).

(e) Franchisee and Transferee acknowledge and agree that all obligations owed by either of them to Franchisor and/or its affiliates must be resolved to Franchisor's satisfaction as a condition of Franchisor's execution of this Agreement and the transfer of the Franchise Agreement.

(f) Franchisee acknowledges and agrees that, notwithstanding the terms of this Agreement, Franchisee will comply with all of the requirements of the Franchise Agreement, which, by their nature, are intended to survive the termination or expiration of said Franchise Agreement, including, but not limited to, the covenants against competition and against disclosure of confidential information as specified therein.

2. Releases. As further consideration for the execution of this Agreement by Franchisor, Franchisee and affiliates, agents, successors and assigns, and each of their principals, owners, shareholders, members, controlling persons, directors, officers and managers hereby relinquish all rights, interests, and claims of whatever nature to, in, or under the Franchise Agreement, and the relationships created thereby, and does hereby forever discharge and release Franchisor, its predecessors, its successors, and its present and former officers, directors, agents, and employees from any and all claims, causes of action, obligations, and liability arising from, under, or out of the Franchise Agreement, or any other act or occurrence of any kind whatsoever, it being the intent of Franchisee to grant in favor of the Franchisor a general release of any claims Franchisee might have against Franchisor as a result of or arising out of their course of dealing through the effective date of this Agreement. In no way limiting, but in furtherance of the foregoing, each of Franchisee and each Guarantor shall execute and deliver to Franchisor a General Release in the form attached hereto as Exhibit A. Franchisee hereby covenants not to sue Franchisor for any of the claims hereby released.

For the State of California. Franchisee understands that it may later discover claims or facts that may be different from, or in addition to, those that it now knows or believes to exist regarding the subject matter of the release contained herein, and which, if known at the time of signing this Agreement, may have materially affected this Agreement and Franchisee's decision to enter into it and grant the release contained herein. Nevertheless, except as otherwise provided in this Agreement, Franchisee intends to fully, finally and forever settle and release all claims that now exist, may exist, or previously existed, as set out in the release contained herein, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. Franchisee hereby waives any right or claim that might arise as a result of such different or additional claims or facts. Franchisee has been made aware of, and understands, the provisions of California Civil Code Section 1542 ("Section 1542"), which

provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING HIS OR HER SETTLEMENT WITH THE DEBTOR." Franchisee expressly, knowingly and intentionally waives any and all rights, benefits and protections of Section 1542 and of any other state or federal statute or common law principle limiting the scope of a general release.

3. No Participation. Franchisee and Transferee acknowledge and agree that, except for the preparation and execution of this Agreement, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest to, the accuracy of any representations or warranties made by or between Franchisee and Transferee in connection with the transfer contemplated by this Agreement or the transaction between Franchisee and Transferee. Franchisor assumes no obligations in that regard.

4. Terms. All parties understand and acknowledge that Franchisor may, in the future, approve offerings and transfers under different terms, conditions, and policies. Franchisor's consent and waiver in this instance shall not be relied upon in future transactions as indicative of Franchisor's position or the conditions which might be attached to future consents.

5. No Other Consent. Franchisee and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and shall not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement, territory or franchise not specifically identified herein. Such consent must be separately granted by the written agreement of Franchisor.

6. Severability. If any material provision or restriction contained herein shall be declared void or unenforceable under applicable law, the parties agree that such provision or restriction will be stricken, and this Agreement will continue in full force and effect. Notwithstanding this Section, however, the parties agree that, to the extent Franchisor suffers harm as a consequence of the striking of such provision or restriction, the other parties to this Agreement shall exercise best efforts to make Franchisor whole.

7. Entire Agreement. This Agreement, together with all Exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

8. Waiver. The failure by Franchisor to enforce one or more terms or conditions of this Agreement will not be deemed a waiver of such term or condition, or of Franchisor's rights thereafter to enforce each and every term and condition of this Agreement.

9. Severability. If any provision hereof shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision shall be stricken from this Agreement without any effect upon the validity or enforceability of any other provisions of this Agreement.

10. Amendment. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

11. Assignment. Franchisee may not assign this Agreement, whether by sale of assets, merger, consolidation or otherwise, or any obligations contained herein without the express prior written consent of Franchisor.

12. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties and their successors and permitted assigns.

13. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to its conflicts of law rules or provisions.

14. Venue and Jurisdiction. Franchisee irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which Franchisor's national office is located, presently Virginia Beach, Virginia, and of the United States District Court having jurisdiction over matters arising entirely within such city or county in which Franchisor's national office is located in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that all claims in respect of the action or proceeding must be brought exclusively in such courts.

15. Attorney's Fees. The prevailing party in any suit brought to enforce the terms of this Agreement shall be entitled, in addition to other remedies as may be available at law or in equity, to recover its reasonable attorney's fees and expert fees incurred in bringing and prosecuting any such action.

16. Indemnification. Each of Franchisee and Transferee agree to indemnify, defend and hold harmless Franchisor and its affiliates, successors and assigns, and each of their employees, agents, shareholders, directors, officers, members and managers from and against any and all claims, causes of action, damages, costs and expenses (including expert witness fees and reasonable attorney's fees) arising out of, or related to, any breach by Franchisee or Transferee, respectively, of any provisions of this Agreement.

17. Notice. Any notice hereunder must be given by mail or courier, postage prepaid or delivered personally or by facsimile, to our Chief Executive Officer, at our national headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452, facsimile (757) 494-4505. Any such notice to Franchisee must be given in the same manner, or by electronic mail, at the address indicated below the Franchisee's signature to this Agreement.

18. Authority. The individual signing on behalf of the Franchisee represents and warrants that he/she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and bind, Franchisee.

19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly signed by the parties hereto as indicated and shall be effective as of the date it is executed by Franchisor.

**FRANCHISOR:**

HOME CLEAN HEROES FRANCHISING, LLC

By: _____
Name: _____
Title: _____

**FRANCHISEE:**

_____

By: _____
Name: _____
Title: _____
Address: _____
_____

By: _____
Name: _____
Title: _____
Address: _____
_____

**TRANSFEREE:**

_____

By: _____
Name: _____
Title: _____

**SEEN AND AGREED:**

Each Guarantor acknowledges and agrees that it shall be bound by the provisions of Sections 2, 13, 14, 15 and 16 of this Agreement.

Signature: _____
Name: _____

Signature: _____
Name: _____

Signature: _____
Name: _____



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## EXHIBIT A TO TRANSFER AND RELEASE AGREEMENT

## GENERAL RELEASE

KNOW THAT each of ENTITY and GUARANTORS and their respective successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "Releasor"), in consideration of _____ with Home Clean Heroes Franchising, LLC ("Home Clean Heroes") and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, reaffirms the release contained in the Franchise Agreement, as of the date of execution of this General Release, and further generally releases and discharges Home Clean Heroes and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants, and their respective successors and assigns (collectively, "Releasee") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, which the Releasor, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the Releasee for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this General Release.

This General Release may not be changed orally.

For the State of California. Entity and Guarantors understand that they may later discover claims or facts that may be different from, or in addition to, those that they now know or believe to exist regarding the subject matter of the release contained herein, and which, if known at the time of signing this Agreement, may have materially affected this Agreement and the decision of Entity and Guarantors to enter into it and grant the release contained herein. Nevertheless, except as otherwise provided in this Agreement, Entity and Guarantors intend to fully, finally and forever settle and release all claims that now exist, may exist, or previously existed, as set out in the release contained herein, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. Entity and Guarantors hereby waive any right or claim that might arise as a result of such different or additional claims or facts. Entity and Guarantors have been made aware of, and understand, the provisions of California Civil Code Section 1542 ("Section 1542"), which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING HIS OR HER SETTLEMENT WITH THE DEBTOR." Entity and Guarantors expressly, knowingly and intentionally waive any and all rights, benefits and protections of Section 1542 and of any other state or federal statute or common law principle limiting the scope of a general release.

IN WITNESS WHEREOF, the Releasor has executed this General Release on the date(s) set forth below.

ENTITY

By: _____
Name: _____
Title: _____
Date: _____

_____
GUARANTOR

Date: _____

_____
GUARANTOR

Date: _____

# EXHIBIT H-2

## COMMISSION AGREEMENT



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**COMMISSION AGREEMENT**

THIS COMMISSION AGREEMENT is made this day of _____, 20__ (the "Effective Date") by and between HOME CLEAN HEROES FRANCHISING, LLC ("Home Clean Heroes" or "Franchisor") and FRANCHISEE NAME(s) (the "Franchisee").

**WHEREAS**, Home Clean Heroes granted to Franchisee, pursuant to a Franchise Agreement dated DATE ("Franchise Agreement"), the right to operate a Home Clean Heroes franchise according to the terms and conditions contained in the Franchise Agreement for the Franchise Territory listed on Exhibit A attached hereto ("Franchised Business"); and

**WHEREAS**, Franchisee owns certain assets described on Exhibit B attached hereto ("Assets") which Franchisee uses or are otherwise useful in the Franchised Business; and

**WHEREAS**, Franchisee requests that Home Clean Heroes assist and, if possible, facilitate the conveyance of the Franchised Business to a Potential Purchaser (as defined below); and

**[If applicable: WHEREAS**, as of the Effective Date, Franchisee owes Home Clean Heroes and/or its affiliates the amount of $_____ for royalties, product and service, and other fees (the "Past Due Amounts").]

**THEREFORE**, for good and valuable consideration, Franchisee and Home Clean Heroes agree as follows:

1. Engagement. Franchisee hereby engages Franchisor to use reasonable efforts to assist in identifying and presenting to Franchisee a suitable candidate ("Potential Purchaser") to purchase the Franchised Business from the Franchisee.

2. Listing Price and Terms. Franchisee has determined that the listing price for the Franchised Business shall be $_____ (the "Listing Price"). Franchisee hereby authorizes Franchisor to publish such Listing Price to each Potential Purchaser and to provide Potential Purchaser the information and additional terms as determined by Franchisee and set forth on Exhibit C attached hereto.

3. Commission. In the event that Home Clean Heroes identifies and presents a Potential Purchaser who purchases the Franchised Business, Franchisee shall to pay to Home Clean Heroes a commission in the amount of _____ the total purchase price (the "Commission"), subject to a minimum Commission payment of $_____ per Territory (the "Minimum Commission"). The amount of the Commission may be increased by Home Clean Heroes to pay referral fees to independent franchise brokers (as of the Effective Date, $10,000) if a franchise broker identifies the Potential Purchaser who purchases the Franchised Business. Franchisee shall pay to Home Clean Heroes the greater of the Commission or the Minimum Commission at the closing of the sale of Franchisee's Franchised Business. Franchisee grants to Home Clean Heroes a security interest in the proceeds of the closing to secure the payment by Franchisee of the Commission. The Commission is independent of, and in addition to any transfer fee due to Home Clean Heroes from Franchisee[, the Past Due Amounts,] and any other amounts owed by Franchisee to Home Clean Heroes and/or its

affiliates. [If applicable: Franchisee shall pay to Home Clean Heroes all Past Due Amounts at the closing of the sale of Franchisee's Franchised Business, if such amounts have not otherwise being paid by Franchisee in advance of such closing.]

4. Representations and Warranties. Franchisee acknowledges that it has supplied and/or determined all of the listing information, including but not limited to the information provided herein, and represents and warrants to Home Clean Heroes that such information is true and correct.

5. Disclaimer. Franchisee acknowledges and agrees that Home Clean Heroes has not made and does not make any representations, warranties, or guaranties regarding Pool Scout's, or any franchise broker's, ability to assist in or facilitate the conveyance of the Franchised Business, or identify or secure a Potential Purchaser, or obtain Franchisee's requested or desired purchase price or other terms.

6. Franchisee's Obligations. Nothing contained herein releases Franchisee from, or obviates the need for Franchisee to, continue to market the Franchised Business, and Franchisee hereby agrees that it shall market the Franchised Business for sale to Potential Purchasers. Franchisee shall continue to operate the Franchised Business in full compliance with the Franchise Agreement, notwithstanding its desire to sell the Franchised Business.

7. Reaffirmation. This Agreement does not modify the Franchise Agreement, which Franchisee hereby affirms in its entirety and agrees is legally binding and enforceable.

8. Releases. As further consideration for the execution of this Agreement by Franchisor, Franchisee and affiliates, agents, successors and assigns, and each of their principals, owners, shareholders, members, controlling persons, directors, officers and managers hereby relinquish all rights, interests, and claims of whatever nature to, in, or under the Franchise Agreement, and the relationships created thereby, and does hereby forever discharge and release Franchisor, its predecessors, its successors, and its present and former officers, directors, agents, and employees from any and all claims, causes of action, obligations, and liability arising from, under, or out of the Franchise Agreement, or any other act or occurrence of any kind whatsoever, it being the intent of Franchisee to grant in favor of the Franchisor a general release of any claims Franchisee might have against Franchisor as a result of or arising out of their course of dealing through the effective date of this Agreement.

9. Indemnification. Franchisee agrees to indemnify, defend and hold harmless Franchisor and its affiliates, successors and assigns, and each of their employees, agents, shareholders, directors, officers, members and managers from and against any and all claims, causes of action, damages, costs and expenses (including expert witness fees and reasonable attorney's fees) arising out of, or related to, Franchisee's breach of any provisions of this Agreement.

10. Entire Agreement. This Agreement, together with all Exhibits hereto, constitutes the entire agreement between the parties, and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof.

11. Fees. All legal and accounting costs and other expenses incurred by each party in connection with this Agreement and the transaction contemplated herein shall be paid by the party that incurs the expenses.

12. Governing Laws; Venue and Jurisdiction. This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia, without regard to any conflicts of laws provisions. Franchisee irrevocably submits to the exclusive jurisdiction of the state court of the city or county in which Franchisor's national office is located, presently Virginia Beach, Virginia, and of the United States District Court having jurisdiction over matters arising entirely within such city or county in which Franchisor's national office is located, in any action or proceeding arising out of, or relating to, this Agreement or the transaction contemplated herein. Franchisee further agrees that any such action or proceeding must be brought exclusively in such courts.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which when shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

14. Severability. In case any provision(s) hereof shall be determined invalid or unenforceable by a court of competent jurisdiction, such provision(s) shall be stricken from this Agreement without any effect upon the validity or enforceability of any other provisions of this Agreement.

15. Amendment. This Agreement may not be amended unless such amendment is in writing and signed by the parties hereto.

16. Assignment. Franchisee may not assign this Agreement, whether by sale of assets, merger, consolidation or otherwise, or any obligations contained herein, without the express prior written consent of Franchisor.

17. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties and their successors and permitted assigns.

18. Notice. Any notice hereunder must be given by mail or courier, postage prepaid or delivered personally or by facsimile, to our Chief Executive Officer, at our national headquarters, presently 2829 Guardian Lane, Suite 100, Virginia Beach, Virginia 23452, facsimile (757) 494-4505. Any such notice to Franchisee must be given in the same manner, or by electronic mail, at the address indicated below the Franchisee's signature to this Agreement.

19. Term. The term of this Agreement commences upon the Effective Date and expires upon the first to occur of _____ or the date the Franchise Agreement expires or is otherwise terminated.

20. Authority. If Franchisee is a partnership, corporation or other entity, the person signing on behalf of Franchisee hereby represents and warrants that he or she (a) has the legal capacity to enter into this Agreement, and (b) has the authority to enter into this Agreement on behalf of, and to bind, Franchisee.

**IN WITNESS HEREOF**, the parties to this Agreement duly execute and seal it.

| | |
|---|---|
| HOME CLEAN HEROES FRANCHISING, LLC | Franchisee: _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| | Address: _____ |
| | _____ |



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**Exhibit A**
**to**
**Commission Agreement**

**Territory(ies)**

The Franchise Territory(ies) is/are as follows:

TID NAME: ZIP CODES

**Exhibit B**
**to**
**Commission Agreement**

**Assets**

List of Furniture, Fixtures, Supplies and Equipment:



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**Exhibit C**
**to**
**Commission Agreement**

**Listing Price and Other Terms**

Listing Price: $_____

Base Monthly Rent: $_____ Lease Expiration Date: _____

Options:_____ Security Deposit:_____

Landlord:_____ Phone:_____

Good Faith Deposit: $_____

Franchisee Financing: Y/N

Additional Terms:_____



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# EXHIBIT H-3

## ESCROW AGREEMENT



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**ESCROW AGREEMENT**

THIS ESCROW AGREEMENT (this "Agreement"), dated as of _____, 20__, is entered into by and among _____ ("Seller"), _____ ("Buyer") and _____ ("Agent").

WHEREAS, Seller and Buyer are parties to that certain Asset Purchase Agreement (the "Purchase Agreement") dated as of _____, 20__, pursuant to which Buyer will purchase certain assets of Seller (the "Transactions"); and

WHEREAS, pursuant to the terms of the Purchase Agreement, Buyer must pay to Seller the purchase price of _____ and ___/100 Dollars ($_____.00) (the "Purchase Price").

WHEREAS, Seller has requested that Buyer pay the Purchase Price to Agent for disbursement, and Buyer has agreed to such request.

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

1. Establishment of Escrow. In connection with the closing of the Transactions, Buyer shall remit the Purchase Price to Agent pursuant to the wiring instructions attached hereto. Upon receipt of the Purchase Price by Agent, each of Seller and Buyer confirms that the Transaction has closed and that Agent is authorized to disburse.

2. Delivery; Instructions. Upon receipt of the Purchase Price, Agent shall disburse the Purchase Price pursuant to the written instructions delivered by Seller to Agent. Seller represents and warrants to Agent that Agent may rely solely upon the instructions of Seller, including, but not limited to, the amount and manner of disbursement. Agent shall not be required to inquire into the content of any written instructions received from Seller, nor the capacity of any party who executed or is purported to have executed the same, and Agent may (but shall not be required to), without making any inquiry or investigation whatsoever, conclusively accept as valid and correct, and may conclusively rely upon, any written instructions received by him in connection herewith from any person hereto, as being genuine, properly executed by the person or persons whose signatures purportedly appear thereon and correct as to any and all facts stated therein. Upon delivery of the Purchase Price in accordance with this Section 2, Agent shall thereupon be discharged and released from any and all liability hereunder with respect to the Purchase Price or any portion thereof so delivered.

3. Contradictory Instructions or Disputes. Buyer acknowledges and agrees that it shall not contest or dispute Seller's written instructions delivered to Agent, or deliver any contradictory instructions to Agent. In the event (i) Agent shall receive contradictory instructions from Buyer, (ii) there is any dispute between Buyer and Seller with respect to any matter arising under this Agreement, or (iii) there shall be any uncertainty as to the meaning or the applicability of any of the provisions hereof or any written instructions received by Agent pursuant hereto, at its option and at any time thereafter, Agent may deposit the Deposit including with any court in the

Commonwealth of Virginia having appropriate jurisdiction or take such affirmative steps as it may elect in order to substitute an impartial party acceptable to Buyer and Seller to hold the Purchase Price or any portion thereof, as applicable. Upon making such deposit, Agent shall thereupon be discharged and released from any and all liability hereunder with respect to the Deposit or any portion thereof so deposited.

4. Acts or Omissions. Buyer and Seller recognize and acknowledge that Agent is serving as escrow agent hereunder solely as an accommodation to and for the benefit of both Buyer and Seller, and they each agree that Agent shall not be liable to either of them for any act or omission hereunder or any matter or thing arising out of his conduct hereunder, except for his willful misfeasance or gross negligence.

5. Notices. All notices, certificates and other communications permitted or required between the parties hereto shall be in writing and shall be sent by hand delivery or by certified mail, return receipt requested. Each party shall promptly notify the other parties of any change in its address by notice given as provided in this paragraph. Copies of all notices, certificates or other communications relating to this Agreement shall be sent to all parties hereto in the manner hereinabove set forth.

6. Binding Effect. This Agreement shall be binding on all parties and may not be modified or amended orally, but only in a writing signed by all parties hereto.

7. Authenticity. Agent shall be entitled to assume the authenticity of any signature and the genuineness and/or validity or any writing received by him from any party hereto.

8. Resignation or Substitution of Agent. Agent may resign as escrow agent by giving each party hereto thirty (30) days' advance written notice and, upon such resignation, Agent shall have no further obligation or liability under this Agreement. Upon the resignation, removal or death of Agent, Buyer and Seller may appoint a substitute escrow agent.

9. Applicable Law. This Agreement shall be governed by the applicable laws of the Commonwealth of Virginia. Buyer and Seller hereby submit to personal jurisdiction in the Commonwealth of Virginia for all matters, if any, which shall arise with respect to this Agreement, and waive any and all rights under the laws of any other state or country to object to jurisdiction within the Commonwealth of Virginia or to institute a claim of *forum non conveniens* with respect to any court in the Commonwealth of Virginia for the purposes of litigation with respect to this Agreement.

10. Recognition of Agent's Relationship with Franchisor. Each of Seller and Buyer acknowledge and agree that (a) Agent has agreed to serve as escrow agent solely at the request of Seller and Buyer and for the convenience of Seller and Buyer, (b) Agent does not represent either Seller or Buyer with respect to the Transaction or otherwise, and (c) Agent acts, and may continue to act, as counsel to Home Clean Heroes Franchising, LLC, whether or not the Purchase Price is being held by it or have been delivered to a substitute impartial party or to a court of competent jurisdiction.

IN WITNESS WHEREOF, each of the parties hereto has affixed his signature and seal.

SELLER:

_____

By: _____
Name: _____
Title: _____

BUYER:

_____

By: _____
Name: _____
Title: _____

I hereby acknowledge receipt of the Purchase Price referred to above and agree to hold, administer and distribute the same in accordance with all of the terms and provisions of this Agreement.

AGENT:

_____
a _____

By: _____

SEEN AND AGREED:

HOME CLEAN HEROES FRANCHISING, LLC

By: _____
Name: _____
Title: _____



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**Exhibit A**
**to**
**Escrow Agreement**

**Wiring Instructions**



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# EXHIBIT I

## GENERAL RELEASE

KNOW THAT each of ENTITY and GUARANTORS and their respective successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "Releasor"), in consideration of _____ with Home Clean Heroes Franchising, LLC ("Home Clean Heroes") and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, reaffirms the release contained in the Franchise Agreement, as of the date of execution of this General Release, and further generally releases and discharges Home Clean Heroes and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants, and their respective successors and assigns (collectively, "Releasee") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, which the Releasor, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the Releasee for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this General Release.

This General Release may not be changed orally.

For the State of California. Entity and Guarantors understand that they may later discover claims or facts that may be different from, or in addition to, those that they now know or believe to exist regarding the subject matter of the release contained herein, and which, if known at the time of signing this Agreement, may have materially affected this Agreement and the decision of Entity and Guarantors to enter into it and grant the release contained herein. Nevertheless, except as otherwise provided in this Agreement, Entity and Guarantors intend to fully, finally and forever settle and release all claims that now exist, may exist, or previously existed, as set out in the release contained herein, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. Entity and Guarantors hereby waive any right or claim that might arise as a result of such different or additional claims or facts. Entity and Guarantors have been made aware of, and understand, the provisions of California Civil Code Section 1542 ("Section 1542"), which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING HIS OR HER SETTLEMENT WITH THE DEBTOR." Entity and Guarantors expressly, knowingly and intentionally waive any and all rights, benefits and protections of Section



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1542 and of any other state or federal statute or common law principle limiting the scope of a general release.

IN WITNESS WHEREOF, the Releasor has executed this General Release on the date(s) set forth below.

ENTITY

By: _____
Name: _____
Title: _____
Date: _____

_____
GUARANTOR

Date: _____

_____
GUARANTOR

Date: _____



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# EXHIBIT J

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# EXHIBIT K

## LIST OF FRANCHISEES
## (As of December 31, ~~2022~~2023)

**Current Franchisees as of December 31, ~~2022~~2023**
*Denotes an Area Developer.

| Owner Name (# of Units Open) | Entity Name | Address | City | State | Zip | Phone |
|---|---|---|---|---|---|---|
| **Alabama** | | | | | | |
| Ryan Day & Barbara Neall (1) | Southern Super Clean, LLC. | 9238 Madison Blvd, Suite 112 | Madison | AL | 35758 | 256-417-6380 |
| California | | | | | | |
| Julio and Chelsey Choy* (1) | Your Best Choys, LLC | 28029 Sarabande Lane, Unit 1233 | Canyon County | CA | 91387 | (818) 570-7884 |
| **Florida** | | | | | | |
| ~~Ewart and Lyndonna Strain~~Samantha & Sam Biafore* (1) | ~~Island Gems Heroes~~Three Dogs Cleaning, LLC | ~~2026 Oak Glen Road~~10530 Ventana Lane | ~~Jacksonville~~Naples | FL | ~~32218~~34120 | ~~(619) 654-1109~~(239) 799-7289 |
| Camille Riffe* (1) | Mrs. Camille's Southern Clean, Inc. | 237 Laurenburg Lane | Ocoee | FL | 34761 | (407) 757-1619 |
| Adeola Shabiyi* (1) | Wallay Dolsh Corporation | 11349 Callaway Pond Drive | Riverview | FL | 33579 | (407) 756-2100 |
| ~~Tim and Jason Doolittle* (not yet opened)~~ | ~~Doolittle Brothers, LLC~~ | ~~416 Snead Dr~~ | ~~Wylie~~ | ~~TX~~ | ~~75098~~ | ~~(469) 613-1199~~ |
| **Georgia** | | | | | | |
| Poolani Jasti* (1) | SimSun, LLC | 2040 Beckham St | Cumming | GA | 30041 | (770) 554-2224 |
| Tony and Antoinette White (1) | | 1641 White Rock Road | Lincolnton | GA | 30817 | (931) 249-2979 |
| **Michigan** | | | | | | |
| ~~Allan Young*(not yet opened)~~Cheryl Arafat (1) | ~~Fran Clean~~CHERYLS CLEANING CRUSADERS, LLC | ~~1429 Lucile Avenue SE, Bldg 900, Suite 904~~5863 Strawberry Circle | ~~Marietta~~Commerce Township | ~~GA~~MI | ~~30067~~48382 | ~~(804) 931-1698~~(248) 829-6659 |
| ~~Terry and Malia Sharpe* (3)~~ | ~~PAR Excellence Cleaning Enterprises, LLC~~ | ~~4271 Sandstone Shore~~ | ~~Stonecrest~~ | ~~GA~~ | ~~30253~~ | ~~(678) 517-5064~~ |



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| Owner Name (# of Units Open) | Entity Name | Address | City | State | Zip | Phone |
|---|---|---|---|---|---|---|
| **North Carolina** | | | | | | |
| Nicholas Gaydos (1) | Numen, LLC | 9723 Northcross Center Court, Suite D | Huntersville | NC | 28078 | 980-399-2665 |
| David Houck* (1) | Houck Industries | 6920 Evans Road | Mint Hill | NC | 28277 | (864) 561-3453 |
| Sharon Quinones (1) | 3TRINITY, LLC | 3504 Sugarplum Rd. | Raleigh | NC | 27604 | 984-263-6056 |
| **Texas** | | | | | | |
| ~~Je Min An*~~ Anthony & Shawn Smith (1) | ~~J&A Vision~~4S Residential Services, Inc. | ~~1301 Bray Central Drive, Apt 14207~~9901 E Bankhead Rd. Suite E1 | ~~Allen~~Aldeo | TX | ~~75013~~76008 | ~~(908) 421-1155~~682-382-3004 |
| ~~Kristin Humphrey* (1)~~Dipesh Bhandari, Nischal Aryal, Alien Khadka, Shreya Acharya, Shriya Shrestha* (1) | ~~Elvis and the Flying V~~Avint, LLC | ~~2817 Shadow Woods Court~~2401 Linto St. | ~~Houston~~Fort Worth | TX | ~~77403~~76179 | ~~(678) 517-5064~~(817) 585-2303 |
| ~~Krishan Ramgulam* (not yet opened)~~Tim and Jason Doolittle* (1) | ~~J&A Vision, Inc.~~Doolittle Brothers, LLC | ~~2624 Bevis St.~~416 Snead Dr | ~~Houston~~Wylie | TX | ~~77008~~75098 | ~~(281) 440-1440~~(469) 613-1199 |
| **Utah** | | | | | | |
| Debbie Robb, Michelle Burnett (1) | DNMCO, INC | 2345 East 3395 South | Salt Lake City | UT | 84109 | (801) 477-4530 |
| **Virginia** | | | | | | |
| Jeff and Jessica Ruiz (1) | OJR Enterprises Inc. | 3068 Ridge Drive | Toano | VA | 23168 | (757) 941-5444 |

**List of Franchisees with Signed Franchise Agreements but Unopened Outlets as of December 31, ~~2022~~2023**

*Denotes an Area Developer.

| Owner Name (# of Unopened Units under Signed Franchise Agreements) | Entity Name | Address | City | State | Zip | Phone |
|---|---|---|---|---|---|---|
| **Delaware** | | | | | | |



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| Owner Name (# of Unopened Units under Signed Franchise Agreements) | Entity Name | Address | City | State | Zip | Phone |
|---|---|---|---|---|---|---|
| Khan Shibly & Shermeen Rahman*(1) | First State Home Solutions, LLC | 701 Foulk Road, STE 2J3 | Wilmington | DE | 19803 | (302) 467-2637 |
| **Georgia** | | | | | | |
| Allan Young (~~3~~1) | FranClean, LLC | 1429 Lucile Avenue SE, Bldg 900, Suite 904 | Marietta | GA | 30067 | (804) 931-1698 |
| Terry and Malia Sharpe* (1) | PAR Excellence Cleaning Enterprises, LLC | 4271 Sandstone Shore | Stonecrest | GA | 30253 | (678) 517-5064 |
| **Illinois** | | | | | | |
| Bill and Polly Ptacek* (1) | Ptacek Investments, Inc | 2244 95th Street Suite 311 | Naperville | IL | 60564 | (630) 716-3565 |
| **Pennsylvania** | | | | | | |
| Chuka Onugu & Maureen Maduadichie* (1) | Unit D Cleaning, LLC | 2431 N Hancock St. Unit D | Philadelphia | PA | 19133 | (215) 701-6757 |
| **Texas** | | | | | | |
| Krishan Ramgulam* (1) | J&A Vision, Inc. | 2624 Bevis St. | Houston | TX | 77008 | (281) 440-1440 |
| ~~Tim and Jason Doolittle~~Lizbeth Zetina* (1) | ~~Doolittle Brothers~~Riley and The Doo Cleaning Crew, LLC | ~~416 Snead Dr~~20402 Yearling Pasture Lane | ~~Wylie~~Tomball | TX | ~~75098~~77377 | ~~(469) 613-1199~~(281) 975-1710 |
| **Virginia** | | | | | | |
| Becky Wang* (1) | EcoTech Clean LLC | 22375 Broderick Drive Suite 250 | Sterling | VA | 20166 | (703) 651-8282 |

## List of Former Franchisees

The name and last known address of every franchisee who had a Franchise transferred, terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, ~~2022~~ 2023 to December 31, ~~2022~~2023, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.
*Denotes an Area Developer.

| Owner Name (# of Units Previously Open) | Entity Name | Address | City | State | Zip | Phone |
|---|---|---|---|---|---|---|
| **GA** | | | | | | |

| Owner Name (# of Units Previously Open) | Entity Name | Address | City | State | Zip | Phone |
|---|---|---|---|---|---|---|
| Allan Young (~~3~~2) [1] | FranClean, LLC | 1429 Lucile Avenue SE, Bldg 900, Suite 904 | Marietta | GA | 30067 | (804) 931-1698 |
| ~~UT~~Terry and Malia Sharpe* (3) | PAR Excellence Cleaning Enterprises, LLC | 4271 Sandstone Shore | Stonecrest | GA | 30253 | (678) 517-5064 |
| ~~Marjorie Roman (0)N/A75 N 380 WOrenUT84057N/A~~FL | | | | | | |
| Timothy Grandstaff(1) | 3 Daughters & Me LLC | 2026 Railroad Vine Dr. Apt 205 | Odessa | FL | 33556 | 704-301-0293 |
| Ewart and Lyndonna Strain* (1) | Island Gems Heroes, LLC | 2026 Oak Glen Road | Jacksonville | FL | 32218 | (619)-654-1109 |
| TX | | | | | | |
| Je Min An* (1) | J&A Vision, Inc. | 1301 Bray Central Drive, APT 14207 | Allen | TX | 75013 | (908)-421-1155 |
| Kristin Humphrey* (1) | Elvis and the Flying V, LLC | 2817 Shadow Woods Court | Houston | TX | 77403 | (678) 517-5064 |

**Notes to List of Former Franchisees:**

1. Owner sold ~~three~~ five territories but still owns ~~three territories~~one territory.

# EXHIBIT L

## LIST OF AFFILIATE-OWNED BUSINESSES
## (As of December 31, ~~2022~~2023)

**List of Affiliate Owned Businesses as of December 31, ~~2022~~2023**

| Owner Name (# of Units) | Entity Name | Address | City | State | Zip | Phone |
|---|---|---|---|---|---|---|
| **Virginia** | | | | | | |
| Home Clean Heroes Local Operations, LLC (2) | Home Clean Heroes Local Operations, LLC | 2829 Guardian Lane, Suite 100 | Virginia Beach | VA | 23452 | (757) 819-4930 |



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# EXHIBIT M-1

## Franchise Disclosure Questionnaire



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# FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Home Clean Heroes Franchising, LLC ("**we**," "**us**" or the "**Franchisor**") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Home Clean Heroes franchise ("**Franchised Business**"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

   Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 20___.

3. Have you received the Franchise Agreement, each addendum, and/or related agreement provided to you?

   Yes _____ No _____

4. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

   Yes _____ No _____

5. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

   Yes _____ No _____

6. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

   _____

If you have answered Yes to any one of questions 4-5, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered No to each of questions 4-5, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on _____, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that the President of the United States of America has issued Executive Order 13224 (the "**Executive Order**") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "**Anti-Terrorism Measures**"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

(i) a person or entity listed in the Annex to the Executive Order;

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this _____ day of _____, 20____.

Sign here if you are taking the franchise as an INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By:_____
Signature

Print Name_____

Title_____



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## EXHIBIT M-2

## Confidentiality and Non-Disclosure Agreement

With respect to determining the feasibility of purchasing a Home Clean Heroes franchise, we are prepared to provide you with certain financial, business, marketing, and operational information concerning the Home Clean Heroes franchise opportunity (referred to as the "Information).

We provide you this Information with your explicit understanding and agreement that you recognize and agree that this Information is confidential and valuable and constitutes special and unique proprietary rights and assets of Home Clean Heroes Franchising, LLC. In accepting this Information, you agree that you will not, either before, during, or after the termination of the relationship with Home Clean Heroes Franchising, LLC, disclose, directly or indirectly, this Information to any third person, or make use of it yourself. You further agree to maintain the confidentiality of any and all information relative to Home Clean Heroes Franchising, LLC business, affairs, policies, methods, services, customers, or associates, which we provide to you in a manner using at least the same degree of care as the manner used to maintain the confidentiality of your most confidential information.

You further agree that access to this Information will be restricted to those persons who are directly engaged in this analysis, investigation, and/or negotiations with respect to Home Clean Heroes Franchising, LLC and the Home Clean Heroes franchise opportunity.

You further recognize that breach of this Confidentiality and Non-Disclosure Agreement by you will cause severe and irreparable damage to Home Clean Heroes Franchising, LLC.

Use of any of the Information by you, in connection with any other business, whether competitive with our System or not, violates this Confidentiality and Non-Disclosure Agreement.

You acknowledge, by your signature below, that you agree to the conditions of this Confidentiality and Non-Disclosure Agreement, as stated above.

ACKNOWLEDGED:

By:_____ Date: _____
Signature

By: _____ Date: _____
Signature



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# EXHIBIT N

## FINANCIAL STATEMENTS

1. Audited financial statements as of December 31, ~~2022~~2023, for the period from January 1 through December 31, ~~2020,~~ 2021 ~~and~~ , 2022 and 2023.



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HOME CLEAN HEROES FRANCHISING, LLC

FINANCIAL REPORT

December 31, 2023 and 2022

WALL
EINHORN &
CHERNITZER
CPAs & ADVISORS



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WALL
EINHORN &
CHERNITZER
CPAs & ADVISORS

**INDEPENDENT AUDITOR'S REPORT**

To the Audit Committee
Buzz Franchise Brands, LLC, sole member of **Home Clean Heroes Franchising, LLC**
Virginia Beach, Virginia

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of **Home Clean Heroes Franchising, LLC**, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in member's (deficit) equity, and cash flows for the years ended December 31, 2023, 2022 and 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Home Clean Heroes Franchising, LLC** as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023, 2022 and 2021 in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Empasis of Matter***

As discussed in Note 5 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

***Related Party Transactions***

As discussed in Note 3 to the financial statements, **Home Clean Heroes Franchising, LLC** is dependent upon the continued support of its parent company (Buzz Franchise Brands, LLC) and has received notice of the intent of its parent company to continue to fund operations. Our opinion is not modified with respect to this matter.

***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.



CONFIDENCE | COLLABORATION | COMMITMENT
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Independently Owned Member of CPAmerica International
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants



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***Responsibilities of Management for the Financial Statements (continued)***

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 **Home Clean Heroes Franchising, LLC's** ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audits of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Home Clean Heroes Franchising, LLC'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 **Home Clean Heroes Franchising, LLC'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.

***Other Information Included in the Franchise Disclosure Document***

Management is responsible for the other information included in the Franchise Disclosure Document. The other information comprises Items 1 – 20, 22 – 23, and exhibits included in the Franchise Disclosure Document, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Norfolk, Virginia
March 14, 2024

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HOME CLEAN HEROES FRANCHISING, LLC

BALANCE SHEETS

Years Ended December 31, 2023 and 2022

| ASSETS | 2023 | 2022 (Restated) |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and cash equivalents: | | |
| Unrestricted | $ 198,143 | $ 164,330 |
| Restricted | 3,651 | - |
| Accounts receivable | 15,970 | 16,016 |
| Prepaid expenses | 11,950 | 11,550 |
| Contract assets, current portion | 82,767 | 56,927 |
| **Total current assets** | 312,481 | 248,823 |
| **PROPERTY AND EQUIPMENT** | | |
| Computers | 6,260 | 4,640 |
| Less accumulated depreciation | (4,408) | (3,867) |
| **Net property and equipment** | 1,852 | 773 |
| **OTHER ASSETS** | | |
| Website development costs, net of accumulated amortization 2023 $36,659; 2022 $33,122 | 91 | 3,628 |
| Contract assets, net of current portion | 849,392 | 475,206 |
| **Total other assets** | 849,483 | 478,834 |
| **Total assets** | $ 1,163,816 | $ 728,430 |
| **LIABILITIES AND MEMBER'S DEFICIT** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable | $ 44,633 | $ 62,343 |
| Deferred revenue | 3,651 | - |
| Contract liabilities, current portion | 115,490 | 83,868 |
| Due to member | - | 4,254 |
| Accrued expenses | 123,957 | 52,032 |
| **Total current liabilities** | 287,731 | 202,497 |
| **LONG-TERM LIABILITIES** | | |
| Contract liabilities, net of current portion | 971,873 | 731,028 |
| **MEMBER'S DEFICIT** | (95,788) | (205,095) |
| **Total liabilities and member's deficit** | $ 1,163,816 | $ 728,430 |

See Independent Auditor's Report and Notes to Financial Statements.

HOME CLEAN HEROES FRANCHISING, LLC

STATEMENTS OF OPERATIONS

Years Ended December 31, 2023, 2022 and 2021

| | 2023 | 2022 (Restated) | 2021 |
|---|---|---|---|
| **Revenues:** | | | |
| Franchise fees and area development fees, net of discounts and territory repurchases | $ 361,429 | $ 25,171 | $ 41,608 |
| Royalty and marketing fees | 194,405 | 162,180 | 105,145 |
| Total revenue | 555,834 | 187,351 | 146,753 |
| **Operating expenses:** | | | |
| Selling and marketing | 574,318 | 476,621 | 474,211 |
| General and administrative | 845,940 | 803,964 | 747,272 |
| Depreciation and amortization | 4,078 | 7,237 | 8,237 |
| Total operating expenses | 1,424,336 | 1,287,822 | 1,229,720 |
| **Net loss from operations** | (868,502) | (1,100,471) | (1,082,967) |
| **Other income:** | | | |
| Other income | 733 | 860 | 160 |
| **Net loss** | $ (867,769) | $ (1,099,611) | $ (1,082,807) |

See Independent Auditor's Report and Notes to Financial Statements.



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HOME CLEAN HEROES FRANCHISING, LLC

STATEMENTS OF CHANGES IN MEMBER'S (DEFICIT) EQUITY

Years Ended December 31, 2023, 2022 and 2021

| | | |
|---|---|---|
| Balance, January 1, 2021 | $ | 996,062 |
| Contributions | | 204,795 |
| Net loss | | (1,082,807) |
| Balance, December 31, 2021 | | 118,050 |
| Contributions | | 776,466 |
| Net loss, as restated | | (1,099,611) |
| Balance, December 31, 2022, as restated | | (205,095) |
| **Contributions** | | **977,076** |
| **Net loss** | | **(867,769)** |
| **Balance, December 31, 2023** | **$** | **(95,788)** |

See Independent Auditor's Report and Notes to Financial Statements.

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HOME CLEAN HEROES FRANCHISING, LLC

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023, 2022 and 2021

| | 2023 | 2022 (Restated) | 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net loss | $ (867,769) | $ (1,099,611) | $ (1,082,807) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation and amortization | 4,078 | 7,237 | 8,237 |
| Contribution of services by Parent | 72,000 | 76,878 | 81,756 |
| (Increase) decrease in assets: | | | |
| Accounts receivable | 46 | 668 | (15,259) |
| Prepaid expenses | (400) | (10,231) | 681 |
| Contract assets | (400,026) | (83,358) | (304,108) |
| Increase (decrease) in liabilities: | | | |
| Accounts payable | (17,710) | 50,467 | 6,843 |
| Deferred revenue | 3,651 | (8,074) | 8,074 |
| Contract liabilities | 272,467 | 159,504 | 445,392 |
| Accrued expenses | 71,925 | (4,463) | 56,495 |
| **Net cash used in operating activities** | (861,738) | (910,983) | (794,696) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments from (advances to) and member | (4,254) | (779) | 6,855 |
| Purchase of property and equipment | (1,620) | - | (1,219) |
| **Net cash provided by (used in) investing activities** | (5,874) | (779) | 5,636 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Contributions | 905,076 | 699,588 | 123,039 |
| **Net increase (decrease) in cash, cash equivalents, and restricted cash** | 37,464 | (212,174) | (666,021) |
| Cash, cash equivalents, and restricted cash beginning | 164,330 | 376,504 | 1,042,525 |
| **Cash, cash equivalents, and restricted cash ending** | $ 201,794 | $ 164,330 | $ 376,504 |

**SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY**

During the years ended December 31, 2023, 2022 and 2021, the Company's sole member, Buzz Franchise Brands, LLC, contributed services to the Company in the amount of $72,000, $76,878 and $81,756, respectively (see Note 3).

See Independent Auditor's Report and Notes to Financial Statements.



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## Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

**Home Clean Heroes Franchising, LLC** (the Company), is a Virginia limited liability company formed on August 16, 2017, and is a wholly owned subsidiary of Buzz Franchise Brands, LLC (the Parent). The Company is headquartered in Virginia Beach, Virginia, and was established to manage the franchising activities of the "Home Clean Heroes" brand, a brand operating in the home cleaning services industry. During the year ended December 31, 2019, the Company began selling franchise licenses throughout the United States of America.

A summary of the Company's significant accounting policies follows:

Change in accounting principle:

In June 2016, the FASB issued Accounting Standards Update (ASU) *2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. The FASB has subsequently issued updates to the standard to provide additional clarification on specific topics. The new standard became effective on January 1, 2023 and did not have a material effect on the financial statements.

Basis of accounting:

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

Cash and cash equivalents:

The Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, to be cash equivalents. Restricted cash is limited in use for brand development fee expenditures (see "Advertising expenses" section of Note 1).

Accounts receivable:

Accounts receivable include trade receivables and are non-interest bearing. Trade accounts receivable consist of amounts due to the Company from franchisees and are stated at amounts management expects to collect from balances outstanding at year end. Trade accounts receivable are considered past due when payments are not received in accordance with contractual terms stated on billing invoices. The Company maintains an allowance for doubtful accounts for estimated losses that will result from the inability of customers to make required payments. The allowance is determined based on review of specific customer accounts where collection is doubtful, as well as an assessment of the collectability of total receivables, which are grouped based on similar risk characteristics, considering historical trends, adjusted for current economic conditions and reasonable and supportable forecasts when appropriate. The allowance represents the current estimate of lifetime expected credit losses for all outstanding accounts receivable and reflects the Company's ongoing evaluation of collectability, customer creditworthiness, historical levels of credit losses and future expectations. Receivables are written off against the allowance when it is determined that the amounts will not be recovered. Recoveries of receivables previously written off are recorded as income when received. The Company has no expected credit losses from trade receivables based on current estimates and no allowance has been recorded at December 31, 2023 and 2022. At December 31, 2023, 2022, 2021, and January 1, 2021, accounts receivable totaled $15,970, $16,016, $16,684, and $1,425, respectively.

See Independent Auditor's Report. Notes continued on next page.

**Note 1. Nature of Business and Significant Accounting Policies (continued)**

Property and equipment:

Property and equipment are stated at cost, less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; renewals and betterments are capitalized per the Company's capitalization policy. Depreciation is computed using the straight-line method over the following useful lives:

| | Years |
|---|---|
| Computers | 5 |

Depreciation expense of $541, $757 and $887 was recorded for each of the years ended December 31, 2023, 2022 and 2021, respectively.

Impairment of long-lived assets:

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

Intangible assets:

Intangible assets are recorded at cost, less accumulated amortization, and are comprised of website development costs. Website development costs are amortized over five years, the estimated useful life, using the straight-line method and are tested for impairment when, based on future cash flows and profitability of the Company, there are factors indicating that the asset may be impaired. Amortization expense was $3,537, $6,480 and $7,350 for each of the years ended December 31, 2023, 2022 and 2021, respectively. Amortization expense for 2024 is estimated to be $91.

Revenue recognition:

Revenues are derived from franchise agreements and consist of franchise fees and area development fees and royalty and marketing fees. Management has identified all the following services as one performance obligation in connection with the Company's franchise agreements: start-up package, franchise name and brand usage, training and operational assistance unique to the Home Clean Heroes brand, marketing and advertising services, use of the national customer call center, an integrated business management system and credit card processing, and technical support.

Franchise fee revenues, which includes initial franchise fees as well as area development fees, are satisfied over time and are recognized by the Company over the term of the franchise agreement. Fees billed or received in advance of completing all material services or conditions are reported as a contract liability until those services and conditions have been satisfied. Franchise fees and area development fees recognized during the years ended December 31, 2023, 2022 and 2021 totaled $361,429, $25,171 and $41,608, respectively.

The Company has royalty fee agreements with its franchisees whereby it receives a percentage of its franchisees' sales. These fees are recognized monthly based on the percentage of the related sales recorded by the franchisees for the month (see Note 2). Brand development fees are recognized at the point in time when the performance obligation is completed. Royalty fees earned during the years ended December 31, 2023, 2022 and 2021 amounted to $126,319, $100,195 and $74,206, respectively, and are included in royalty and marketing fees in the accompanying statements of operations. Brand development fees earned during the years ended December 31, 2023, 2022 and 2021 amounted to $68,086, $61,985 and $30,939, respectively, and are included in royalty and marketing fees in the accompanying statements of operations.

**See Independent Auditor's Report. Notes continued on next page.**

**Note 1. Nature of Business and Significant Accounting Policies (continued)**

Revenue recognition (continued):

The Company established a Community Heroes Program and is a member of the International Franchise Association's VetFran program. As part of these programs, the Company provides veterans of the U.S. Armed Forces a 20% discount on the initial franchise fee for the first Home Clean Heroes franchise. Law enforcement, firefighters and other public servants also qualify for a similar discount. Franchise fee revenue is recorded net of the discount over the term of the franchise agreement.

Contract assets and contract liabilities include deferred broker fees and deferred franchise and area development fees, respectively, that are recognized over the term of the corresponding franchise agreement.

A summary of contract assets and liabilities are as follows at December 31:

| | 2023 | 2022 (Restated) | 2021 | 2020 |
|---|---|---|---|---|
| Contract assets, current portion | $ 82,767 | $ 56,927 | $ 40,920 | $ 14,800 |
| Contract assets, net of current portion | 849,392 | 475,206 | 407,855 | 129,867 |
| Total contract assets | $ 932,159 | $ 532,133 | $ 448,775 | $ 144,667 |
| Contract liabilities, current portion | $ 115,490 | $ 83,868 | $ 61,450 | $ 18,950 |
| Contract liabilities, net of current portion | 971,873 | 731,028 | 593,942 | 191,050 |
| Total contract liabilities | $ 1,087,363 | $ 814,896 | $ 655,392 | $ 210,000 |

The Company does not have any significant financing components as payment is received at or shortly after fees are billed.

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31:

| | 2023 | 2022 (Restated) | 2021 |
|---|---|---|---|
| Revenue from performance obligations satisfied over time | $ 361,429 | $ 25,171 | $ 41,608 |
| Revenue from performance obligations satisfied at a point in time | 194,405 | 162,180 | 105,145 |
| | $ 555,834 | $ 187,351 | $ 146,753 |

Advertising expenses:

The Company incurs two types of advertising expenditures: marketing and brand development expenses. Marketing expenses are paid to advertise the brand to potential franchisees and are expensed as incurred. Marketing expenses totaled $148,729, $253,976 and $221,169 during the years ended December 2023, 2022 and 2021, respectively, and are included in selling and marketing expenses in the accompanying statements of operations. Brand development expenses are paid to advertise the brand to potential customers of existing franchisees and are expensed as incurred (see Note 2). Brand development expenses totaled $68,086, $76,183 and $30,939 during the years ended December 31, 2023, 2022 and 2021, respectively, and are included in selling and marketing expenses in the accompanying statements of operations.

**See Independent Auditor's Report. Notes continued on next page.**

**Note 1. Nature of Business and Significant Accounting Policies (continued)**

Income taxes:

The Company is a disregarded entity for income tax purposes and its activity is included on the Parent's tax return. As a limited liability company, the Parent's taxable income or loss is allocated to its members in accordance with the Operating Agreement. Therefore, no provision or liability for income taxes has been included in these financial statements.

Management has determined that the provisions of the pronouncement for "Accounting for Uncertainty in Income Taxes" have no material impact on the Company's or the Parent's results of operations or financial position. If there are uncertain and potentially material tax positions identified, the resulting estimated liability, including any related interest and penalties, will be recorded as miscellaneous expenses.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2. Franchising Activities**

The Company generates revenues from franchising through individual franchise sales and area development agreements. In general, the Company's franchise agreements provide for the payment of a franchise fee, typically $35,000, for each opened franchise. The franchise agreements also require the franchisees to pay the Company a royalty and service fee equal to 6% of net sales and a brand development fee equal to 2% of net sales.

Area development agreements provide for the development of a specified number of franchises within a defined geographic territory in accordance with a schedule of opening dates. Development schedules generally cover up to three years and typically have benchmarks for the number of franchises to be opened and in operation at 12-month intervals. Area development agreement payments, ranging from $60,000 to $85,000, are made when the agreements are executed and are nonrefundable. At the scheduled opening dates, franchise agreements are signed under similar terms as described in the previous paragraph and do not require an additional franchise fee payment.

The Company began selling franchise licenses during 2019. Below is a summary of the number and types of agreements entered into and the related number of territories sold during the years ended December 31, 2023, 2022 and 2021:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Franchise agreements | **15** | 4 | 7 |
| Area development agreements | **9** | 3 | 6 |
| Territories sold | **24** | 8 | 18 |
| Territories closed/repurchased | **(9)** | (2) | (3) |
| Cumulative territories sold | **47** | 32 | 26 |

See Independent Auditor's Report. Notes continued on next page.

**Note 2. Franchising Activities (continued)**

Below is a summary of operating franchises for the years ended December 31, 2023, 2022 and 2021:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Franchises operating, beginning of year | 14 | 10 | 5 |
| Franchises opened under current year agreements | 10 | 2 | 4 |
| Franchises opened under prior agreements | - | 2 | 1 |
| Franchises closed | (6) | - | - |
| Total operating franchises | 18 | 14 | 10 |

At December 31, 2023, there were ten franchises scheduled to open during 2024 related to agreements signed as of December 31, 2023. These franchises and others sold but unopened have yet to begin operations as of December 31, 2023 because they relate to the scheduled openings per an area development agreement or the individual franchise agreements. Any franchise unopened as of December 31, 2023 is not included in the operating franchise count in the table above.

The Company did not own or operate any franchise locations as of December 31, 2023, 2022 or 2021.

**Note 3. Related Party Transactions**

The Parent provides certain management, administrative and support services to the Company. The Company and the Parent have entered into a shared services agreement to formalize the allocation of these costs from the Parent to the Company. The allocation covers indirect costs such as corporate salaries and incentives, rent, and utilities that may be allocated with a reasonable mark-up. These allocations are based on management's estimates and may not reflect the operations of the Company if it were to operate on a standalone basis. During the years ended December 31, 2023, 2022 and 2021, the Parent determined that the allocation of corporate salaries incentives, and utilities was not necessary and as such has only allocated rent expense to the Company. This determination was based on operational performance of the Company and is subject to change as operations improve or decline. During the years ended December 31, 2023, 2022 and 2021, $72,000, $76,878 and $81,756, respectively, in shared service costs, included in general and administrative expenses in the accompanying statements of operations, were allocated to the Company. At December 31, 2022, $4,254 remained due to the Parent and is included in due to member on the accompanying balance sheet. No amounts were due to the Parent at December 31, 2023.

The Company also licenses from an affiliate its right to the use of various trademarks and service marks that it intends to use in its franchising activities. The licensing agreement with the affiliate calls for the Company to pay a license fee, ranging from 15% to 35% of the Company's revenue, as defined in the agreement, for this right. However, during the years ended December 31, 2023, 2022 and 2021, the affiliate waived the license fee due under the licensing agreement.

The Company is dependent upon the continued support of the Parent and has received notice of the intent and ability of the Parent to continue to fund operations of the Company through March 14, 2025.

**Note 4. Concentrations of Risk**

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash investments. The Company places its cash investments with high quality financial institutions where the Federal Deposit Insurance Corporation insures the first $250,000 of cash at each qualifying institution. As of December 31, 2023, the Company had no cash in excess of this limit.

**See Independent Auditor's Report. Notes continued on next page.**

**Note 5. Prior Period Adjustment**

Member's equity, contract liabilities, and net loss as of and for the year ended December 31, 2022 have been adjusted to correct an error with respect to revenue recognition recorded in 2022. The cumulative effect of the correction increased contract liabilities, net loss and member's deficit as of and for the year ended December 31, 2022 by $30,667. Previously issued financial statements have not been restated to correct for this error.

**Note 6. Subsequent Events**

The Company has evaluated subsequent events through March 14, 2024, the date which the financial statements were available to be issued.

## 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 | ~~April 27, 2023, Amendment Effective April 3, 2024~~Pending |
| Hawaii | |
| Illinois | ~~April 19, 2023, Amendment Effective December 19, 2023~~Pending |
| Indiana | ~~April 6, 2023, Amendment Effective December 18, 2023~~Pending |
| Maryland | ~~May 11, 2023, Amendment Effective January 18, 2024~~Pending |
| Michigan | ~~August 12, 2023~~Pending |
| Minnesota | ~~April 27, 2023, Amendment Effective January 4, 2024~~Pending |
| New York | ~~July 19, 2023, Amendment Pending~~ |
| North Dakota | ~~April 25, 2023, Amendment Effective January 2, 2024~~Pending |
| Rhode Island | ~~August 20, 2023, Amendment Effective December 20, 2023~~Pending |
| South Dakota | ~~September 11, 2023~~Pending |
| Virginia | ~~April 21, 2023, Amendment Effective January 22, 2024~~Pending |
| Washington | |



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| | |
|---|---|
| Wisconsin | ~~April 6, 2023, Amendment Effective December 18, 2023~~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.



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## ITEM 23
## RECEIPT (YOURS)

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

If HOME CLEAN HEROES FRANCHISING, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or ten (10) business days before execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Home Clean Heroes Franchising, 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 agencies listed in Exhibit A.

The sales agent(s) representing Home Clean Heroes Franchising, LLC for this offering is/are:

Names(s): Kevin W. Wilson, Brian Garrison, Joe Delatte, Dave Warn, Rita Iglesias, Austin James, ~~Matthew Karahalios,~~ Jackie Lanzalone and Kris Nilsson.

Home Clean Heroes Franchising, LLC
2829 Guardian Lane, Suite 100
Virginia Beach, VA 23452
(757) 215-4253

ISSUANCE DATE: April ~~5~~8, ~~2023, as amended December 18, 2023~~ 2024

Home Clean Heroes Franchising, LLC has authorized the agents listed in Exhibit C to receive service of process for it. I have received a Disclosure Document (Franchise Disclosure Document) dated _____. This disclosure document included the following Exhibits:

Exhibit A – List of Administrators
Exhibit B – Disclosure Document State Addenda
Exhibit C – Agents for Service of Process
Exhibit D – Franchise Agreement and State Amendments
Exhibit E – Area Development Agreement and State Amendments
Exhibit F-1 – Authorization Agreement for Prearranged Payments (Direct Debits)
Exhibit F-2 – Promissory Note
Exhibit F-3 – Guaranty
Exhibit F-4 – Security Agreement
Exhibit G – Telephone Number Assumption Agreement
Exhibit H-1 – Transfer and Release Agreement
Exhibit H-2 – Commission Agreement
Exhibit H-3 – Escrow Agreement



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Exhibit I – General Release
Exhibit J – Operations Manual Table of Contents
Exhibit K – List of Franchisees
Exhibit L – List of Company-Owned Businesses
Exhibit M-1 – Franchise Disclosure Questionnaire
Exhibit M-2 – Confidentiality and Non-Disclosure Agreement
Exhibit N – Financial Statements

| | |
|---|---|
| Date | Franchisee |
| | Name:_____ |



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| | |
|---|---|
| Date | Franchisee |
| | Name:_____ |