FRANCHISE DISCLOSURE DOCUMENT

Home Smiles Franchising, LLC
A California limited liability company
1526 Stafford Street
Redwood City, California 94063
Tel: (888) 764-5311
franchise@homesmiles.com
www.homesmiles.com

The franchise that we offer is for HomeSmiles, a business that provides property maintenance services for residential and commercial properties and other services and products (each, a "Franchised Business" or "HomeSmiles Business").

The total investment necessary to begin operation of a HomeSmiles Business under a franchise agreement with a single Territory is $148,110 - $201,800. This includes $71,500 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a HomeSmiles Business under a franchise agreement with multiple territories is $188,110 to $436,800. This includes $111,500 – 336,500 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Jesshill E. Love, President, Home Smiles Franchising, LLC, 1526 Stafford Street Redwood City, California 94063.

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

Buying a franchise is a complex investment. The information in this 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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 17, 2025

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 Exhibits F and G.
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 D 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 HomeSmiles 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 HomeSmiles franchisee?	Item 20 or Exhibits F and G list 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 mediation, arbitration, and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Mandatory Minimum Payments**. You must make minimum royalty or advertising 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.

4. **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.

5. **Turnover Rate.** In the last year, a high percentage of franchised outlets were terminated, transferred, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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

NOTICE REQUIRED BY THE STATE OF MICHIGAN

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

The Michigan Franchise Law states in Sec. 445.1527, Sec.27 that each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five 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 six months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

HomeSmiles®
Franchise Disclosure Document

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Home Smiles Franchising, LLC, the franchisor of the Franchised Business is referred to in this disclosure document (the "Disclosure Document") as "we", "us" or "our" as the context requires. A franchisee is referred to in this Disclosure Document as "you" and "your" as the context requires. If you are a corporation, partnership or other legal entity (a "Corporate Entity"), our franchise agreement will also apply to your individual owners, shareholders, members, officers, directors, other principals, and their respective spouses.

The Franchisor

We are a California limited liability company established in March 2020. Our principal business address is 1526 Stafford Street Redwood City, California 94063. We offer franchises under the name "HomeSmiles". We conduct business under our corporate name, Home Smiles Franchising, LLC. Our business is selling franchise systems and granting franchises to third parties like you to develop and operate a Franchised Business. We began offering franchises as of March 2020. Our affiliate and predecessor, Home Smiles, Inc., previously offered the franchises under the some of the Licensed Marks (as defined below) since January 2019. Other than as discussed above, we are not in any other business, we have not conducted business in any other line of business, we do not conduct or operate a Franchised Business of the type to be operated by a franchisee, and we have not offered or sold franchises in any other line of business. We do not have any parent company. Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

The Franchised Business

We license a system (the "System") for the operation of a HomeSmiles Business that provides property maintenance services for residential and commercial properties and other services and products (the "Approved Services and Products") using our Sales Center, products, supplies, warranties, equipment, Service Vehicle(s), and materials that we designate (the "System Supplies"). The System is identified by HomeSmiles registered trademark, logo and, such other trademarks, logos, and trade-dress that we may designate, modify or adopt from time to time and, as same may or may not be registered with the United States Patent and Trademark Office (collectively, the "Licensed Marks").

The System features the prominent display of the Licensed Marks, the Approved Services and Products, and the System Supplies as they all presently exist and, as we may modify, add to or discontinue from time to time. You may only offer and sell the Approved Services and Products using System Supplies purchased through us, our affiliates or our designated approved suppliers. The System also requires that you operate your HomeSmiles Business in conformity with the specifications, procedures, criteria and requirements that we designate in our confidential operations manual and other proprietary manuals that we designate and, as we may supplement and modify from time to time (collectively, the "Manual" or "Manuals").

If permitted by law, you may administratively operate your HomeSmiles Business from a home-based administrative office.

Franchise Agreement

You may enter into a franchise agreement in the form attached to this Disclosure Document as Exhibit E (the "Franchise Agreement") to develop and operate a HomeSmiles Business within an operating territory and in conformity with the requirements of our System. At the time of signing the Franchise Agreement we will designate a geographic area comprising your operating territory. Your right to use the System will be limited to offering and providing our Approved Services and Products within your operating territory using only our System Supplies.

At the time of signing your Franchise Agreement you may request the right to purchase additional territories subject to market type, availability, and our discretion. Each territory will include a population of approximately 250,000 people and is referred to as an "Additional Territory." Your Territory and Additional Territories are collectively referred to as your "Territories" and, individually, as a "Territory".

Our Affiliates

Home Smiles, Inc.

Our affiliate and predecessor Home Smiles, Inc. is a California corporation established on October 3, 2016. This affiliate's principal business address is at 1526 Stafford Street, Redwood City, California 94063 from which this affiliate uses the Licensed Marks and System in the operation of a HomeSmiles Business. You will not conduct business directly with this affiliate. This affiliate offered franchises prior to our formation and does not now offer franchises in any lines of business.

Market and Competition

The general market for the services and products offered by a HomeSmiles Business typically includes residential homeowners and owners and property managers of commercial properties and real estate agents. The market for property maintenance services is highly competitive. You will be competing with many local and independently owned home improvement service providers and businesses that provide property maintenance and handyman services, including businesses that provide gutter cleaning, tree removal, power washing, window washing, dryer vent cleaning, HVAC system maintenance and other home maintenance services. Some of the services offered by the Franchised Business are provided outdoors and are dependent on favorable weather conditions and seasonal issues. The Franchised Business may be seasonal depending on the geographic location of your territory.

Industry Specific Laws

HomeSmiles Businesses are subject to various federal, state and local laws and regulations relating to property maintenance and handyman services, including contractors' licensing laws and related requirements. Before you begin operations, you must obtain all required licenses and approvals to operate your HomeSmiles Business, including compliance with state, local and other contractor's licensing and related requirements. State, local and other laws and regulations vary widely, can change over time, and can materially affect your ability to do business. Other federal, state and local laws of a more general nature which apply to most businesses may also apply to your HomeSmiles Business, and it will be your responsibility to comply with these laws, including employment, worker's compensation, insurance, corporate, taxing, licensing and similar laws and regulations. Any person who drives the vehicle used in the operation of your HomeSmiles Business must have a valid driver's license and each of your vehicles must be properly licensed. The requirements for these licenses may vary, depending on your location. You should independently investigate any applicable laws before purchasing a Franchise and are responsible for keeping appraised of changes that are made to any applicable law.

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ITEM 2
BUSINESS EXPERIENCE

Jesshill E. Love, Chief Executive Officer and Director

Jesshill E. Love is the Chief Executive Officer and Director of Home Smiles Franchising, LLC and has served in this role since our formation on January 23, 2020. From October 2016 and continuing to date, Mr. Love was the founder and has acted as Chief Executive Officer of our affiliate Home Smiles, Inc. in Redwood City, California.

AJ Dumler, Chief Operations Officer

AJ Dumler is the Chief Operations Officer of Home Smiles Franchising, LLC and has served in this role since March 2024. AJ Dumler was the Senior Director of Operations at Sam The Concrete Man from March 2021 to February 2024. Before that, AJ Dumler served as the National Sales Director for Frontline Medical Services from 2018 to March 2021.

Tanya Cruzada, Senior Executive Director

Tanya Cruzada is the Senior Executive Director of Home Smiles Franchising, LLC and has served in this role since our formation on January 23, 2020. From January 2018 and continuing to date, Ms. Cruzada has acted as Executive Coordinator of our affiliate Home Smiles, Inc. in Redwood City, California.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you sign a Franchise Agreement you must pay to us a non-refundable initial franchise fee (the "Initial Franchise Fee"). The Initial Franchise Fee is $59,500 for a geographic operating territory that includes a single territory, with a population of approximately 250,000 people (a "Territory"). Below is a chart ("Franchise Fee Chart") noting certain discounted fees applicable for the purchase of multiple Territories at once. The Initial Franchise Fee is fully earned by us upon payment and is non-refundable. The method we use to calculate the Initial Franchise Fee is uniform for all franchises, except, as described below, we offer the following discounts:

Qualified Veteran's Discount

For qualified individuals who were honorably discharged from any branch of the United States Military, the Initial Franchise Fee for the first / initial Operating Territory is discounted by 10%. This discount must be requested at the time of your initial franchise application and requires documented military service.

Multi-Territory Discounts

Subject to market type, availability, and our discretion, at the time of signing your Franchise Agreement you may request the right to purchase additional territories. Each territory will include a population of approximately 250,000 people and is referred to as an "Additional Territory." Your Territory and Additional Territories are collectively referred to as your "Territories" and, individually, as a "Territory." When purchasing Additional Territories, the following initial franchise fees shall apply:

FRANCHISE FEE CHART

Total Territories Purchased	Initial Franchise Fee per Territory	Cumulative Fee (Includes First Territory)
1	$59,500	$59,500
2	$40,000	$99,500
3	$40,000	$139,500
4	$35,000	$174,500
5	$30,000	$204,500
6	$30,000	$234,500
7	$30,000	$264,500
8	$30,000	$294,500

Grand Opening Marketing fee

You must pay $12,000 to us to cover your initial Grand Opening Marketing expenses and package. This fee is due no later than 30 days prior to attending training and is fully earned and non-refundable.

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty (Notes 2 and 3)	Greater of 6% of Gross Sales or Minimum Monthly Royalty Fee Requirements, with performance based adjustments	Due monthly on the 15th of each month for the preceding month	Will be debited automatically from your bank through ACH. See, Notes 2 and 3 for applicable Minimum Monthly Royalty Fee Requirements.
Brand Development Fund (Note 4)	2% of Gross Sales	Due monthly on the 15th of each month for the preceding month	Will be debited automatically from your bank through ACH or other means designated by us.
Local and Regional Advertising Cooperatives (Note5)	As established by cooperative members, but not exceeding 3% of Gross Sales	As established by cooperative members	Will be debited automatically from your bank account by ACH or other means designated by us.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Technology Fee (Note 6)	Up to $500 per month, currently $297.00 per month	Due monthly on the 15th of each month for the preceding month	Will be debited automatically from your bank account by ACH or other means designated by us.
Sales Center (Note7)	The greater of 2% of monthly Gross Sales or $1272.00 per month from March through November; none December through February	Due monthly on the 15th of each month for the preceding month	Will be debited automatically from your bank account by ACH or other means designated by us.
Business Management System License Fees (Note 8)	Current rates are as follows: -Email: $35 per email user (in excess of 2) -Reporting and Database: $49/month per user -Bookkeeping: $250/month, as accrued (additional fees may apply based on usage)	Due monthly on the 15th of each month for the preceding month	Will be debited automatically from your bank account by ACH or other means designated by us. Monthly license for business management system. You must use certain business management software or services as we designate. Payable to us or supplier(s) as we designate. This fee is subject to increase.
Customer Service and Refunds (Note 9)	Varies under the circumstances	On demand	Will be debited automatically from your bank account by ACH or other means designated by us.
Annual Conference Attendance Fee	Our then current conference fee, not greater than $2,000	When invoiced	Will be debited automatically from your bank account by ACH or other means designated by us. Fee is per attendee.
Additional Employee Initial Training	Our then current training fee, currently $600 per person per day	When invoiced and prior to training	Under our pre-opening initial training, we will train you or your Managing Owner and one designated manager at no additional charge. This fee is for initial training, either before or after you open. Initial training is conducted at facilities we designate and you must pay for all other expenses of your trainees,

Type of Fee (Note 1)	Amount	Due Date	Remarks
			including salary, travel and accommodations.
Supplemental Training	Our then current daily rate per trainer, plus expenses we incur. Current rate is $900 per day (2 day minimum) for in person, online $500 per day.	On demand	If you request or we require additional training, you must pay our then current trainer fee plus, if applicable, our expenses related to travel and accommodations.
Non-Compliance Fees, Convenience Fees, Late Fees, Interest(Note 10)	From $250-$1000 per occurrence, as incurred	Within 14 days of invoice, or as incurred.	See Note 10.
Audit	Cost of audit	On demand	For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.
Quality Assurance Audit	Actual costs incurred by us	As invoiced	Payable if we engage a third party to perform periodic quality assurance audits, including mystery shopper programs.
Collections	Actual fees, costs, and expenses	On demand	For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the Franchise Agreement or a termination of the Franchise Agreement. Includes costs and expenses of re-inspections required by quality assurance audit.
Transfer	The greater of: i) $15,000 or ii) 5% of the transfer transaction sale price for the business	On demand	Payable if we approve your transfer request.
Renewal	$7,500	On signing renewal Franchise Agreement	Payable if we approve your renewal request and upon signing our then current Franchise Agreement.

Explanatory Notes to Item 6
"Other Fees"

Note 1: Type of Fee – The above table describes fees and payments that you must pay to us, our affiliates, or that our affiliates may impose or collect on behalf of a third party. All fees are uniformly imposed for all franchises offered under this Disclosure Document, are recurring, are not refundable, and are payable to us, unless otherwise specified. Payment is subject to our specification and instruction, including, our election to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account. You will be required to sign an ACH Authorization Form (Franchise Agreement, Exhibit 4) permitting us to electronically debit your designated bank account for payment of all fees payable to us and/or our affiliates. You must deposit the Gross Sales of your HomeSmiles Business into the designated bank accounts that are subject to our ACH authorization. You must install and use, at your expense, the pre-authorized payment, point of sale, credit card processing, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your HomeSmiles Business. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account.

Note 2: Royalty Fees – You must pay to us a continuing royalty fee (the "Royalty Fee"). The continuing Royalty Fee is a monthly fee that is equal to the greater of either: (a) a sum equal to 6% or the applicable Performance Based Adjustment below (the "Royalty Rate") of your monthly Gross Sales; or (b) the amount of your then applicable Minimum Monthly Royalty Fee requirement (the "Minimum Monthly Royalty Fee Requirement" or "MMR"). The Minimum Monthly Royalty Fee will vary depending on the number of Territories located within and comprising your Operating Territory, number of months in operation, and is determined in accordance with the following schedule:

Performance-Based Adjustments to Royalty Rate based upon monthly gross sales.

If monthly gross sales exceed these amounts, your Royalty Rate shall be:

$25,000 - 5.5%
$39,000 - 5%
$52,000 - 4.5%
$69,000+ - 4%

The Minimum Royalty Fees identified above are not, and should not be considered, an earnings claim or financial performance representation for your business.

MMR Schedule

Months in Operation	2 Units or Less ($)	3 Units ($)	4 Units ($)	5+ Units ($)
1–6	$-	$-	$-	$-
7–12	$700.00	$1,000.00	$1,300.00	$1,600.00
13–24	$1,000.00	$1,300.00	$1,600.00	$1,900.00
25–36	$1,300.00	$1,600.00	$1,900.00	$2,200.00
37–48	$1,600.00	$1,900.00	$2,200.00	$2,500.00
49–60	$1,800.00	$2,100.00	$2,400.00	$2,700.00
61+	$2,000.00	$2,300.00	$2,600.00	$2,900.00

*Note on Territory Sizes: if a Territory is approved, but has a size less than the population size typically comprising a full-size territory, prorated minimums may apply.

Note 3: Gross Sales – "Gross Sales" means the total dollar sales from all business and customers of your HomeSmiles Business and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or Corporate Entity from business conducted or which started in, on, from or through your HomeSmiles Business and/or your Operating Territory, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Sales include the total gross amount of revenues and sales from whatever source derived from and/or derived by you including, any person and/or Corporate Entity acting on your behalf, from business conducted within and/or outside your operating territory that is related to your HomeSmiles Business and/or a competitive business located and/or operated within your Operating Territory, outside your operating territory, and/or otherwise. Gross Sales do not include (a) sales taxes that you collect and remit to the proper taxing authority, and (b) authorized promotional discounts that you provide to customers, provided that such discounts do not result in a $0 transaction. All services must reflect a bona fide monetary value after discounts are applied. HomeSmiles will not authorize or recognize $0-value transactions as valid revenue. Any transaction reported at $0 may be subject to audit, and you may be responsible for any costs associated with such audit. Gross Sales specifically includes, without limitation, all revenue or benefits derived from any maintenance-related service involving the customer's property that is added to the HomeSmiles à la carte section on the website, including (but not limited to) chimney cleaning, solar panel cleaning, and handyman services (whether licensed or non-licensed). Gross Sales does not include credit card processing fees or other payment-related charges.

Note 4: Brand Development Fund – The brand development fund fee is a continuing monthly fee equal to 2% of your monthly Gross Sales (the "Brand Development Fund Fee").

Note 5: Local and Regional Advertising Cooperatives – If two or more HomeSmiles Businesses are operating within a geographic area, region, or market designated by us (a "designated market"), we reserve the right to establish and require your participation in a local or regional advertising cooperative within the designated market. If a local or regional advertising cooperative is established within a designated market that includes your HomeSmiles Business(s), you will be required to participate in the cooperative and make on-going payments to the cooperative in such amounts and subject to such caps as established by the cooperative members. We anticipate that each HomeSmiles Business franchisee will have one vote for each HomeSmiles Business located within the cooperative market and that cooperative decisions shall be made based on approval of a simple majority vote with a quorum of not less than 25% of the designated cooperative members. Contributions to a local or regional cooperative that we designate shall not exceed 3% of your monthly Gross Sales.

Note 6: Technology Fee – The continuing monthly technology fee is an administrative fee and is not associated with any particular service but is used, at our discretion, to defray some of our costs related to system website and intranet (the "Technology Fee"). Currently the Technology Fee is $297.00 per month and reserve the right to increase the fee in the future provided that the monthly technology fee shall not exceed $500 per month.

Note 7: Sales Center Fees – You are required to exclusively use the sales center (the "Sales Center") and the sales center services that we designate (the "Sales Center Services"). The Sales Center fee is a monthly fee that currently is the greater of 2% of monthly gross sales or $1272.00 per month from March through November without any charge from December through February (the "Sales Center Fee").

Note 8: Business Management System License – You must maintain and utilize the business management systems that we designate from time to time. The business management system license is the current monthly license

fee to access the business management/point of sale systems that we designate. The business management system license fee does not include other fees associated with business management or point of sale systems such as credit card processing fees and other integrations such as providing online payment options.

Note 9: Customer Services and Refunds – This fee will be based on the costs incurred by us, including refunds and/or credits that we may undertake on behalf of a customer that was not satisfied with the services or products provided by the Franchised Business. You must guarantee your services to your customers. If we determine that your customer is entitled to reimbursement of fees paid to you we may reimburse your customer directly. You must reimburse us for the amounts that we reimburse your customer. You must also participate in any warranty insurance programs that we designate. These fees are subject to increase based on the amount of the cost of the services.

Note 10: Non-Compliance Fees, Interest, Late Fees– Non-compliance fees range from $250.00-$1000.00 per occurrence or violation. Fees can be incurred for failure to meet operational standards, failure to make payments on time, or failure to provide Royalty reports, sales and revenue reports, operational compliance reports, any other required reports, bounced checks, failure of ACH transactions, and operational non-compliance. See the Manual on reporting requirements and how non-compliance, interest, and late fees are structured.

Convenience Fees: Payable if we agree to accept any payment via a form of payment different from that designated in the Manual. If so, the convenience fee of 3.5% of the transaction shall apply and be added to the payment amount.

Late Fees: Payable if payments due are not received within 14 days of the invoice. The fee is $150 for each invoice paid late.

Interest: Payable on all overdue amounts, fees, charges, and payments due to us under the Franchise Agreement. Interest rate cannot exceed legal rate allowed by law and may be adjusted to reflect same. This accrues at 10% per annum, amortizing monthly.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT- Table A

A. Single Territory Only

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	$59,500	Lump sum	When Franchise Agreement is signed	Us
Initial Supply Package(Note 2)	$5,000 – $8,000	As arranged	As incurred	Us, suppliers
Computer, Software, Point of Sales System, and business management systems (Note 3)	$5,160 – $6,600	As arranged	As incurred	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Grand Opening Marketing (Note 4)	$12,000	As arranged	As incurred	Us
Insurance Deposits – Three Months (Note 5)	$800 – $5,000	As arranged	As incurred	Insurers
Franchisee Marketing Spend - Three to Six Months (Note 6)	$10,700-$21,400	As arranged	As incurred	Suppliers, providers
Travel for Initial Training (Note 7)	$1,500 – $3,000	As arranged	As incurred	Airlines, hotels, restaurants
Professional Fees (Note 8)	$1,500 – $3,000	As arranged	As incurred	Attorneys, accountants, advisors
Service Vehicle – Three Months(Note 9)	$9,000 – $17,000	As arranged	As incurred	Designated Supplier
Licenses and Permits (Note 10)	$750 – $1,500	As arranged	As incurred	Government
Additional Funds/Working Capital – Six Months (Notes 11 and 12)	$42,200 – $64,800	As arranged	As incurred	Us, employees, suppliers, utility suppliers
Total Estimate (Note 12)	$148,110 –$201,800			

Explanatory Notes to Item 7
For A Single Territory Only

Note 1: Initial Franchise Fee – The Initial Franchise Fee is $59,500 for an Operating Territory comprising a single territory.

Note 2: Initial Supply Package – Initial Supply Package: 30 days prior to Opening Date, you will be required to purchase certain types of equipment including pressure washers, water systems, drills, GoPro camera, generators, tools, ladders, and hoses, from us or our approved manufacturers, suppliers and/or subject to our specifications. These figures represent the purchase of the necessary equipment from suppliers to provide the services of your HomeSmiles Business. Additionally, you must purchase an initial opening inventory of furnace filters, smoke alarms, carbon monoxide alarms, combo alarms, batteries, and cleaning supplies. Based on the activity of your HomeSmiles Business you will be required to continuously restock, replenish, maintain and replace your supplies, equipment and inventory.

Note 3: Computer, Software, Point of Sales System, and Business Management Systems – You are required to purchase, license and use the point of sale systems, ordering systems, and applications that we designate. Information about the point of sale, computer systems, and business management systems are disclosed in Item 11 of this Disclosure Document. You are required to operate and maintain at least one new notebook computer to be used from your Administrative Office that must possess broadband internet access, and a tablet computer with broadband wireless internet access for each Service Vehicle that you operate.

Note 4: Grand Opening Marketing Expense – You must pay to us $12,000 at least 30 days prior to opening your HomeSmiles Business to promote your grand opening.

If you acquire more than one Territory, your Grand Opening Marketing Expenses will be modified, to conform to the table below:

Territories*	Grand Opening Marketing Expenses
1-2	$12,000
3-4	$18,000
5	$24,000
>5	Subject to prior agreement and approval by Franchisor/Franchisee

*To qualify for reduced escalation of Grand Opening Marketing Expenses, territories must both be contiguous and located with the same state. Non-contiguous franchise territory locations or franchise territory locations that cross state lines may be subject to a direct rate application of $12,000 per every two territories at the discretion of the Franchisor. If additional territories are purchased on a later date, additional Grand Opening Marketing Expenses may apply.

Note 5: Insurance Deposits – Three Months – You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. This estimate is for the cost of an initial deposit to obtain the minimum required insurance and, we estimate this deposit to be equal to the amount of three months of monthly insurance premium payments. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note 6: Franchisee Marketing Spend Requirement: Franchisees are required to allocate a minimum annual budget for digital marketing efforts to drive customer acquisition and local brand awareness. This spend must be used for approved digital marketing initiatives, including but not limited to Google Ads, social media advertising, SEO, pay-per-click (PPC) campaigns, and other online marketing strategies that align with HomeSmiles' brand standards. The required minimum annual digital marketing spend is outlined below based on the number of territories owned:

Number of Territories	**Required Minimum Annual Digital Marketing Amount**
1-2 Territories	$32,000
3-4 Territories	$48,000
5 Territories	$54,000
6 Territories	$60,000
7 Territories	$66,000
8 Territories	$72,000
More than 8 Territories	Subject to prior agreement and approval by Franchisor/Franchisee

Usage and Compliance: Franchisees must spend the required amount on digital marketing initiatives that align with the Franchisor's guidelines. Verification & Reporting: Franchisees are required to submit documentation of their digital marketing spend to the Franchisor in June and December of each year to verify compliance with the minimum spend requirement. Failure to Comply: If a franchisee does not meet the required spend or fails to submit verification, the Franchisor may require corrective actions or impose additional compliance measures.. The total

Franchisee Marketing Spend can be assessed March through November, without any charge from December through February, and may increase based upon the number of operating territories as outlined in the Item 7 chart. The amount shown in this row is related to approximately 3-6 months of Franchisee Marketing Spend

Note 7: Travel for Initial Training – You must complete our pre-opening training program before opening your HomeSmiles Business. We do not charge a fee for our pre-opening initial training. This estimate is for estimated travel and lodging expenses that you will incur to attend our pre-opening initial training program.

Note 8: Professional Fees – This estimate is for costs associated with the engagement of professionals such as attorneys, and accountants for advisories consistent with the start-up of a HomeSmiles Business. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of your HomeSmiles Business.

Note 9: Service Vehicle – You are required to use a branded and wrapped Service Vehicle ("Service Vehicle") for all customer visits. The first Service Vehicle must be a van and must be leased through our designated supplier listed in the Manual, currently Bush Specialty Vehicles, Inc. The estimate provided includes a lease down payment and approximately three months of lease installment payments for one Service Vehicle. Actual rates and down payments may vary depending on the borrower's creditworthiness and current market conditions. These lease payments will be an ongoing operating expense for the duration of your HomeSmiles Business. The Service Vehicle must comply with our specifications and standards as outlined in the Manual. It must be registered and insured as a commercial vehicle, wrapped according to our brand guidelines and maintained in a relatively new, clean and professional condition. Approved vehicle models typically include Ford Transit vans or other makes and models we designate as acceptable. You may choose to use a secondary vehicle for customer visits; however, it must be submitted for approval and wrapped in accordance with our approved branding guidelines.

Note 10: Licenses and Permits – You must apply for, obtain, and maintain all required permits and licenses necessary to operate a HomeSmiles Business. The licenses will vary depending on local, municipal, county and state regulations.

Note 11: Additional Funds – This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, rent, and utilities only for the initial six month period of operations following the opening of your HomeSmiles Business. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you financed the development of your HomeSmiles Business. It has been prepared based on our experience that newly-opened franchises are operated best from the franchisee's residence where possible, and so it does not include any rent expense. In making this estimate, we have relied on the experiences of our affiliate in developing and operating a HomeSmiles Business.

Note 12: About Your Estimated Initial Investment – This is an estimate of the initial start-up expenses for a HomeSmiles Business. We estimate your start-up to be 4-6 months. We have based these estimates on the experiences of our affiliate in developing a HomeSmiles Business and our franchisees. These estimates do not include interest and financing charges that you may incur and they do not include management level compensation payable to you or your owners. If you increase the geographic size of your Operating Territory by adding Additional Territories your costs will be higher. These estimates are for one HomeSmiles Business only. Because we anticipate that for the first several years of operation, you will operate out of your residence, no costs associated with real estate have been included. If we approve a physical location requiring real estate expenses, that approval will only be given after that operational period and after the initial period covered in this Item 7 table.

B. Multiple Territories

YOUR ESTIMATED INITIAL INVESTMENT – Table B

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	$99,500 – $294,500	Lump sum	When Franchise Agreement is signed with Multi-Franchise Addendum	Us
Estimated Initial Investment to Open Single Territory (Note 2)	$88,610-$142,300	Estimated Initial Investment is based on estimate contained in Table A, above, of this Item 7, for a single Territory but excluding the Initial Franchise Fee of $59,500. See, Table A.		
Total Estimate (Note 3)	$ 188,110-$436,800			

Explanatory Notes to Item 7
For a Single Territory Plus Additional Territories

Note 1: Initial Franchise Fee – The Initial Franchise Fee for an operating territory comprising a single Territory is $59,500. If you elect to supplement the size of your Territory by adding additional territories, the total Initial Franchise Fee will range from a low of $99,500 for a total of two Territories (your initial Territory plus one Additional Territory) to $294,500 for a total of eight Territories (your initial Territory plus seven Additional Territories). Cumulative Franchise Fee based on number of territories is shown in Item 5, Franchise Fee Chart.

Note 2: Estimated Initial Investment – This is the estimated initial investment for the development of an operating territory comprising one territory. It is important to review Table A of this Item 7 and the Explanatory Notes to Table A in detail.

Note 3: Total Estimate – This is the total estimated investment for the development of an operating territory comprising a single Territory that has been supplemented with Additional Territories.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may only offer and sell the Approved Services and Products that we designate and you may only use those products, supplies, equipment, technology systems, and services that we authorize and designate in writing. To ensure that our standards and specifications of quality, service and System development are maintained, you must operate your HomeSmiles Business in strict conformity with the Franchise Agreement and the methods, standards, specifications and sources of supply that we designate and prescribe in the Manuals.

Source Restricted Purchases and Leases – Generally

We require that you purchase or lease certain source restricted goods and services for the development and operation of your HomeSmiles Business. Source restricted goods and services are goods and services that must meet our specifications and/or must be purchased from an approved or designated supplier. We may designate a supplier (which may include us or our affiliates) as the exclusive supplier for the System. Our specifications and list of approved and designated suppliers is contained in our Manuals. We will notify you of any changes to our

specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our Manuals, verbal and other forms of communication. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions as to the overall operation and expansion of the System. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing of us revoking our approval.

Suppliers and Supplier Criteria

We may designate ourselves and our affiliates as exclusive suppliers of source restricted goods and services. We reserve the right to create a supplier company, owned or operated by Franchisor or an affiliate to sell or provide supplies to Franchisee. We may designate ourselves or a third party as exclusive supplier irrespective of the existence of competing suppliers. If, in the Manuals, we do not designate a supplier for a particular item, you will purchase all such products, supplies and services from suppliers who meet our specifications and standards. Currently, we are not and our affiliates are not approved suppliers of the source restricted goods and services identified below. Currently no officer of ours owns an interest in any of our designated suppliers.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information that we may request. We may charge you a supplier review and testing fee and we may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within a reasonable time, not to exceed 60 days, after we receive your written request for approval and all additional information and samples that we may request. We may, in our discretion, withhold our approval. When evaluating the approval of a particular supplier, among other things, we consider: whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the suppliers quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the suppliers approval, in our sole determination, will allow us to advance the overall interests of the System.

We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers, to represent approximately 25% of your total purchases and leases in establishing the Franchised Business and approximately 10% of the on-going operating expenses of your Franchised Business. Currently, neither us nor our affiliates are approved suppliers of the source restricted goods and services identified below. Currently no officer of ours owns an interest in any of our designated suppliers.

We currently require that you purchase or lease the following source restricted goods and services from either us or our designated supplier:

1. System Supplies – You must maintain an initial and ongoing inventory of System Supplies. You must purchase the System Supplies from us, our affiliates, or our designated suppliers.

2. Branded Items and Marketing Materials – All materials bearing the Licensed Marks including, but not limited to, stationary, business cards, brochures, apparel, signs and displays, must meet our standards and specifications and must be purchased from either us directly or our designated suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market your HomeSmiles Business through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively use, at your cost,

our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors and marketing channels.

3. Point of Sale System, Business Management System, and Computer Equipment – Currently, Serviceminder is the designated point of sale and business management system that you must exclusively license and use in the day to day operations and overall management of your HomeSmiles Business. There are no substitutes for our designated point of sale and business management system that, presently, is Serviceminder. Use of the Serviceminder system is subject to an on-going license fee that, currently, is $305 per month. In our discretion, the Serviceminder system monthly license fees are subject to increase but not more than one increase per calendar year and by not more than an increase of 10% for any calendar year. We may earn revenue from your licensing and use of Serviceminder, but do not currently earn any revenue. The cost of the computer system that you will be required to purchase varies depending on your number of Service Vehicles with your estimated costs for a computer system being $1,500 to $3,000. Your estimated costs for the maintenance, repair and updates for the computer systems is $1,500 per year. There are no contractual obligations imposed on us to maintain, repair, update, or upgrade your computer systems.

4. Credit Card Processing – You must use our designated supplier and vendor for credit card processing which may be integrated with the point of sale system that we designate. Credit card processing fees will, generally, be based on a percentage of all credit card processed Gross Sales.

5. Online Ordering, Customer Rewards, and Gift Cards – You must use our designated supplier and vendor for the ability to access and use online, point of sale integrated, web based, and/or app based, ordering, customer rewards, and/or gift card systems. As you access and utilize these systems you will pay usage fees based on a percentage of your processed Gross Sales.

6. Service Vehicles – Your Service Vehicles must meet our standards and specifications, be designated and insured for commercial purposes, and be wrapped with our approved branding and vehicle wrap. You may only operate your HomeSmiles Business from Service Vehicles that meet our specifications and approved wrap. Your Service Vehicle must be purchased from our designated supplier.

7. Sales Center Services – We are the exclusive supplier of the Sales Center Services that you are required to use. Our Sales Center includes phone based communications and includes other forms of customer engagement focused on new customer inquiries, scheduling estimate and service visits, and responding to customer service issues. We reserve the right to change vendors of the Sales Center Services. On a monthly basis, you must pay Sales Center Fees to us. The Sales Center fee is a monthly fee that currently is the greater of 2% of monthly gross sales or $1272.00 per month from March through November without any charge from December through February. During the fiscal year ending December 31, 2024, we earned $209,783.00 in revenue from Sales Center Fees. These fees were not used for advertising.

8. Insurance – You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to us within 30 prior to the Actual Opening Date of your franchised business or within 30 days of any policy renewal for any policy renewals. Insurance coverage must be at least as comprehensive as the minimum requirements set forth below and in the Franchise Agreement (Franchise Agreement, Article 8). You must consult our Franchisor-

approved insurance carrier or your carrier representative, if approved by Franchisor, to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits.

Insurance Requirements

Such policy or policies shall be written by a responsible carrier or carriers with a Best's Insurance Guide rating of "A" or better and shall include, at a minimum (except for any additional coverage may reasonably be specified by HomeSmiles Franchising LLC from time to time), the following:

1. *Comprehensive General Liability insurance*, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least $1,000,000 per occurrence, $2,000,000 in aggregate and/or in amounts as required by the client of your Franchised Business. Within 30 prior to your actual opening date or within 30 after any renewal, the Franchised Business must provide proof of coverage listing HomeSmiles Franchising LLC as an Additional Insured ("AI") as the franchisor.

2. *Statutory Workers' Compensation insurance* as required by the law of the state in which the Franchised Business is located, including statutory workers' compensation employer's liability limits of at least $1,000,000 or subject to our approval.

3. *Business Automobile Insurance*, including liability insurance coverage for hired and non-owned automobiles, with a combined single bodily injury and property damage limit of at least $1,000,000 per occurrence or subject to our approval. Within 30 days of policy commencement or renewal, the Franchised Business must provide proof of coverage listing HomeSmiles Franchising LLC as an Additional Insured ("AI") as the franchisor.

4. *Personal Property/Commercial Inland Marine* in the amount of at least $70,000. Coverage to protect business property on and off premises or while in transit.

5. *Business Interruption* equal to 12 months of your gross income and continuing expenses including royalty fees.

6. *Commercial Umbrella Liability insurance* with total liability limit of at least $1,000,000 protecting against first party and third-party claims and/or as included in rider in general liability policy is strongly recommended.

7. *Employment Practices Liability* including actions of a third-party and wage and hour disputes, when available, is strongly recommended.

8. *Cyber Insurance* of at least $100,000 protecting against first party and third-party claims and/or as included in rider on general liability policy.

9. All other insurance that we require in the Operations Manual or that is required by law or by the lease or sublease for the Franchised Business.

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the HomeSmiles Businesses under the System and, in doing so, we may limit the number of approved vendors and/or suppliers that you may purchase from and we may designate one vendor as

your sole supplier. Presently there are no purchase or supply agreements in effect for source restricted products or services and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using our designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases

We and/or our affiliates may receive rebates, payments and other material benefits from suppliers based on franchisee purchases and we reserve the right to institute and expand rebate programs in the future. During the fiscal year ended December 31, 2024, we did not earn any revenue from approved suppliers based on our franchisees' purchases.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Article(s) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	2, 3.C	7, 11
b. Pre-opening purchases and leases	3, 9	7, 8
c. Site development and other pre-opening requirements	3, 4, 5, 7.F, 7.I, 7.H, 9,	6, 7, 11
d. Initial and ongoing training	4, 7.I	11
e. Opening	2, 3, 4,	11
f. Fees	3, 4.A, 5, 10, 13, 14, 15, 16, 17, 18.N.	5, 6, 7
g. Compliance with standards and policies / manual	3, 4, 6, 7, 8, 9, 10, 13	8, 11
h. Trademarks and proprietary information	6, 7, 12	13, 14
i. Restrictions on products and services offered	3, 4.C., 6, 8	8, 11, 16
j. Warranty and customer service requirements	7.E	16
k. Territorial development and sales quotas	2	12
l. Ongoing product and service purchases	3, 4.C., 5, 8	8
m. Maintenance, appearance and remodeling requirements	7	7, 17
n. Insurance	8	7, 8
o. Advertising	4.C, 9	6, 11
p. Indemnification	14	6
q. Owner's participation, management, staffing	4, 6, 7, 8	11, 15
r. Records and reports	5, 12	6

Obligation	Article(s) in Agreement	Disclosure Document Item
s. Inspections and Audits	7, 9, 13, 16.A,	6, 11
t. Transfer	14	17
u. Renewal	15	17
v. Post-termination obligations	6, 7, 16, 17, 18	17
w. Non-competition Covenants	6, 7, 18, 19	17
x. Dispute Resolution	18.F, 18.G	17
y. Other: Individual guarantee of franchise obligations	2, 7, 14.C, 14.E	9

ITEM 10
FINANCING

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

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

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

Pre-Opening Obligations

1. Grant of Franchise – We will grant to you the right to operate the Franchised Business within a designated operating territory. (Franchise Agreement, Article 2);

2. Approval of Operating Territory – At the time of signing your Franchise Agreement you will have selected and we will have approved of the Operating Territory within which you will operate the Franchised Business; (Franchise Agreement, Article 2.A). Because you do not have to locate a site from which to operate your HomeSmiles Business, we do not provide you with assistance in doing so. You may open an office, but it is not required. You will not need our approval in approving the site of your office if you choose to open one. You must find a location to store your Vehicle, which may be at your residence, if permitted.

3. Manuals – We will provide you with access to our confidential and proprietary Manuals. You must operate the Franchised Business in accordance with the Manuals and all applicable laws, rules and regulations. At all times, we reserve the right to supplement, modify and update the Manuals. (Franchise Agreement, Article 4.C). As of April 17, 2025, the operations manual consists of 72 pages and the table of contents to the operations manual is attached as Exhibit C to this Disclosure Document (Franchise Agreement, Article 4). Major subjects contained in the operations manual consists of establishing, developing, marketing and operating the Franchised Business;

4. Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors, to the extent that we have designated them, either as part of the Manuals or otherwise in writing. (Franchise Agreement, Articles 3 and 4);

5. Signs, Equipment, Furniture, and Fixtures – We will provide you with a list of our approved signage, equipment, furniture and fixtures, to the extent that we have designated them, either as part of the Manuals or otherwise in writing and we will review and approve, in our discretion, your proposed signage, equipment, furniture and fixtures. We do not provide assistance in delivering or installing signs, equipment, furniture, or fixtures. (Franchise Agreement, Articles 3 and 4);

6. Website and Digital Media – We will identify and locate your HomeSmiles Business on our website. We strictly control how you may or may not use websites and digital media and you must assign all website media and digital media accounts to us. (Franchise Agreement, Articles 3.H and 9); and

7. Initial Training – Not later than 21 days prior to Scheduled Opening Date of your HomeSmiles Business you or your Managing Owner and one management level employee or Owner must attend and complete our initial training program. We will provide you (and up to one of your designated managers) with training in accordance with our initial training program. (Franchise Agreement, Article 4). Our current training program is to be attended by you, or if you are a Corporate Entity, your Managing Owner and one Operating Manager at our training facility located in Redwood City, California. The training program takes place over a five day period and is described below in this Item 11 in more detail.

Site Selection

If permitted by local law, you may locate your Administrative Office within your home residence. Otherwise, you are responsible for selecting a site for your Administrative Office we do not approve or review your selected location but it must meet with our specification as described in the Manual. We do not typically own or lease the real property that will serve as your Administrative Office and you are responsible for all costs and expenses in locating and evaluating proposed sites for your administrative office.

You must attain your Administrative Office within 60 days of signing your Franchise Agreement.

Time to Open

You may not open your HomeSmiles Business until you have completed all pre-opening requirements, including, our initial training requirements, the necessary licensing and authorization from state and regulatory agencies within your Operating Territory, and providing us with written proof of the required insurance. You are required to open and begin offering services in your single Territory, or 2 Territories, if you purchased at least two (2) territories, within thirty (30) days of completing initial training program or the Scheduled Opening Date, whichever comes first. If you cannot open within 30 days, you may request, in writing only, up to an additional 60 days (in 30 day increments) with our written approval in our discretion, which may not be unreasonably withheld. If you purchase additional territories, the following timeline applies:

1. The third territory must be open and operational no later than 18 months after signing your Franchise Agreement.

2. The fourth and any additional territories must be open and operational no later than the third anniversary of your Franchise Agreement.

3. All additional territories must meet the same conditions for grand opening marketing expenses, training, licensing, insurance, and approved service vehicle(s). Any deviation from this schedule must receive prior written approval from us. If you fail or refuse to open a required territory within the specified timeline, your minimum royalty obligations for that territory will still apply as if the territory were operational. You will not be excused from payment due to delay or refusal to open.

Post-Opening Obligations

1. Communication of Operating Standards – We may establish, update and provide you with consultations and communications as to the standards, procedures and System requirements as to the operation of your HomeSmiles Business including, but not limited to, Approved Services and Products, System Supplies, marketing and promotion standards, and as we may, in our discretion, designate, modify, supplement and amend from time to time and, as set forth in the Manuals. (Franchise Agreement, Articles 4.B. and 4.C.);

2. Marketing Standards and Approval – We will establish, update and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, the marketing media that you may use. We will respond to your request respecting the communication of our approval or disapproval of marketing media that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to how the marketing standards and the marketing media may be used in the marketing and promotion of your HomeSmiles Business (Franchise Agreement, Article 4.B.);

3. Approved Vendors – We will provide the names and addresses of approved vendors and suppliers for the Approved Services and Products and the System Supplies. (Franchise Agreement, Articles 4.B. and 4.C.);

4. Annual System Conference – Annual System Conference – We may, in our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. As the System Wide Conference is in the best interest of all franchisees, and the system as a whole, all franchisee are responsible to pay determined franchise attendance fee if they attend the conference or not. This fee will not exceed $2000. (Franchise Agreement, Article 4.B.);

5. Supplemental Training – We may require that you and your Operating Manager participate in supplemental on-site or online training or that we designate and require at our discretion. If you are not meeting what we believe to be System performance standards, we may provide, at our discretion, supplemental training on-site within your Operating Territory or online at our discretion. The current supplemental training fee is $900 per person, per day for any on-site training, which will be paid directly to us. In addition, you will be responsible for all related expenses, including travel, meals, and accommodations incurred by us. A two-day minimum applies to all on-site training sessions. If supplemental training is conducted virtually or online, the fee will be $500 per person, per day. You may also request supplemental training at these rates.(Franchise Agreement, Article 4.A.);

6. Initial Training for Replacement Operating Managers – Your Operating Manager must complete our initial training program. We will offer and make available to your replacement Operating Manager our initial training program which must be completed to our satisfaction. The initial training program will be provided by us at the facilities that we designate that, presently, is comprised of our HomeSmiles Business located in Redwood City, California and at the certified training HomeSmiles Business that we designate in California. You will be required to pay our then current supplemental training fee for replacement Operating Manager, which is currently $600 per manager per day for each replacement manager attending our initial training. (Franchise Agreement, Articles 4.A. and 4.C.);

7. Administration of Marketing Funds – We may administer and manage System-wide marketing funds comprised of a Brand Development Fund and/or Advertising Cooperative. (Franchise Agreement, Articles 9.A. and 9.G.);

8. Hiring and Training of Employees – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees. For the protection of the System, you must ensure that all employees wear and maintain the proper uniforms with our

approved System branded apparel and uniforms including, but not limited to, the apparel and uniforms comprising System Supplies. You must monitor and ensure that all System Supplies and Approved Services and Products are prepared, maintained, and served in accordance with the System standards and Manuals; and

9. Pricing – You will exclusively determine the prices that you charge for the Approved Services and Products served and sold by your HomeSmiles Business. However, we may suggest pricing levels that we recommend.

Advertising

1. Generally – All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of your HomeSmiles Business must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. In our discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy and digital media that you may utilize at your own expense. If you wish to utilize marketing materials and/or marketing mediums that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within 15 days of your submission of the written request and sample marketing materials. We are not required to spend any amount on your behalf on advertising in your operating territory. (Franchise Agreement, Article 9);

2. Franchisee Marketing Spend – You must spend the amounts described in Item 7 on Franchisee Marketing Spend based upon the number of your Territories. This spend must be used for approved digital marketing initiatives, including but not limited to Google Ads, social media advertising, SEO, pay-per-click (PPC) campaigns, and other online marketing strategies that align with HomeSmiles' brand standards. You are not authorized to engage in any marketing unless it is pre-approved by us (Franchise Agreement, Article 9.B.), in our discretion. For any local marketing you do, we will review your local marketing programs and notify you if we approve same. We will make available to you and provide you with access, in the form of a source document, to our approved marketing campaigns, media, and messaging that may be used by you. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs, copy, and design specifications. However, you will incur the direct costs associated with customizing, duplicating and using such marketing campaigns and in having them printed, distributed and/or placed with media sources. (Franchise Agreement, Article 9). Adjustments: The Franchisor reserves the right to update marketing spend requirements in future FDD amendments as necessary. The goal is to have the franchisee achieve a strong local brand presence (e.g., organic leads, strong referral business). Franchisees may allocate up to $6,000 per year of their required marketing spend toward approved alternative marketing efforts, provided such efforts comply with HomeSmiles' brand standards and receive prior written approval from the Franchisor. Franchisees are required to allocate a minimum annual budget for digital marketing efforts to drive customer acquisition and local brand awareness. (Franchise Agreement, Article 9.B.) This spend must be used for approved digital marketing initiatives, including but not limited to Google Ads, social media advertising, SEO, pay-per-click (PPC) campaigns, and other online marketing strategies that align with HomeSmiles' brand standards. The required minimum annual digital marketing spend is outlined below based on the number of territories owned:

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Number of Territories	Annual Franchisee Directed Local Marketing
1-2	$32,000
3-4	$48,000
5	$54,000
6	$60,000
7	$66,000
8	$72,000
>8	Subject to prior agreement and approval by Franchisor/Franchisee

Approved Alternative Marketing Strategies Include: BNI Memberships & Business Networking Events; Community Sponsorships & Local Partnerships (e.g., real estate offices, property management companies, local business alliances); Print & Direct Mail Marketing; Local Sponsorships & Grassroots Initiatives; And or additional activities approved by Franchisor.

Approval & Compliance Process: Pre-Approval Requirement - Franchisees must submit a detailed marketing proposal at least 30 days in advance of planned implementation. The proposal must outline expected costs, target audience, marketing objectives, and adherence to brand guidelines.

Brand Compliance - All marketing materials must comply with HomeSmiles' brand guidelines, including approved logos, colors, messaging, and design standards.

Proof of Execution - Franchisees must provide receipts, documentation, or proof of marketing execution within 30 days of spending. Failure to provide documentation may result in disqualification of alternative marketing expenses from counting toward the required spend.

Annual Usage & Rollovers - Alternative marketing funds must be used within the first calendar year and cannot be rolled over into future years.

Franchisor Oversight & Audits - The Franchisor reserves the right to audit marketing spend and effectiveness to ensure compliance and brand integrity.

3. Digital Media and Website – All digital media and marketing must be approved by us. We will designate for your Operating Territory information about your HomeSmiles Business on the www.homesmiles.com webpage or such other websites as we may designate for the System. (Franchise Agreement, Article 9);

4. Brand Development Fund – We may control and administer a brand development fund (the "Brand Development Fund") (Franchise Agreement, Article 9.A.). As disclosed in Item 6 of this Disclosure Document, you must contribute a monthly sum of 2% of monthly Gross Sales to the Brand Development Fund. We may use the Brand Development Fund for market studies, research, service development, product development, testing, research studies, technology development, advertising and public relations studies or services, creative production and printing of advertising and marketing materials, advertising copy and commercials, tracking costs, agency fees, administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and testing of advertising, marketing and public relations materials, and the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our discretion, to be in the best interest of the franchisees and the System. Our company and/or affiliate owned HomeSmiles Businesses may but are not required to contribute to the Brand Development Fund. The Brand Development Fund will be required to maintain unaudited financial records detailing its expenditures and will make available to you (no more frequently than one time in any 12-month period) an unaudited accounting

of how the monies contributed to the Brand Development Fund were spent each year. We are not required to segregate the Brand Development Fund from our general operating funds and we are not a fiduciary or trustee of the Brand Development Fund. The Brand Development Fund will not be used to directly promote your HomeSmiles Business or the marketing area in which your HomeSmiles Business will be located. (Franchise Agreement, Article 9.A). We may utilize the Brand Development Fund to develop and test various media and technologies for potential utilization and/or improvement of the operations of HomeSmiles Businesses and the marketing of HomeSmiles Businesses. These technology developments and/or improvements may relate, among other things, to our website and to the interaction and potential enhancement of web offerings that may or may not be implemented on behalf of HomeSmiles Businesses. You may or may not benefit from these technology developments and improvements. (Franchise Agreement, Article 9.A.).

We may use the Brand Development Fund to compensate ourselves for administrative fees associated with managing the Brand Development Fund and for our internal employee salaries, expenses and overhead associated with or reasonably allocated to managing the activities of the Brand Development Fund and performing services on behalf of the Brand Development Fund including, but not limited to, directing, developing and managing media of the Brand Development Fund. We will not directly use the Brand Development Fund to directly market the sale of HomeSmiles Business franchises, however the advertising, marketing and brand development materials developed including, the System website, may contain basic information as to the availability of HomeSmiles Business franchises for sale and contact information for franchise inquiries.

During the fiscal year ending December 31, 2024, we collected a total of $47,506 as part of our Brand Development Fund which was used as follows: Production: 12%; Media Placement: 49%; Admin Expenses: 39%; Other Expenses: 0%.

5. Local and Regional Advertising Cooperative – We possess the exclusive right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that we designate. We will exclusively determine the geographic and other boundaries constituting each respective cooperative and factors that we will consider include media markets including print, television and digital. If we establish a cooperative within a market that includes your HomeSmiles Business you must contribute to the cooperative in such amounts and frequency as determined by the cooperative. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions, marketing expenditures and allocations. However, we may require that cooperative decisions be made based on approval of a simple majority of franchisee members based on one vote per HomeSmiles Business located and a quorum of not less than 25% of the designated franchisee cooperative members. If a cooperative exceeds nine franchisee members we may require that the cooperative establish formal governing documents. Each cooperative must prepare annual unaudited financial statements that must be provided to each cooperative member for review. We reserve the right to form, change, dissolve, or merge any advertising cooperative. If we elect to form a local or regional cooperative or if a cooperative already exists as to the area of your HomeSmiles Business, you will be required to participate in the cooperative in accordance with the provisions of our operations manual which we may supplement and modify from time to time (Franchise Agreement, Article 9). You will not be required to make contributions to a Local or Regional Advertising Cooperative in amounts exceeding 3% of your monthly Gross Sales.

As of the Issuance Date of this Disclosure Document we have not established any local or regional advertising cooperatives but reserve the right to do so in the future; and

6. Advertising Council – We have not established an advertising council but reserve the right to do so in the future. (Franchise Agreement, Article 9.A).

Computer System, Point of Sale System, and Business Management System

You are required to operate and maintain at least one new notebook computer to be used from your Administrative Office that must possess broadband internet access, and a tablet computer with broadband wireless internet access for each Service Vehicle that you operate. You must use the Business Management System that we designate. At all times, we will possess direct access to the Business Management System used by you and we will have access to all information entered into these systems including, including information about your sales and customers. Presently, the Business Management System that you will be required to utilize and access is a version of Serviceminder. The current monthly cost for Service Minder is $305. The cost of the computer system that you will be required to purchase varies depending on your number of Service Vehicles with your estimated costs for a computer system being $1,500 to $3,000. You are obligated to install the software upgrades and patches as provided by the manufacturer of the computer and the Business Management System. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair and updates for the computer systems is $1,500 per year. There are no contractual obligations imposed on us to maintain, repair, update, or upgrade your computer systems. You will also be required to utilize those customer reward programs and systems that we designate. There are no contractual limitations on the frequency or cost of this obligation. We will have independent access to all of the information and data that is electronically collected and stored on your Business Management Systems and, as such, will have access to all data related to the sales, inventory and financial performance of your Franchised Business.

Initial Training

If this is your first HomeSmiles Business, we will provide initial training for you or, if you are a Corporate Entity, your Managing Owner, plus one designated manager. Either you or your Managing Owner plus, your general manager, must successfully complete the initial training program to our satisfaction not later than 21 days prior to the Scheduled Opening Dateof your HomeSmiles Business. The initial training program takes place over an approximate five-day period. If more than two individuals attend initial training you will be charged an additional fee per additional persons attending initial training. Although we provide you or, if you are a Corporate Entity, your Managing Owner, plus your general manager with initial training at no additional fee or charge, you will be responsible for all travel expenses and employee wages related to your attendance and completion of training. (Franchise Agreement, Article 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

TRAINING PROGRAM

The following table summarizes the subjects covered in our initial training program:

Subject	Hours of Classroom Training	Hours of On-the Job Training	Location
HomeSmiles History: Stories and Culture	1	0	Redwood City, California
HomeSmiles Business Model	1	0	Redwood City, California
Marketing: Brand & Marketing Philosophy	2	1	Redwood City, California
Back Office and Administration: HomeSmiles CRM Setup and Videos	8	0	Redwood City, California
CRM Platform:	4	0	Redwood City, California

Customer Relationship Management Software			
Sales Center Orientation/Sales: Residential and Commercial	4	7	Redwood City, California
Franchise Operations: Schedule Management, Labor Scheduling, Customer Experience, Meeting Rhythms, Marketing Execution, Forecasting and AR/AP	6	0	Redwood City, California
Daily Operations and Safety: Van, Morning Supply Check, Greeting the Customer, 18 Point Service, Upsells, Photo Uploads, Site Walk/Post Inspection, Customer Follow Up, Office Check In, Door Hangers, Dispatches, and Evening Van Supply Check	0	2	Redwood City, California
Budget/Financial Management	1	0	Redwood City, California
Fleet Management (Van Maintenance, Safety, and Usage)	0	2	Redwood City, California
Field Training	0	12	Redwood City, California
Subtotal Hours	28	24	
Total Hours	52		

Instructional materials that will be used in the initial training process includes our Field Trainer Riley Chase. Mr. Chase has been with HomeSmiles for over 6 months and is knowledgeable in field processes, training, and marketing. He provides franchise owners with hands-on instruction on equipment usage, service package execution, and face to face marketing strategies. The level of experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our initial training program and a minimum of 6 months employment. Additional instructors that may participate in the training program are Jesshill Love, AJ Dumler, Heather Watson, and Jordan Pridgeon. Jesshill Love is the founder of the HomeSmiles franchise and has extensive experience in operations. AJ Dumler is the Chief Operations Officer of Home Smiles Franchising, LLC and has served in this role since March 2024 where AJ optimizes business operations, refines sales strategies and implements scalable processes to promote franchise growth across the HomeSmiles brand. Heather Watson serves as the Operations Director for HomeSmiles and specializes in training franchise owners on our CRM system, ServiceMinder, and operational processes and has a deep understanding of workflow automation, scheduling, and service management. Jordan Pridgeon is our Brand and Marketing Manager and is responsible for training franchise owners on all aspects of branding, creative development, social media strategy, and print marketing materials. Additional instructors with extensive experience or skills in the particular area of instruction may be added at our discretion. In addition to initial training, you will also be required to participate in and satisfy all other training programs that we may designate respecting the Franchised Business. (Franchise Agreement, Articles 4 and 7.I.).

After the opening of your HomeSmiles Business, we reserve the right to require that you (or your Managing Owner if you are a Corporate Entity) attend a system-wide training program (the "System-Wide Training Program") that we may establish in our discretion. If we establish a System-Wide Training Program, the program will be offered from our affiliate owned HomeSmiles Business in Redwood City, California and you will be responsible

for all travel and expenses, lodging, food, automobile rental expenses, and employee wages that you incur in connection with your attendance. We will not require your attendance at a System-Wide Training Program for more than a total of five days in any calendar year. We may provide training for additional people at the cost of $900 per day (2 day minimum) for in person, online $500 per day. You are responsible for the wages, travel, lodging and living expenses of all attendees.

ITEM 12
TERRITORY

Your Location

Under the Franchise Agreement, we will grant to you the right to develop and operate one HomeSmiles Business within a designated operating territory (your "Operating Territory").

Grant of Territory

At the time of signing your Franchise Agreement we will designate your Operating Territory. The scope of your Operating Territory will vary from the scope and size of the operating territories of other franchisees in our System. Depending on local factors, market conditions, and whether or not, at the time of signing your Franchise Agreement, you increase the size of your Operating Territory from a single Territory to a Territory that has been supplemented by the purchase of Additional Territories, additional Territories may be purchased at our discretion. A Territory, generally, will consist of a geographic area that includes a population of approximately 250,000 people. Population will be determined in the aggregate and will be calculated based on raw data and without regard to demographics or age. Subject to availability, our approval, and payment of additional Initial Franchise Fees identified in Item 5 of this Disclosure Document, you may add Additional Territories. Each Additional Territory will also include an approximate population of 250,000 people. Your Minimum Royalty and required local marketing expenditure will increase if you add Additional Territories.

Relocation

Your right to relocate your HomeSmiles Business and, thereby, your Operating Territory is not guaranteed and approval of a relocation request by you is completely at our discretion. We evaluate relocation requests on a case-by-case basis and consider factors such as operational history, the location of your Operating Territory, our expansion plans, and other factors that, at the time of a relocation request, are relevant to us.

Establishment of Additional Franchised Businesses

You do not have the right to establish additional HomeSmiles Businesses.

Options and Rights of First Refusal to Acquire Additional Franchises

You are not granted any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Rights

You will receive a protected territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, during the term of the Franchise Agreement, provided that you are not in default of your obligations to us or our affiliates and except as to our Reserved Rights set forth below, we will not open and operate and, we will not grant another franchisee the right to open and operate, as their primary territory, a HomeSmiles

Business within your Operating Territory. We do not restrict other HomeSmiles Businesses from providing Approved Services and Products on behalf property management companies if another HomeSmiles Business originated the relationship with the property management company while providing services on behalf of the property management company within the other HomeSmiles Business' operating territory. See our Reserved Rights.

We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you (Franchise Agreement, Article 2.D), to engage in the following activities (our "Reserved Rights"): (a) operate and grant to others the right to develop and operate HomeSmiles Businesses using the System and Licensed Marks outside your Operating Territory, as we deem appropriate and irrespective of the proximity to your Operating Territory; (b) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, your HomeSmiles Business, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Franchised Business (but not utilizing the Licensed Marks) within your Operating Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as or similar to the Franchised Business, even if such business or businesses presently or, in the future, own and operate and franchise or license others to own and operate businesses that offer and sell products and services that are the same as or similar to your HomeSmiles Business (but not utilizing the Licensed Marks) within your Operating Territory; (d) use the Licensed Marks and System to distribute the Approved Services and Products offered and sold by the Franchised Business or products and services similar to the Approved Services and Products offered and sold by the Franchised Business in alternative channels of distribution including distribution and sale of , within or outside your Operating Territory; (e) use the Licensed Marks and System to offer, sell, and provide the Approved Services and Products offered and sold by the Franchised Business or products and services similar to the Approved Services and Products offered and sold by the Franchised Business on behalf of customers of local, regional, and/or national corporate accounts (referred to as "Corporate Accounts") within or outside your Operating Territory; (f) use the Licensed Marks and System to offer, sell, and provide or license others to offer, sell, and provide, the Approved Services and Products on behalf of property management companies (as designated and determined by us from time to time) within or outside your Operating Territory; and (g) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement.

Corporate Accounts Program

If we establish a Corporate Accounts Program where we engage in a contract or service agreement with a Corporate Account service provider, we will offer you the opportunity to participate in the program under the guidelines and rules that we develop from time to time and subject to the pricing criteria and requirements that we establish. You will have an option to refuse to participate in Corporate Accounts Programs, but if you do, you agree that we can service the Corporate Accounts in your territory or authorize others, including other franchisees, to perform work for the Corporate Accounts. All pricing and fees charged in connection with Corporate Accounts will be at rates negotiated and determined by us. We or our designee are not obligated to pay you for servicing Corporate Account customers that you have elected not to service under our Corporate Accounts Program.

Soliciting by You Outside Your Territory and Territory Rules

You must operate your HomeSmiles Business and provide the Approved Services and Products exclusively within your Operating Territory. The marketing of your HomeSmiles Business must be targeted to your Operating Territory and you are not permitted to directly solicit customers outside of your Operating Territory. Provided that you do not engage in any Direct Solicitation of customers outside of your Operating Territory or, within the

Operating Territory of another HomeSmiles Business, you may provide, subject to our written approval, Approved Services and Products within an Open Area, subject to the following definitions, rules and limited circumstances:

(a) You cannot engage in any Direct Solicitations outside of your Operating Territory. The term "Direct Solicitation" refers to and means "communications and/or contacts occurring through in person contact, telephone, mail, e-mail, direct mail, distributed print media, digital media and/or other forms of marketing directed toward customers, potential customers or referral sources of a HomeSmiles Business";

(b) You cannot provide Approved Services and Products in the operating territory of another HomeSmiles Business (an "Assigned Area");

(c) An "Open Area" is a geographic area that (i) is not an Assigned Area; and (ii) is located within a 10 mile radius of your Operating Territory;

(d) Unless otherwise directed by us at any time, from time to time, and in our sole direction, you may provide Approved Services and Products to a customer (an "Out of Territory Customer") in an Open Area; and

(e) Once an Open Area becomes an Assigned Area you will no longer be authorized or eligible to provide Approved Services and Products to any customers within the Open Area and you must turn over to us, for the benefit of another HomeSmiles Business franchisee, all information and records related to customers in the Open Area.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

Except as otherwise noted above, there are no restrictions on us from soliciting or accepting orders from customers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under the Franchise Agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Competition by Us Under Different Trademarks

We do not have plans to operate or franchise a business under trademarks different from the Licensed Marks that sells or will sell goods or services similar to those that will be offered by you through the Franchised Business.

ITEM 13
TRADEMARKS

We will grant you the right to operate your HomeSmiles Business under the name of "HomeSmiles". You may also use our other current or future Marks to operate your HomeSmiles Business if we permit you to do so. We have applied for, registered, or been assigned ownership of the following principal trademarks which are either registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") or pending before the USPTO:

Mark	Registration Number with USPTO	Registration Type	Registration Date
Home Smiles	5229649	Principal	June 20, 2017
Smile… It's done!	6135238	Principal	August 25, 2020

Mark	Serial Number	Application Date	Pending
HomeSmiles	99080478	March 12, 2025	Pending

We claim common law rights in the following Marks:

Mark	Registration Number	Registration Date	Registration Type
Bringing Happiness Home With Easy Maintenance	**N/A**	N/A	N/A

We do not have a federal registration for the common law trademarks beyond the scope of goods and services identified in US Trademark Registration No. 5229649. These trademarks do not have the same legal benefits and rights as federally registered trademarks. There may be rights that are senior to ours. If our right to use these trademarks is challenged, you may have to change to an alternative trademark(s), which may increase your expenses. The franchisor is currently not aware of any prior rights or infringing uses that could materially affect the franchisee's use of the principal trademarks.

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, and no pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed.

No agreement significantly limits our right to use or license the Marks in any manner material to the HomeSmiles Franchise. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks.

You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your HomeSmiles Business that you are an independently-owned and operated licensed franchisee of Home Smiles Franchising, LLC. You may not use the Marks in the sale of unauthorized products or services, or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of HomeSmiles Business, or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks or protect you against unfair competition arising out of your use of the Mark. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately if you learn that any party is using (or claims the right to use) the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you. You agree to sign any documents and take any other reasonable action necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any related action we ask you to take.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents**,** we have copyrighted or may copyright advertising materials and design specifications, our Manual and other written materials and items. We have not applied to the United States Copyright Office to register these copyrights. We have not applied to the USPTO for the issuance of any patents.

You must keep as confidential our Manual, any supplements to the Manual and any other manuals or written materials (including those materials made available to you in electronic format and as part of an online or cloud based list-serv that is a part of the System) used in connection with the Franchised Business. The Manual contains information about our system, marketing systems, proprietary products and, among other things, confidential methods of operation. We consider the information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and prevent any unauthorized copy, duplication, record or reproduction of this information. You must also require your employees to sign confidentiality agreements that will require them to keep confidential, both during and after their employment, all information designated by us as confidential.

You must immediately inform us if you learn of any unauthorized use, infringement or challenge to the copyrighted materials, proprietary or confidential information, including but not limited to our Manual. We will take any and all action(s) (or refrain from same) that we determine, in our sole discretion, to be appropriate. We may control any action we choose to bring. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our sole discretion, that its right to these materials are superior, then you must modify or discontinue your use of these materials in accordance with our written instructions.

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

The Franchise Agreement requires that you or, if you are a Corporate Entity, that your managing shareholder or partner be personally responsible for the daily management and supervision of the Franchised Business (the "Managing Owner"). We must approve your Managing Owner and your Managing Owner must dedicate his or her full time efforts to the management and operation of the Franchised Business and, unless otherwise approved by us in our sole discretion, be on-site at the location of the Franchised Business facility. Your Managing Owner must have satisfactorily completed our initial training and must have obtained all required licenses and permits necessary to operate a HomeSmiles Business within your Operating Territory.

You may hire a manager to assume responsibility for the daily management and supervision of the Franchised Business, only if (a) the manager meets all of our minimum standards and criteria for managers; (b) the manager completes our initial training program; (c) the manager signs our confidentiality and non-competition agreements. All of your employees and other agents and representatives who may have access to our confidential

information must sign a confidentiality agreement. We do not require that the manager own any equity interest in the franchise.

You and if you are a partnership or Corporate Entity, each of your members, shareholders and/or partners (collectively, "Owners"), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner and Owner's spouse must personally guarantee your obligations to us under the Franchise Agreement. You must also promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with a HomeSmiles Business, and that for 24 months after the expiration of termination of the Franchise Agreement (with said period being tolled during any periods of non-compliance), you will not participate in any competitive business located within and/or servicing customers located within your Operating Territory and a 25 mile radius surrounding your Operating Territory. Further you will not participate in any competitive business located within and/or servicing customers located within the operating territory of any other HomeSmiles Business. Your managers will be required by us to sign a confidentiality agreement.

ITEM 16
RESTRICTIONS ON PRODUCTS AND SERVICES SOLD

You may only sell the products and services specified or approved by us in writing. You must sell the products and services required by us. We can change the products and services that you must offer. There is no limitation on our right to change the products and services offered by Franchised Business. You are not limited to whom you may sell your products and services, provided you do so exclusively from within your Operating Territory and to/on behalf of customers that are located within your Operating Territory and in compliance with the standards we have determined for the System.

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

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

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	2.B.	The term of your Franchise Agreement is 10 years.
b. Renewal or extension of the term	15	If you meet our conditions for renewal you may renew your franchise for up to one additional 10 year renewal term.
c. Requirements for franchisee to renew or extend	15	To renew your franchise you must be in compliance with the terms of your Franchise Agreement, provide us with 180 days prior written notice of your request to renew, sign our then current form of Franchise Agreement and related agreements for the renewal term, sign a general release in our favor, pay a renewal fee, and meet all other renewal requirements contained in the Franchise Agreement. Your Owners must be in compliance with their agreements with us, including the Owner and Spouse Agreement and Guaranty, and they must personally guarantee the terms of your renewal Franchise Agreement which may contain

		terms materially different from your current Franchise Agreement.
d. Termination by franchisee	16.B	You may terminate the Franchise Agreement if you are in compliance with its terms, we are in material breach of the Franchise Agreement, and we fail to cure the material breach within 30 days of receiving written notice or, if the breach cannot be cured within 30 days, such period of time that is reasonable to cure the material breach.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with "cause"	16.A.	We can terminate if you are in default of the terms of the Franchise Agreement.
g. "Cause" defined-curable defaults	16.A.(3), 16.A.(4)	You have 10 days to cure a default where you fail to pay any fees and/or obligations due to us and/or to an affiliate of ours, or if you fail to pay a supplier without, as determined by us, a legal justification, provided that the foregoing defaults were not intentionally and knowingly in violation of the Franchise Agreement. You will have 30 days to cure a default where you, fail to: timely lease a location that we approve for your HomeSmiles Business; timely develop and open your HomeSmiles Business; operate your HomeSmiles Business in accordance with the specifications, standards, and requirements set forth in our Manuals; develop or operate your HomeSmiles Business in compliance with all federal, state, and local laws, rules, and regulations, unless, such violation poses a threat to public health or safety; maintain insurance coverage that we require; comply with our standards, systems or specifications as we may designate or as otherwise designated in the Manual; fail to operate your HomeSmiles Business in conformity with our System or otherwise violate the Franchise Agreement, except as to events of default that are not curable.
h. "Cause" defined-non-curable defaults	16.A(1), 16.A(2)	The following are defaults that cannot be cured: three or more instances where you commit a curable default, whether or not you timely cured such default in each instance; you intentionally and knowingly refuse to comply with the terms of the Franchise Agreement, and/or the standards specifications, and/or requirements set forth in the Manual and/or as communicated to you by us from time to time; you intentionally, knowingly, or negligently operate the Franchised Business in violation of applicable laws, rules, and regulations and, in doing so, create a foreseeable, imminent, and/or immediate threat to the health and safety of others; you abandon the Franchised Business; you or your Owners intentionally made a material statement or omission in questionnaires submitted to us; the data, information, and/or records that you record and/or

		submit to us are intentionally misleading or false; you transfer or attempt to transfer the Franchised Business or the ownership interests in your franchise company without our approval; you disclose or permit the disclosure of information contained in the Manual and/or of confidential information; you or your Owners engage in intentionally dishonest or unethical conduct that impacts our System; you and/or your Owners breach and, if such breach is capable of a cure, fail to timely cure another agreement with us including the Owner and Spouse Agreement and Guaranty; you and your Owners and managers fail to complete, to our satisfaction, our initial and on-going training programs; you fail to notify us of the misuse of confidential information and you fail to protect same; you misappropriate or misuse the Licensed Marks; you are deemed insolvent, make an assignment for the benefit of creditors, admit in writing your inability to pay debts; are adjudicated bankrupt, file a voluntary bankruptcy petition or have one filed against you, and/or you acquiesce to the appointment of a trustee or receiver, or a court orders one; execution is levied against the Franchised Business; a final judgment is entered against the Franchised Business and is not satisfied within 30 days; you are dissolved; a lawsuit or action is commenced against the Franchised Business to foreclose on a lien on equipment of the Franchised Business and such action is not dismissed after 60 days; and/or real or personal property used by the Franchised Business is sold or levied by a sheriff or other law enforcement officer; you abandon or fail to continuously own and operate the Franchised Business.
i. Franchisee's obligations on termination/non-renewal	6, 17	You must: pay all sums that you owe to us under the Franchise Agreement and all other agreements with us; cease owning and operating the Franchised Business; cease representing yourself as a franchisee of ours; permanently cease using and/or accessing the System, the Licensed Marks, our confidential information, the Manual, the Business Management System, the Business Management System Data, and the System Supplies; return the Manual and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the location and/or facility associated with the Franchised Business; as requested by us, transfer to us all data, telephone listings, digital media, accounts, web listings and websites associated with the Franchised Business; and abide by the post-termination non-competition covenants and restrictions.
j. Assignment of the contract by franchisor	14.A.	No restriction on our right to assign.

k. "Transfer" by franchisee-definition	14.B.	A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.
l. Franchisor's approval of transfer by franchisee	14.B.	Transfers require our prior written consent, which may be granted or withheld in our discretion.
m. Conditions for franchisor's approval of transfer	14.C.	For approval of your transfer, you must provide us with 30 days prior written notice of the proposed transfer; you and your Owners must not have defaulted in your obligations under the Franchise Agreement and all other agreements with us; you and your Owners must be in compliance with your obligations under the Franchise Agreement and all other agreements with us; the transferee must agree to be bound by all of the terms and provisions of the Franchise Agreement; the transferee's owners and their spouses must personally guarantee all of the terms and provisions of the Franchise Agreement; you and your Owners and their spouses must sign a general release in favor of us; the transfer must provide for the assignment and/or ownership of the approved location for the Franchised Business, and the transferees continued use and occupancy of such location throughout the term of the Franchise Agreement; the assets of the Franchised Business must be transferred to the transferee; the transferee and the transferee's owners and managers, at the transferee's expense, must complete our training programs; we waive our right of first refusal; and we approve of the transfer and transferee in writing and subject to our discretion; you pay the Transfer Fee (subject to applicable state laws).
n. Franchisor's right of first refusal to acquire franchisee's business	14.F.	We have the right to match any offer to purchase your HomeSmiles Business or the Corporate Entity operating your HomeSmiles Business.
o. Franchisor's option to purchase franchisee's business	Not applicab	Not applicable.
p. Death or disability of franchisee	14.D.	If you are an individual, within 30 days of your death or permanent disability of Franchisee, your executor and/or legal representative must appoint an Operating Manager

		approved by us and within 60 days of such appointment the Operating Manager must complete, to our satisfaction, our initial training program. Within 12 months of the date of death or disability, the Franchise Agreement must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the Franchise Agreement. If the franchisee is a Corporate Entity, within 30 days of the death or permanent disability of your Managing Owner, if there are other Owners, you must appoint a replacement Operating Manager approved by us and within 60 days of such appointment the replacement Operating Manager must complete, to our satisfaction, our initial training program.
q. Non-competition covenants during the term of the franchise	6, 7	No involvement in any competitive business and must comply with confidentiality, non-disclosure and non-solicitation covenants.
r. Non-competition covenants after the franchise is terminated or expires	6, 17	No involvement, ownership or interest whatsoever for 24 months in any competing business in: your Operating Territory; a 25-mile radius of your Operating Territory; the Operating Territory of any other HomeSmiles Business; and you must comply with confidentiality, non-disclosure and non-solicitation covenants.
s. Modification of the agreement	18.L.	Requires writing signed by you and us, except for unilateral changes that we may make to the Manuals or our unilateral reduction of the scope of a restrictive covenant that we may make in our discretion.
t. Integration/merger clauses	18.M.	Only the terms of the Franchise Agreement and schedules to the Franchise Agreement and the respective signed exhibits to the Franchise Agreement are binding, subject to state law. 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	18.G.	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in San Mateo County, California and, if mediation is unsuccessful, then to binding arbitration in San Mateo County, California. This provision is subject to applicable state law.
v. Choice of forum	18.G.	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to San Mateo County, California or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed. This provision is subject to applicable state law.
w. Choice of law	18.F.	California law will govern. However, this provision is subject to state law and as otherwise disclosed in Exhibit H to this Disclosure Document.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The information provided in the following chart consists of the actual historic performance based on royalties paid for calendar years 2023 and 2024 ("Reporting Period") of the franchised outlets that were operating for the entire 2023 and 2024 calendar years ("Reporting Group").

As of December 31, 2024, there were 2 franchise outlets that completed a full 24 months of operations out of the 43 total outlets. The Reporting Group below includes data for 2 franchise outlets that were in operation and reported sales for all 24 months of the calendar years 2023 and 2024 (the "Reporting Period"). The Reporting Group does not include data for (a) 40 franchise outlets that opened in 2024 and therefore did not report data for the entire Reporting Period, (b) 3 franchise outlets that were terminated during the Reporting Period, and (c) 4 franchise outlets that Ceased Operations during the Reporting Period and therefore did not report data for the entire Reporting Period, and thus were excluded from this Item 19. These two outlets were chosen because they are seasoned, the owners are appropriately operating the franchised business according to the system, and they have a longer operating history. Out of the Reporting Group, 100% attained the results and 0% surpassed the results.

DEFINITIONS

(a) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.

(b) Direct Cost of Goods and Services Sold – means the direct non-managerial and non-administrative cost of goods sold and labor incurred by an Outlet in directly providing the Approved Services and Products, comprised of the following expenses: direct labor cost for gross wages and taxes, direct labor cost for workers' compensation and general liability insurance, job materials and sundries, and equipment, small tools, and rentals. Direct Cost of Goods and Services Sold does not include operating expenses or general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.

(c) Direct Gross Profit – means Gross Sales less Direct Cost of Goods and Services Sold. Direct Gross Profit is not net profit or income and, except as to Direct Cost of Goods and Services Sold, does not include the deduction of all other expenses incurred by a HomeSmiles Business including, but not limited to, operating expenses or general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.

(d) Disclosed Expenses – means the following select expenses: banking/credit card processing, service vehicle cost, and advertising/marketing.

(e) Franchise Outlet – refers to a HomeSmiles Business operated under a Franchise Agreement that is not a Company Owned Outlet.

(f) Franchise Related Expenses – means the following select fees currently required under the Franchise Agreements: Royalty Fees, Brand Development Fees, Marketing Fee, Sales Center Fee, Technology Fee, Business Management System Fee, and local marketing. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.

(g) Gross Sales – means the total revenue derived by each HomeSmiles Business less only sales tax, discounts, allowances, and returns.

(h) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in April 2024, as to the 2024 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Outlet remained in operation throughout the 2025 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2025 Calendar Year.

(i) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Franchise Outlet first opened for business in April 2024, as to the 2024 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2025 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2025 Calendar Year.

(j) Outlet – refers to a HomeSmiles Business that is either a Company-Owned Outlet or a Franchise Outlet, as the context requires.

(k) Service Vehicle Cost – means the cost incurred by an Outlet for finance or lease installment payments, if any, for the service vehicles used by the Outlet in providing the Approved Services and Products. Service Vehicle Cost also includes fuel expenses, service vehicle maintenance costs, and business automobile insurance. Service Vehicle Cost does not include the purchase price of a service vehicle or the prior acquisition cost or depreciation cost of a service vehicle if it is owned by an Outlet and is not subject to lease finance charges or installment payments during the Calendar Year period for which financial information is provided in this Item 19.

PROFIT/LOSS STATEMENT FOR REPORTING GROUP DURING REPORTING PERIOD				
FRANCHISE OUTLETS (REPORTING GROUP)				
Calendar Year 2024	Outlet 1	Outlet 2	Average	Median
Gross Sales	$ 416,304	$ 207,088	$ 311,696	$ 311,696
Handyman Services Sales	$ 533,128	$ 12,094	$ 272,611	$ 272,611
Total Sales	$ 949,432	$ 219,182	$ 584,307	$ 584,307
Direct Labor Gross Wages & Taxes	$ 67,323	$ 29,066	$ 48,195	$ 48,195
Direct Labor Workers' Comp/GL	$ 19,720	$ 15,617	$ 17,669	$ 17,669
Job Materials & Sundries	$ 48,730	$ 491	$ 24,611	$ 24,611
Equipment, Tools, Rentals	$ 11,211	$ 23,635	$ 17,423	$ 17,423
Subcontractors/Day Labor	$ 357,481	$ 1,090	$ 179,286	$ 179,286
Total Direct Cost of Goods and Services Sold*:	$ 504,465	$ 69,899	$ 287,182	$ 287,182
Gross Profit	$ 444,967	$ 149,283	$ 297,125	$ 297,125
Gross Profit %	47%	68%	51%	51%
Banking/Credit Card Processing	$ 10,473	$ 1,886	$ 6,180	$ 6,180
Service Vehicle Cost	$ 22,885	$ 10,531	$ 16,708	$ 16,708
Advertising/Marketing	$ 3,845	$ 6,853	$ 5,349	$ 5,349
Technology Fee	$ 679	$ 406	$ 543	$ 543
Business Management System Fee	$ 4,076	$ 3,765	$ 3,921	$ 3,921
Royalty Fee**	$ 30,984	$ 20,440	$ 25,712	$ 25,712
Marketing Fee**	$ 13,414	$ 7,023	$ 10,219	$ 10,219
Brand Development Fee**	$ 4,471	$ 2,311	$ 3,391	$ 3,391
Sales Center Fee**	$ 22,622	$ 16,484	$ 19,553	$ 19,553
Total Expenses	$ 113,449	$ 69,699	$ 91,574	$ 91,574
Direct Profit after Disclosed Expenses	$ 331,518	$ 79,584	$ 205,551	$ 205,551
Direct Profit % after Disclosed Expenses	35%	36%	35%	35%

*Includes Costs for Gross Sales and Handyman Services Sales
**Fees were charged for Handyman Services Sales beginning July 2024

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PROFIT/LOSS STATEMENT FOR REPORTING GROUP DURING REPORTING PERIOD				
FRANCHISE OUTLETS (REPORTING GROUP)				
Calendar Year 2023	Outlet 1	Outlet 2	Average	Median
Gross Sales	$ 433,579	$ 138,131	$ 285,855	$ 285,855
Handyman Services Sales	$ 474,575	$ 83,978	$ 279,277	$ 279,277
Total Sales	$ 908,154	$ 222,109	$ 565,132	$ 565,132
Direct Labor Gross Wages & Taxes	$ 382,485	$ 7,096	$ 194,791	$ 194,791
Direct Labor Workers' Comp/GL	$ 19,038	$ 2,901	$ 10,970	$ 10,970
Job Materials & Sundries	$ 46,835	$ 601	$ 23,718	$ 23,718
Equipment, Tools, Rentals	$ 19,738	$ 15,194	$ 17,466	$ 17,466
Subcontractors/Day Labor	$ -	$ -	$ -	
Total Direct Cost of Goods and Services Sold*:	$ 468,096	$ 25,792	$ 246,944	$ 246,944
Gross Profit	$ 440,058	$ 196,317	$ 318,188	$ 318,188
Gross Profit %	48%	88%	56%	56%
Banking/Credit Card Processing	$ 8,380	$ 455	$ 4,418	$ 4,418
Service Vehicle Cost	$ 21,998	$ 12,058	$ 17,028	$ 17,028
Advertising/Marketing	$ -	$ -	$ -	$ -
Technology Fee	$ -	$ -	$ -	$ -
Business Management System Fee	$ 4,463	$ 2,658	$ 3,561	$ 3,561
Royalty Fee**	$ 29,741	$ 9,903	$ 19,822	$ 19,822
Marketing Fee**	$ 10,942	$ 7,660	$ 9,301	$ 9,301
Brand Development Fee**	$ 3,647	$ 770	$ 2,209	$ 2,209
Sales Center Fee**	$ 25,531	$ 5,393	$ 15,462	$ 15,462
Total Expenses	$ 104,702	$ 38,897	$ 71,800	$ 71,800
Direct Profit after Disclosed Expenses	$ 335,356	$ 157,420	$ 246,388	$ 246,388
Direct Profit % after Disclosed Expenses	37%	71%	44%	44%

*Includes Costs for Gross Sales and Handyman Services Sales
**Fees were not charged for Handyman Services Sales

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

NOTES:

1. Outlet 1 has been operational since May 2020 and reflects the equivalent of eight operating territories. All amounts can be divided to reflect or compare with the corresponding amount of territory you contemplate to acquire.
2. Outlet 2 has been operational since June 2020 and reflects the equivalent of four operating territories. All amounts can be divided to reflect or compare with the corresponding amount of territory you contemplate to acquire.
3. Some franchise outlets offer Handyman services.
4. The financial performance representations above reflect some of the costs, operating expenses, or other costs or expenses that must be deducted from the gross sales figures to obtain your net income or profit.

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

Other than the information provided in this Item 19, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jesshill E. Love, President, Home Smiles Franchising, LLC, 1526 Stafford Street Redwood City, California 94063, (888) 764-5311, the Federal Trade Commission, and the appropriate state regulatory agencies.

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Item 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change*
Franchised	2022	6	9	+3
	2023	9	9	0
	2024	9	42	+33
Company Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Totals	2022	7	10	+3
	2023	10	10	0
	2024	10	43	+33

*Net Change previously reflected number of territories, rather than number of Outlets, as noted above

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2022 to 2024

State	Year	Number of Transfers
California	2022	0
	2023	0
	2024	0
Pennsylvania	2022	0
	2023	0
	2024	1
Utah	2022	0
	2023	0
	2024	1
Totals	2022	0
	2023	0
	2024	2

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TABLE NO. 3
STATUS OF FRANCHISED OWNED OUTLETS
FOR YEARS 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Alabama	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Arkansas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
California	2022	5	0	0	0	0	0	5
	2023	5	0	1	0	0	0	4
	2024	4	6	1	0	0	1	8
Colorado	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Florida	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	3	0	0	0	1	3
Georgia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Idaho	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Kansas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Louisiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Massachusetts	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Michigan	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Missouri	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Nevada	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
North Carolina	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	4	0	0	0	0	4
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	1	1
Ohio	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Oregon	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	1	0	0	0	1
Pennsylvania	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
South Carolina	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	6	0	0	0	1	5
Utah	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Virginia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Totals	2022	6	3	0	0	0	0	9
	2023	9	1	1	0	0	0	9
	2024	9	40	3	0	0	4	42

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR YEARS 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2024

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Alabama	1	1	0
Arkansas	0	1	0
California	1	8	0
Colorado	0	1	0
Florida	0	3	0
Georgia	0	2	0
Idaho	0	1	0
Illinois	0	1	0
Kansas	0	1	0
Louisiana	0	1	0
Massachusetts	0	1	0
Michigan	0	1	0
Missouri	0	1	0
New Jersey	0	1	0
North Carolina	0	4	0
Ohio	1	1	0
Oregon	1	1	0
Pennsylvania	0	1	0
South Carolina	1	1	0
Tennessee	2	1	0
Texas	1	5	0
Wisconsin	1	0	0
Virginia	0	2	0
Totals	9	40	0

Notes to Tables:

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

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

Exhibit F to this Disclosure Document contains a list of our then current franchisees as of the end of the Issuance Date of this Disclosure Document.

Exhibit G to this Disclosure Document contains a list of franchisees that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit D are our audited financial statements for 2022, 2023, and 2024. We were established on January 23, 2020 and our fiscal year ends on December 31.

ITEM 22
CONTRACTS

Attached to this Disclosure Document or to the Exhibits attached to and comprising the Franchise Agreement attached to this Disclosure Document are copies of the following franchise and other contracts and agreements in use or proposed for use:

Exhibits to this Disclosure Document

Exhibit E	Franchise Agreement
Exhibit H	State Specific Addenda

Schedules and Exhibits to the Franchise Agreement

Schedule 1 Operating Territory Acknowledgment	Exhibit 1 Owner and Spouse Agreement and Guaranty
Schedule 2 Franchise Fee Acknowledgment	Exhibit 2 Confidentiality Agreement
Schedule 3 Statement of Franchisee's Owners	Exhibit 3 General Release
	Exhibit 4 ACH Authorization Form
	Exhibit 5 Assignment of Telephone Numbers and Digital Media Accounts

Individual state law may supersede the provisions contained in your Franchise Agreement respecting the requirement that you execute a general release as a condition to assignment, sale or transfer. See, the state specific addendums contained in Exhibit H of this Disclosure Document and the state specific addendums attached to the Franchise Agreement and forming a part of Exhibit E.

ITEM 23
RECEIPTS

Two copies of a detachable receipt in Exhibit K is located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address: Jesshill E. Love, Home Smiles Franchising, LLC, 1526 Stafford Street Redwood City, California 94063. The duplicate is for your records.

[THE DISCLOSURE DOCUMENT ENDS HERE]

LIST OF STATE ADMINISTRATORS

The following is a list of state administrators responsible for registration and review of franchises for these states. We may register in one or more of these states.

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, California 95834
1-866-275-2677

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, FL 32399

Hawaii
Commissioner of Securities
Dept. of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois
Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706

Indiana
Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 W. Washington Street, Room E-111
Indianapolis, IN 46204

Kentucky
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601

Maine
Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, ME 04333

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan
Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
P.O. Box 30213
Lansing, MI 48909

Minnesota
Minnesota Department of Commerce
Securities Division
85 7th Place East, Suite 280
St. Paul, MN 55101

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, NE 68509

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8222

North Carolina
Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

North Dakota

Office of Securities Commissioner
600 East Boulevard, 5th Floor
Department 414
Bismarck, ND 58505

Rhode Island
Department of Business Registration
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota
Franchise Office
Division of Securities
124 S. Euclid Ave., 2nd Floor
Pierre, SD 57501

Texas
Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, UT 84114

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507
360-902-8700

Wisconsin
Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701

Exhibit B – Agents for Service of Process

Agents for Service of Process

Home Smiles Franchising, LLC
1526 Stafford Street Redwood City, California 94063
Attn: Jesshill E. Love, CEO

California
Department of Financial Protection and Innovation
320 West 4th Street Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, California 95834
1-866-275-2677

Connecticut
Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103

Hawaii
Commissioner of Securities
Dept. of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202

Michigan
Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

Minnesota
Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

New York
Secretary of the State of New York
99 Washington Avenue
Albany, NY 12231

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue, State Capitol
Fifth Floor, Dept. 414
Bismarck, ND 58505
701-328-4712

Rhode Island
Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota
Director, Division of Securities
Department of Commerce and Regulation
124 S. Euclid Ave., 2nd Floor
Pierre, SD 57501

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington
Securities Administrator
Washington Department of Financial
Institutions
150 Israel Road SW
Tumwater, WA 98501

Wisconsin
Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703

HOMESMILES FRANCHISING, LLC

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HomeSmiles

HOMESMILES FRANCHISING LLC

FINANCIAL STATEMENTS - DECEMBER 31, 2024

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ALFRED J. LUTFY, CPA
7502 RIDGE BLVD; F-3
BROOKLYN, NY 11209
PHONE - 347-598-8298

e-mail - al.lutfy@gmail.com

Mr. Jess Love
HomeSmiles Franchising LLC
1526 Stafford Street
Redwood, California 94063

Opinion

I have audited the accompanying financial statements of HomeSmiles Franchising LLC which comprise the statements of financial position as of December 31, 2024 and the related statements of income and expenses and cash flows for the year then ended and the related notes to the financial statements.

In my opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of HomeSmiles Franchising LLC as of December 31, 2024, and the changes in its net assets and cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. I am required to be independent of the HomeSmiles Franchising LLC and to meet my ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

Alfred J. Lutfy, CPA
March 7, 2025

HOMESMILES FRANCHISING LLC
BALANCE SHEET
DECEMBER 31, 2024

ASSETS	
Current Assets	12/31/24
Checking Accounts	$ 362,659
Accounts Receivable	56,936
Total: Current Assets	409,795
Other Current Assets:	
Due from Jesshil Love	1,055
Total Other Current Assets	1,055
Other Assets	
Equipment	35,931
N/R Home Smiles	125,151
Prepaid Legal Expense	5,000
Total Other Assets	166,082
TOTAL ASSETS	$ 576,732
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable (Net)	17,104
Total Current Liabilities	17,104
Due to HomeSmiles Inc.	5,315
Grand Opening Fee Income	156,952
Use Tax Payable	841
Total Other Current Liabilities	163,108
Distribution – Conlon	(25,668)
Distribution – Love	(25,668)
Distribution – Madrid	(25,668)
Investor Income	860,000
Jesshill Love	1,500
Retained Earnings	6,009
Treasury Stock	(110,000)
Net Income	(283,985)
Total Equity	396,520
TOTAL LIABILITIES & EQUITY	$ 576,732

See Accompanying Notes to Financial Statements
-2-

HOME SMILES FRANCHISING LLC.
STATEMENT OF INCOME AND EXPENSES
YEAR ENDED DECEMBER 31, 2024

INCOME:		
Branding Development Fund	$	15,240
Conference Fee Income		22,960
CRM MonthlyFee		5,690
Franchise Sales Income		813,069
Asset Mgt. Bldg. Fee		15,250
Marketing Fund Fee/Directed Mktg.		45,719
Miscellaneousand Interest Income		1,157
Reporting and Database		13,572
Royalty Fee		114,042
Sales Center Fee		207,611
Sponsorship Income		44,500
Total Income		1,298,810
Cost of Goods Sold		(103,530)
Gross Profit	$	1,195,234
EXPENSES		
Accounting/Outside Services/Leased Employees	$	86,737
Advertising		35,734
Bad Debt Expense		5,514
Bank Service Fees		249
Bonus		21,000
Client Expense/Gifts		1,134
Conference/Education Expense/Seminar		138,169
Dues and Subscriptions		73,850
Employee Expense		558
Incentive Program		44,850
Insurance/Interest Expense		14,874
Legal Fees		26,414
Marketing/Digital Mktg.		20,271
Meals/Entertainment (Net of Non-Deductibles)		27,978
Office/ Supply Expense/Repairs & Maintenance/Printing		30,025
Officer Salary		57,500
Payroll Expense and Processing		652,305
Rent		17,004
Retirement Expense/State Tax		6,040
Small Equipment		6,568
Software Expense		25,261
Team Building/Training Expense		19,738
Travel/Parking		133,101
Uniforms		10,363
Website		23,942
Total Expenses	$	1,479,219
NET INCOME (LOSS)	$	(283,985)

See Accompanying Notes to Financial Statement

HOMESMILES FRANCHISING LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

OPERATING ACTIVITIES		
Net Income	$	(283,985
Adjustments to reconcile Net Income		
To net cash provided by Operations:		
Accounts Receivable		(18,009)
Accounts Payable		18,120
Due to/From (Net)		13,957
Due to HomeSmiles Inc.		5,107
Broker Fee Payable		(27,840)
Customer Deposit		(10,164)
Grand Opening Fee Income		156,953
Net Tax Payable/other		(175)
WF Credit Card		(8,895)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	(152,931)
FINANCING ACTIVITIES		
Investor Income		450,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	$	450,000
INVESTING ACTIVITIES		
Equipment		(18,645)
N/R Home Smiles, Inc.		(80,704)
NET CASH PROVIDED BY INVESTING ACTIVITIES		(99,349
NET CASH AT INCREASE FOR PERIOD		197,720
CASH AT BEGINNING OF PERIOD		154,940
CASH AT END OF PERIOD	$	352,660

See Accompanying Notes to Financial Statements

HOMESMILES FRANCHISING LLC
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE # 1 - Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HomeSmiles Franchising LLC. was organized in February of 2020 as a California limited liability company to sell franchises pursuant to a nonexclusive trademark license agreement between the company and its affiliate. HomeSmiles Franchising LLC sells franchises for property maintenance for apartments, homes, and businesses- both commercial and private. During the year 2023, 10 Franchises were sold. HomeSmiles Franchising LLC required its first audited financial statements as of December 31, 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) using the accrual method of accounting. Income is recorded when earned and all expenses are recorded when incurred regardless of when such amounts are received or paid.

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU) No 2014-09, "Revenue from Contracts with Customers (Topic 606)." The ASU and all subsequently issued clarifying ASU's replaced most existing revenue recognition guidance in U.S,GAAP. The ASU also required disclosures relating to the nature, amount, timing ,and uncertainty of revenue and cash flows arising from contracts with franchises. The Company adopted the new standard effective in February of 2020, using the modified retrospective approach. The impact of this resulted in no material changes to the Company's revenue recognition.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ.

See Independent Auditors' Report

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Income Taxes:

The Company adopted the new accounting for uncertainty income taxes (FASB-ASC-740-10) which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more than-likely-than not to be sustained upon examination by the taxing authorities. For the year end December 31, 2023 the Company has no material uncertain tax positions to be accounted for in the financial statements under the rules.

The Company files income taxes in the United States and the State of California with few exceptions. The Company is no longer subject to US Federal and State of California income tax examinations by tax authorities for year before 2020 for the US Federal jurisdiction and 2020 for the State of California.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity date to 3 months or less to be cash equivalents.

Revenue Recognition

The Company recognizes revenue from service. When the services are performed, the customer assumes the risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, and the service price that is fixed or determinable.

Initial franchise fees are recognized upon finalization of the franchise agreement and completion of services required under the operations agreement related to the opening of a franchise. The Company recognizes marketing, sales and royalty fees monthly as earned.

NOTE 3 – FRANCHISE SALE/ROYALTIES AND OTHER ITEMS

HomeSmiles Franchising LLC receives a $953.34 for the Sales Center Fee, as well as a 6% Royalty Fee on all sales. In addition, HomeSmiles Franchising LLC receives a 3% Marketing Fee and a 1% Branding Fees. HomeSmiles Franchising LLC did not charge a Franchise Fee for the first 5 Franchises that came onboard. Most of the Franchise fee ranged from $ 10,000 to $ 27,000. **(SEE NOTE9)**. Management will determine in the future what the new Franchise Fees will be for new participants. Monthly installments for the fee to be paid will also determined by Management. There were 2 Franchise suspensions during 2024. **(SEE NOTE 6)**.

NOTE 4 – NEW ACCOUNTING PRONOUNCEMENTS

The ASU requires the Company to perform certain specific steps to identify performance obligations and determine transaction prices to establish the appropriate revenue recognition; and in addition, to improve disclosures regarding the nature, amount, timing and uncertainty of renue and cash flows arising from contracts with customers.

NOTE 5– SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 7, 2025 the date on which the financial statements were available to be issued.

NOTE 6 - FRANCHISE SUSPENSIONS AND OPENINGS AND CLOSURES

During the year 2024, 2 Franchise's of HomeSmiles Franchising, LLC have been temporarily suspended. During the year 2024, over 30 new franchises were opened. Six of them were closed for a variety of reasons

NOTE 7 – BAD DEBT EXPENSES

During the 2024 year, the Mailland Florida Franchise was written off and a Bad Debt Expense was set-up on the Income Statement to reflect this.

See Independent Auditor's Report

NOTE 8 – REVENUE RECOGNITION UNDER ASC606

The Company recognizes revenue from service. When services are performed, the customer assumes the risk of loss. Collection of the relevant receivable is probable with the exception of the Los Angeles California Franchise and the Portland Oregon Franchise **(SEE NOTE #7).** Collection of the remaining Franchises accounts receivable are probable;persuasive evidence of an arrangement that exists; and with the service price fixed or determinable. The company receives an upfront Franchise Fee upon inception of the Franchise. Most of the Franchisee fees have been paid up front.

Most of the new Franchise inception fees are in the $ 10,000 to $ 27,000 range.

The company has implemented the **Modified Retrospective Basis**.

Royalties for some of the new franchises granted in 2021 were waived for the first year. After that they will be assessed at 6% or a minimum of $ 500 to $ 1,500 based on the anniversary date and sales.

Sales Center Fee will be assessed at 7% and start immediately. Marketing fee is 3% of Sales; Branding Cooperative fee is 1% of Sales. The Service Minder fee ranges from $ 953.34 per franchise per month depending on the location. All of these fees are also not amortized.

The Modified Retrospective Basis was chosen because there is no amortization of Franchise Fees and no remaining obligations to make on the retained earnings account. This is a very simplified income procedure. The Practical Expedient approach for private entities like HomeSmiles, Inc. was and is used.

ALFRED J. LUTFY, CPA
7502 RIDGE BLVD; F-3
BROOKLYN, NY 11209
PHONE - 347-598-8298

e-mail - al.lutfy@gmail.com

INDEPENDENT ACCOUNTANT'S CONSENT

Alfred J. Lutfy, CPA consents to the use of Financial Disclosure issued by HomeSmiles Franchising, LLC on April 17, 2025, as it may be amended, of my report dated March 7, 2025 on the financial statements of HomeSmiles Franchising, LLC as of December 31, 2024.

By: Alfred J. Lutfy

April 17, 2025

See Independent Auditor's Report

HOMESMILES FRANCHISING LLC

FINANCIAL STATEMENTS - DECEMBER 31, 2023

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ALFRED J. LUTFY, CPA
7502 RIDGE BLVD; F-3
BROOKLYN, NY 11209
PHONE - 347-598-8298

e-mail - al.lutfy@gmail.com

Mr. Jess Love
HomeSmiles Franchising LLC
1526 Stafford Street
Redwood, California 94063

Opinion

I have audited the accompanying financial statements of HomeSmiles Franchising LLC which comprise the statements of financial position as of December 31, 2023 and, the related statements of income and expenses and cash flows for the year then ended and the related notes to the financial statements.

In my opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of HomeSmiles Franchising LLC as of December 31, 2023, and the changes in its net assets and cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. I am required to be independent of the HomeSmiles Franchising LLC and to meet my ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

Alfred J. Lutfy, CPA
April 5, 2024

HOMESMILES FRANCHISING LLC
BALANCE SHEET
DECEMBER 31, 2023

ASSETS	
Current Assets	12/31/23
Checking Accounts	$ 152,521
Accounts Receivable	38,928
Total: Current Assets	191,449
Other Current Assets:	
Due from Contra Costa	9,000
Due from HS Alameda East	5,000
Due from Jesshill Love	1,012
Total Other Current Assets	15,012
Other Assets	
Equipment	17,286
N/R Home Smiles	44,446
Prepaid Legal Expense	5,000
Total Other Assets	66,732
TOTAL ASSETS	$ 273,193
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	45,107
Total Current Liabilities	45,107
Equity	
Distribution – Carter	(10,996)
Distribution – Conlon	(25,668)
Distribution – Love	(25,668)
Distribution – Madrid	(25,668)
Investor Income	300,000
James Carter	(16,000)
Jessehill Love	1,500
Retained Earnings	182,851
Net Income	(152,265)
Total Equity	228,086
TOTAL LIABILITIES & EQUITY	$ 273,193

See Accompanying Notes to Financial Statements

HOMESMILES FRANCHISING LLC
STATEMENT OF INCOME AND EXPENSES
YEAR ENDED DECEMBER 31, 2023

INCOME:		
Branding Cooperative Fee	$	6,019
CRM MonthlyFee		17,706
Franchise Sales Income		240,580
Asset Mgt. Bldg. Fee		7,270
Interest Income		77
Marketing Fund Fee		18,147
Royalty Fee		53,496
Sales Center Fee		42,342
Total Income	$	385,637
EXPENSES		
Accounting/Outside Services	$	29,109
Advertising		56,739
Annual Award		5,000
Auto Expense		383
Bad Debt Expense		42,559
Bank Service Fees		102
Bonus		8,000
Client Expense/Gifts		2,671
Conference/Education Expense/Seminar		19,836
Dues and Subscriptions		15,305
Employee Expense		680
Incentive Program		14,000
Insurance/Interest Expense		940
Leased Employee		72,198
Legal Fees		12,937
Marketing/and Franchise Sales Marketing		143,386
Meals/Entertainment		10,107
Office/ Supply Expense/Repairs & Maintenance		10,954
Parking & Tools		112
Payroll Expense and Processing		1,363
Penalties		78
Postage and Delivery		68
Salary & Wages		10,452
Small Equipment		4,007
Software Expense		1,770
Training		650
Travel		26,621
Uniforms		50
Website		23,958
Total Expenses	$	537,903
NET INCOME (LOSS)	$	(152,265)

See Accompanying Notes to Financial Statement

HOMESMILES FRANCHISING LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

OPERATING ACTIVITIES	
Net Income	$ (152,265)
Adjustments to reconcile Net Income	
To net cash provided by Operations:	
Accounts Receivable	50,694
Accounts Payable	45,107
Campaign Funds Payable	674
Due to HomeSmiles Inc.	966
NET CASH PROVIDED BY OPERATING ACTIVITIES	(8,362)
FINANCING ACTIVITIES	
Distribution – Carter	(16,000)
Distribution – Conlon	(10,000)
Investor Income	300,000
Distribution – Love	(10,000)
Distribution – Madrid	(10,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	254,000
INVESTING ACTIVITIES	
Equipment	(17,286)
N/R Home Smiles, Inc.	(44,446)
Prepaid Legal Expense	(5,000)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(66,733)
NET CASH AT INCREASE FOR PERIOD	(66,362)
CASH AT BEGINNING OF PERIOD	26,392
CASH AT END OF PERIOD	$ 152,521

See Accompanying Notes to Financial Statements

NOTE # 1 - Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HomeSmiles Franchising LLC. was organized in February of 2020 as a California limited liability company to sell franchises pursuant to a nonexclusive trademark license agreement between the company and its affiliate. HomeSmiles Franchising LLC sells franchises for property maintenance for apartments, homes, and businesses- both commercial and private. During the year 2023, 10 Franchises were sold. HomeSmiles Franchising LLC required its first audited financial statements as of December 31, 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) using the accrual method of accounting. Income is recorded when earned and all expenses are recorded when incurred regardless of when such amounts are received or paid.

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU) No 2014-09, "Revenue from Contracts with Customers (Topic 606)." The ASU and all subsequently issued clarifying ASU's replaced most existing revenue recognition guidance in U.S,GAAP. The ASU also required disclosures relating to the nature, amount, timing ,and uncertainty of revenue and cash flows arising from contracts with franchises. The Company adopted the new standard effective in February of 2020, using the modified retrospective approach. The impact of this resulted in no material changes to the Company's revenue recognition.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Income Taxes:

The Company adopted the new accounting for uncertainty income taxes (FASB-ASC-740-10) which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more than-likely-than not to be sustained upon examination by the taxing authorities. For the year end December 31, 2023 the Company has no material uncertain tax positions to be accounted for in the financial statements under the rules.

The Company files income taxes in the United States and the State of California with few exceptions. The Company is no longer subject to US Federal and State of California income tax examinations by tax authorities for year before 2020 for the US Federal jurisdiction and 2020 for the State of California.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity date to 3 months or less to be cash equivalents.

Revenue Recognition

The Company recognizes revenue from service. When the services are performed, the customer assumes the risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, and the service price that is fixed or determinable.

Initial franchise fees are recognized upon finalization of the franchise agreement and completion of services required under the operations agreement related to the opening of a franchise. The Company recognizes marketing, sales and royalty fees monthly as earned.

NOTE 3 – FRANCHISE SALE/ROYALTIES AND OTHER ITEMS

HomeSmiles Franchising LLC receives a 7% Sales Center Fee, as well as a 8% Royalty Fee on all sales. In addition, HomeSmiles Franchising LLC receives a 3% Marketing Fee and a 1% Branding Fees. HomeSmiles Franchising LLC did not charge a Franchise Fee for the first 5 Franchises that came onboard. Most of the Franchise fee ranged from $ 10,000 to $ 27,000. **(SEE NOTE9)**. Management will determine in the future what the new Franchise Fees will be for new participants. Monthly installments for the fee to be paid will also determined by Management. There were 2 Franchise suspensions during 2022 one of which was still in effect as of 12/31/23. **(SEE NOTE 7)**.

During 2023, the Company had new investors totaling $ 300,000.

NOTE 4 – NEW ACCOUNTING PRONOUNCEMENTS

The ASU requires the Company to perform certain specific steps to identify performance obligations and determine transaction prices to establish the appropriate revenue recognition; and in addition, to improve disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

NOTE 5 – ACCOUNTS RECEIVABLE - NET

12/31/23– Royalties Fees Owed –	$ 16,348
Sales Center Fees Owed -	10,884
Marketing Fund Fees Owed -	4,665
Branding Cooperative Fee Owed -	1,525
Service Titan	5,506
TOTAL ACCOUNTS RECEIVABLE – NET	**$ 38,928**

None of the Accounts Receivable as of 12/31/23 is considered uncollectable.

NOTE 6– SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 5, 2024 the date on which the financial statements were available to be issued. The effects of COVID -19 had some impact, on the parent company's revenue and sales.

NOTE 7 - FRANCHISE SUSPENSIONS

During the year 2022, 2 Franchise's of HomeSmiles Franchising, LLC have been temporarily suspended. These Franchises were the Los Angeles California location and the Franchise in Portland Oregon. These Franchises were suspended under Article 16 of the Franchise agreement due to health concerns related to the Franchisee. Because of HIPPA concerns, the Franchisor cannot go into any further detail. Consequently the suspension letters do not go into any specific health related information.

Because of this, all parts of the operations of these Franchises have ceased as are any royalty payments or allocation fees.

The 2 suspended Franchises with the permission of the Franchisor are trying to re-sell their respective Franchises. If and when they are sold, any Royalty and Accounts Receivable as well as Branding and Marketing Fees that are in arrears will be paid to the Franchisor. (Please see Note 8 concerning the Portland Franchise).

As of December 31, 2023, the Los Angeles Franchise is still suspended under Article 16 and HIPPA concerns. (Please read above paragraph). During 2023, all monies owed by the Los Angeles Franchise were paid to HomeSmiles. .

NOTE 8 – BAD DEBT EXPENSES

During the 2023 year, the Las Vegas Franchise which had an accrued account receivable of over $ 12,000 was written off into a Bad Debt Expense. This was due primarily because the Franchise purchased an Electric Van that caused them a lot of trouble and expense. Consequently, the Las Vegas Franchise never was able to generate any sales and was therefore written-off.

Also during 2023, the Portland Oregon Franchise with unpaid royalties of $ 30,388.20 was also written off into a Bad Debt Expense that is reflected on the Income Statement on this year's Financials. Please read Note 7 for more information concerning the Portland Franchise).

Management does not feel this Franchise will ever be able to resume operations at all.

See Independent Auditor's Report

NOTE 9 – REVENUE RECOGNITION UNDER ASC606

The Company recognizes revenue from service. When services are performed, the customer assumes the risk of loss. Collection of the relevant receivable is probable with the exception of the Los Angeles California Franchise and the Portland Oregon Franchise **(SEE NOTE #7).** Collection of the remaining Franchises accounts receivable are probable;persuasive evidence of an arrangement that exists; and with the service price fixed or determinable. The company receives an upfront Franchise Fee upon inception of the Franchise. Most of the Franchisee fees have been paid up front.

Most of the new Franchise inception fees are in the $ 10,000 to $ 27,000 range. Two exceptions to this during 2023 were the Franchises granted to entities ranging from Nashville, Tenn. to Birmingham, Al and the franchise granted in San Joaquin, Ca.This fee was substantially larger due to the additional population and extra territory granted to these Franchises. This was stated in writing. None of the Franchise Fee income was amortized. None of the new Franchises awarded in 2023 had sales in 2023.

The company has implemented the **Modified Retrospective Basis**.

Royalties for some of the new franchises granted in 2021 were waived for the first year. After that they will be assessed at 8% or a minimum of $ 1,000 based on the anniversary date and sales.

Sales Center Fee will be assessed at 7% and start immediately. Marketing fee is 3% of Sales; Branding Cooperative fee is 1% of Sales. The Service Titan fee ranges from $276.29 to $310.77 per month depending on location. All of these fees are also not amortized.

The Modified Retrospective Basis was chosen because there is no amortization of Franchise Fees and no remaining obligations to make on the retained earnings account. This is a very simplified income procedure. The Practical Expedient approach for private entities like HomeSmiles, Inc. was and is used.

ALFRED J. LUTFY, CPA
7502 RIDGE BLVD; F-3
BROOKLYN, NY 11209
PHONE - 347-598-8298

e-mail - al.lutfy@gmail.com

INDEPENDENT ACCOUNTANT'S CONSENT

Alfred J. Lutfy, CPA consents to the use of Financial Disclosure issued by HomeSmiles Franchising, LL.C. on April 5, 2024, as it may be amended, of my report dated April 5, 2024 on the financial statements of HomeSmiles Franchising, LLC. as of December 31, 2023

By: Alfred J. Lutfy

April 5, 2024

See Independent Auditors' Report

ALFRED J. LUTFY, CPA
7502 RIDGE BLVD; F-3
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PHONE - 347-598-8298

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INDEPENDENT ACCOUNTANT'S CONSENT

Alfred J. Lutfy, CPA consents to the use of Financial Disclosure issued by HomeSmiles Franchising, LL.C. on February 21 2023, as it may be amended, of my report dated February 21, 2023 on the financial statements of HomeSmiles Franchising, LLC. as of December 31, 2022

By: Alfred J. Lutfy

February 21, 2023

See Independent Auditors' Report

HOMESMILES FRANCHISING LLC

FINANCIAL STATEMENTS - DECEMBER 31, 2022

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ALFRED J. LUTFY, CPA
7502 RIDGE BLVD; F-3
BROOKLYN, NY 11209
PHONE - 347-598-8298

e-mail - al.lutfy@gmail.com

Mr. Jesse Love
HomeSmiles Franchising LLC
1526 Stafford Street
Redwood, California 94063

Opinion

I have audited the accompanying financial statements of HomeSmiles Franchising LLC which comprise the statements of financial position as of December 31, 2022 and 21, the related statements of income and expenses and cash flows for the year then ended and the related notes to the financial statements.

In my opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of HomeSmiles Franchising LLC as of December 31, 2022 and 2021, and the changes in its net assets and cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. I am required to be independent of the HomeSmiles Franchising LLC and to meet my ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

Alfred J. Lutfy, CPA
February 21, 2023

HOMESMILES FRANCHISING LLC
BALANCE SHEET
DECEMBER 31, 2022

ASSETS	
Current Assets	12/31/22
Checking Accounts	$ 25,482
Accounts Receivable	89,622
Total: CurrentAssets	115,104
Other Current Assets:	
Due from Contra Costa	9,000
Due from HomeSmiles, Inc.	5,255
Due from HomeSmiles San Diego	17,286
Due from HS Alameda East	5,000
Due from HS Portland	6,925
Due from Jesshile Love	1,000
Total Other Current Assets	44,466
TOTAL ASSETS	$ 159,570
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	32,488
Total Accounts Payable	32,488
Other Current Liabilities	
Campaign Funds Payable	675
Due to HomeSmiles, Inc.	966
	1,641
Total Current Liabilities	34,129
Equity	
Distribution – Carter	(10,996)
Distribution – Conlon	(15,668)
Distribution – Love	(15,668)
Distribution – Madrid	(15,668)
Jessehill Love	1,500
Retained Earnings	184,288
Net Income	(2,347)
Total Equity	125,441
TOTAL LIABILITIES & EQUITY	$ 159,570

See Accompanying Notes to Finncial Statements

HOMESMILES FRANCHISING LLC
STATEMENT OF INCOME AND EXPENSES
YEAR ENDED DECEMBER 31, 2022

INCOME:		
Branding Cooperative Fee	$	4,268
CRM MonthlyFee		14,277
Franchise Sales Income		175,090
Late Charge		600
Marketing Fund Fee		12,803
Royalty Fee		44,615
Sales Center Fee		29,875
Total Income	$	281,528
EXPENSES		
Accounting/Outside Services	$	28,050
Advertising		37,078
Bank Service Fees		258
Broker Fee		102,210
Client Expense		403
Consulting		4,500
Dues and Subscriptions		7,824
Filing and legal Fees		8,292
Licenses & Permits		450
Maintenance/Repairs		738
Marketing		5,247
Meals/Entertainment		7,575
Office and Supply Expense		3,836
Outside Delivery		5,678
Postage and Delivery		258
Printing and Reproduction Fees		866
Service Tital Software Expense		21,250
Small Equipment		1,594
State Tax Expense		3,838
Supplies		335
Trade Show		8,950
Training Expense		6,600
Travel		8,050
Website		19,818
Welcome Kit		233
Total Expenses	$	283,931
NET INCOME(LOSS)	$	(2,403)

See Accompanying Notes to Financial Statement

HOMESMILES FRANCHISING LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

OPERATING ACTIVITIES		
Net Income	$	(1,437)
Adjustments to reconcile Net Income To net cash provided by Operations:		
Accounts Receivable		(41,053)
Accounts Payable		32,488
Campaign Funds Payable		674
Due to HomeSmiles Inc.		966
NET CASH PROVIDED BY OPERATING ACTIVITIES		(8,362)
FINANCING ACTIVITIES		
Distribution – Carter		(10,996)
Distribution – Conlon		(15,668)
Distribution – Love		(15,668)
Distribution – Madrid		(15,668)
NET CASH PROVIDED BY FINANCING ACTIVITIES		(58,000
NET CASH AT INCREASE FOR PERIOD		(66,362)
CASH AT BEGINNING OF PERIOD		92,754
CASH AT END OF PERIOD	$	26,392

See Accompanying Notes to Financial Statements

HOMESMILES FRANCHISING LLC
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE # 1 - Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HomeSmiles Franchising LLC. was organized in February of 2020 as a California limited liability company to sell franchises pursuant to a nonexclusive trademark license agreement between the company and its affiliate. HomeSmiles Franchising LLC sells franchises for property maintenance for apartments, homes, and businesses- both commercial and private. During the year 2021, 4 Franchises were sold. HomeSmiles Franchising LLC required its first audited financial statements as of December 31, 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) using the accrual method of accounting. Income is recorded when earned and all expenses are recorded when incurred regardless of when such amounts are received or paid.

Adoption of New Accounting Standard

In May 2014, the Financial Accounting standards Board ("FASB") issued Accounting Standards Update ("ASU) No 2014-09, "Revenue from Contracts with Customers (Topic 606)." The ASU and all subsequently issued clarifying ASU's replaced most existing revenue recognition guidance in U.S,GAAP. The ASU also required disclosures relating to the nature, amount, timing ,and uncertainty of revenue and cash flows arising from contracts with franchises. The Company adopted the new standard effective in February of 2020, using the modified retrospective approach. The impact of this resulted in no material changes to the Company's revenue recognition.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Income Taxes:

The Company adopted the new accounting for uncertainty income taxes (FASB-ASC-740-10) which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more than-likely-than not to be sustained upon examination by the taxing authorities. For the year end December 31, 2022 the Company has no material uncertain tax positions to be accounted for in the financial statements under the rules.

The Company files income taxes in the United States and the State of California with few exceptions. The Company is no longer subject to US Federal and State of California income tax examinations by tax authorities for year before 2020 for the US Federal jurisdiction and 2020 for the State of California.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity date to 3 months or less to be cash equivalents.

Revenue Recognition

The Company recognizes revenue from service. When the services are performed, the customer assumes the risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, and the service price that is fixed or determinable.

Initial franchise fees are recognized upon finalization of the franchise agreement and completion of services required under the operations agreement related to the opening of a franchise. The Company recognizes marketing, sales and royalty fees monthly as earned.

NOTE 3 – FRANCHISE SALE/ROYALTIES AND OTHER FEES

HomeSmiles Franchising LLC receives a 7% Sales Center Fee, as well as a 8% Royalty Fee on all sales. In addition, HomeSmiles Franchising LLC receives a 3% Marketing Fee and a 1% Branding Fees. HomeSmiles Franchising LLC did not charge a Franchise Fee for the first 5 Franchises that came onboard. Subsequently, the Franchise fee ranged from $ 10,000 to $ 20,000. Note 6.. Management will determine in the future what the new Franchise Fees will be for new participants. Monthly installments for the fee to be paid will also determined by management. There were 2 Franchise suspensions during 2022. **(SEE NOTE 7)**.

NOTE 4 – NEW ACCOUNTING PRONOUNCEMENTS

The ASU requires the Company to perform certain specific steps to identify performance obligations and determine transaction prices to establish the appropriate revenue recognition; and in addition, to improve disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

NOTE 5 – ACCOUNTS RECEIVABLE - NET

12/31/22 – Royalties Fees Owed –	$ 19,115
Sales Center Fees Owed -	11,905
Marketing Fund Fees Owed -	4,922
Branding Cooperative Fee Owed -	1,881
Service Titan	9,940
Purchase	38,280
Late Fees/Other	3,578
TOTAL ACCOUNTS RECEIVABLE – NET	**$ 89,621**

None of the Accounts Receivable as of 12/31/22 is considered uncollectable.

NOTE 6– SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 21, 2023 the date on which the financial statements were available to be issued. The effects of COVID -19 had some impact, on the parent company's revenue and sales.

See Independent Auditor's Report

NOTE 7 - FRANCHISE SUSPENSIONS

During the year 2022, 2 Franchise's of HomeSmiles Franchising, LLC have been temporarily suspended. These Franchises were the Los Angeles California location and the Franchise in Portland Oregon. These Franchises were suspended under Article 16 of the Franchise agreement due to health concerns related to the Franchisee. Because of HIPPA concerns, the Franchisor cannot go into any further detail. Consequently the suspension letters do not go into any specific health related information.

Because of this, all parts of the operations of these Franchises have ceased as are any royalty payments or allocation fees.

All Acccounts Receivable due to the Franchisor have stopped for the remainder of 2022.

The 2 suspended Franchises with the permission of the Franchisor are trying to re-sell their respective Franchises. If and when they are sold, any Royalty and Accounts Receivable as well as Branding and Marketing Fees that are in arrears will be paid to the Franchisor.

Since these suspensions happened around mid-year 2022, none of their Accounts Receivables will be re-classified to Allowance for Doubtful Accounts at this time. This issue will be revisited if the 2 Franchises aren't sold or begin operations during the year 2023.

NOTE 8 – REVENUE RECOGNITION UNDER ASC606

The Company recognizes revenue from service. When services are performed, the customer assumes the risk of loss. Collection of the relevant receivable is probable with the exception of the Los Angeles California Franchise and the Portland Oregon Franchise **(SEE NOTE #7).** Collection of the remaining Franchises accounts receivable are probable;persuasive evidence of an arrangement that exists; and with the service price fixed or determinable. The company receives an upfront Franchise Fee upon inception of the Franchise. Most of the Franchisee fees have been paid up front.

Most of the new Franchise inception fees are in the $ 10,000 to $ 20,000 range. One exception to this during 2022 were the Franchises granted to entities in the State of Idaho.This fee was substantially larger due to the additional population and extra territory granted to the Franchises in Idaho. This was stated in writing. None of the Franchise Fee income was amortized.

The company has implemented the **Modified Retrospective Basis**.

Royalties for some of the new franchises granted in 2021 were waived for the first year. After that they will be assessed at 8% or a minimum of $ 1,000 based on the anniversary date and sales. **(SEE NOTE 7)**

Sales Center Fee will be assessed at 7% and start immediately. Marketing fee is 3% of Sales; Branding Cooperative fee is 1% of Sales. The Service Titan fee is $ 297.44 per month. All of these fees are also not amortized.

The Modified Retrospective Basis was chosen because there is no amortization of Franchise Fees and no remaining obligations to make on the retained earnings account. This is a very simplified income procedure. The Practical Expedient approach for private entities like HomeSmiles, Inc. was and is used

ALFRED J. LUTFY, CPA
7502 RIDGE BLVD; F-3
BROOKLYN, NY 11209
PHONE - 347-598-8298

e-mail - al.lutfy@gmail.com

INDEPENDENT ACCOUNTANT'S CONSENT

Alfred J. Lutfy, CPA consents to the use of Financial Disclosure issued by HomeSmiles Franchising, LL.C. on February 21 2023, as it may be amended, of my report dated February 21, 2023 on the financial statements of HomeSmiles Franchising, LLC. as of December 31, 2022

By: Alfred J. Lutfy

February 21, 2023

See Independent Auditors' Report

ALFRED J. LUTFY, CPA
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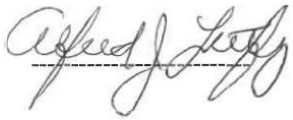

By: Alfred J. Lutfy

April 13, 2022

See Independent Auditors' Report

Home Smiles Franchising, LLC

FRANCHISE AGREEMENT

_____ Franchisee Name

HomeSmiles
FRANCHISE AGREEMENT

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SCHEDULES AND EXHIBITS

Schedule 1	Operating Territory Acknowledgment
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Schedule 3	Statement of Franchisee's Owners
Exhibit 1	Owner and Spouse Agreement and Guaranty
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Exhibit 3	General Release
Exhibit 4	ACH Authorization Form
Exhibit 5	Assignment of Telephone Numbers and Digital Media Accounts

HomeSmiles

FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is entered into on _____ (the "Effective Date"), between Home Smiles Franchising, LLC a California limited liability company with a principal place of business located at 1526 Stafford Street Redwood City, California 94063 (the "Franchisor") and _____ (the "Franchisee").

RECITALS

Franchisor has developed a distinctive and proprietary system (the "System") for the development and operation of a business that offers, sells and provides property maintenance services for residential and commercial properties and other services and products (the "Approved Services and Products") under the Licensed Marks (defined below) (each business referred to as a "Franchised Business" or "HomeSmiles Business");

The System is identified by the Licensed Marks and trade dress, required service and product offerings, required operating processes and procedures, required equipment and supplies, and required marketing, advertising, and business development obligations and brand standards, all of which are part of the System and may be modified by Franchisor from time to time; and

Franchisee desires to obtain the license to develop and operate a Franchised Business in conformity with the System and within a designated operating territory pursuant to the terms and conditions of this Agreement.

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

ARTICLE 1
DEFINITIONS

Supplementing the terms and definitions contained in the foregoing "Recitations", the terms listed below have the following additional meanings:

"**Accounting Period**" refers to and means the period of time selected and determined by Franchisor for the required measurement and reporting of financial information and payment of financial obligations by Franchisee. The applicable measurement period will be determined by Franchisor from time to time with respect to Franchisee's obligations to report financial information and data to Franchisor and Franchisee's payment of all fees and other obligations under this Agreement. The respective "Accounting Period" shall be those Franchisor designated times, whether, weekly, monthly, or otherwise, as designated by Franchisor, with all such Accounting Periods automatically commencing on the earlier of the (a) Scheduled Opening Date, or (b) the Actual Opening Date of the Franchised Business and, continuing, throughout the Term of this Agreement. Unless otherwise designated by Franchisor at any time, unless otherwise specified in this Agreement, the Accounting Period shall be a monthly period for each and every month throughout the Term of this Agreement.

"**Actual Opening Date**" refers to and means the first day of the month immediately following Franchisee's completion of Franchisor's initial Training Program as said Training Program is designated and determined by Franchisor.

"**Additional Territory**" refers to each and every Territory, if any, added to Franchisee's first Territory and, together, comprising Franchisee's Operating Territory as determined at the time of signing this Agreement and as specified in this Agreement.

"**Administrative Office(s)**" refers to and means the non-retail, back-end, administrative office and/or facilities from which a HomeSmiles Businesses is managed. An Administrative Office may be comprised of, if permitted by law, a home-based office.

"**Advertising Contributions**" refers to and means any and all obligations of Franchisee to contribute to and/or pay fees to Franchisor or Franchisor's affiliate or designees as set forth in this Agreement including, but not limited to, the Brand Development Fund Fees (Article 9.A.), Marketing, Advertising, and Promotions Fee (Article 9.B.), and Advertising Cooperative contributions and contributions (Article 9.C.).

"**Advertising Cooperative**" shall have the meaning defined and set forth in Article 9.C. of this Agreement.

"**Alternative Channels of Distribution**" refers to and means retail and/or wholesale based sales and/or distribution outlets based on the world wide web, print catalogs, and mail order outlets.

"**Ancillary Agreements**" refers to and means, individually and collectively, each and every agreement between: (a) Franchisor and Franchisee but, not including this Agreement; (b) Franchisor and each of Franchisee's Owners, whether individually and/or collectively; and (c) Franchisor and each Spouse of Franchisee's Owners, whether individually and/or collectively. Without limitation to the foregoing, the term Ancillary Agreements includes the Franchise Owner and Spouse Agreement and Guaranty, Lease Agreement Rider, Collateral Assignment of Lease and the Assignment of Telephone Numbers and Digital Media Accounts, as said agreements, individually and/or collectively, may have been entered into between the foregoing parties.

"**Approved Services and Products**" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean refers to and means those products and services that Franchisor authorizes for sale by HomeSmiles Businesses. Franchisor shall exclusively designate and determine the Approved Services and Products and Franchisor, in Franchisor's Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Services and Products that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that Franchisor may make from time to time and Franchisor's right to change and modify the Approved Services and Products, shall designate the Approved Services and Products that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Services and Products.

"**Assigned Area**" refers to and means the operating area, designated area and/or territory of current and future HomeSmiles Businesses other than the Operating Territory of Franchisee's HomeSmiles Business. Franchisor shall exclusively determine Assigned Areas.

"**Brand Development Fund**" shall have the meaning defined and set forth in Article 9.A. of this Agreement.

"**Brand Development Fund Fee**" shall have the meaning defined and set forth in Article 9.A. of this Agreement.

"**Business Management System**" refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by Franchisor, in Franchisor's Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day-to-day sales, ordering, operations and management of the Franchised Business. Franchisor reserves the right to modify and designate alternative Business Management Systems as Franchisor determines in Franchisor's Reasonable Business Judgment. At all times, Franchisor shall possess direct live access and storage based access to the Business Management System for the Franchised Business and to Franchisee's Business Management System Data.

"**Business Management System Data**" refers to and means the forms, data, tools, customer information and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by Franchisor or Franchisee) into the Business Management System utilized by Franchisee; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of Franchisee's HomeSmiles Business.

"**Closed Market**" refers to and means any and all Corporate Account customers that presently, or in the future, are located within Franchisee's Operating Territory.

"**Competitive Business**" refers to and means any business that is the same as or similar to a HomeSmiles Business including, but not limited to, any business that offers and/or provides services and/or products relating to property maintenance service, gutter cleaning, exterior home or structure washing, power washing, and/or dryer vent cleaning.

"**Confidential Information**" refers to and means all of our trade secrets, methods, techniques, procedures, data and information (as same may exist as of the Effective Date of this Agreement and as may be developed, modified and supplemented in the future) constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of HomeSmiles Businesses; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used and/or sold by HomeSmiles Businesses; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of HomeSmiles Businesses; (d) customer lists and information related to HomeSmiles Businesses and HomeSmiles Businesses; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

"**Confidentiality Agreement**" refers to and means the sample form of confidentiality agreement attached to this Agreement as Exhibit 2.

"**Controlling Interest**" shall exist for the following individuals, Owners, partners and/or entities: (a) (If Franchisee is a corporation) a controlling interest shall exist for such shareholders and Owners of the voting shares of stock of Franchisee as (i) shall permit voting control of Franchisee on any issue and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) (If Franchisee is a general partnership) a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Franchisee as (i) shall permit determination of the outcome on any issue, and (ii)

shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) (If Franchisee is a limited partnership) a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) (If Franchisee is a limited liability company) a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

"**Copyrights**" refers to and means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection and Franchisor uses and/or allows franchisees to use in the operation of a HomeSmiles Business, whether as of the Effective Date of this Agreement or any time in the future.

"**Corporate Accounts**" refers to and means local, regional, and/or national agreements that Franchisor and/or Franchisor's affiliates enter into with local, regional, and/or national retailers that, directly or indirectly, offer, provide, and/or subcontract on behalf of their end-user customers services and products that compete with or that are similar to the Approved Services and Products. Without limitation to the foregoing, examples of Corporate Accounts include home improvement retailers, wholesale discount clubs, national and regional construction contractors.

"**Corporate Entity**" refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

"**Customer Satisfaction Non-Compliance Event**" refers to and means any circumstance and/or event whereby Franchisee's monthly customer satisfaction and/or approval ratings, as measured on a monthly basis by a reputation management and/or customer review platform designated or selected by Franchisor, fails to achieve an aggregate customer satisfaction and/or approval rating of not less than 4.5 stars out of 5 stars and/or a 90% positive satisfaction rating for any particular month.

"**Customer Satisfaction Non-Compliance Fee**" refers to and means a fee payable by Franchisee in an amount equal to not less than $250 per month. If a Customer Satisfaction Noncompliance Event(s) occurs or lasts for more than three consecutive months then Franchisor, in Franchisor's Reasonable Business Judgment, may increase the Customer Satisfaction Non-Compliance Fee to a monthly amount determined by Franchisor but not in excess of $750 per month. The Customer Satisfaction Non-Compliance Fee is payable by Franchisee to Franchisor on demand by Franchisor.

"**Customer Vouchers**" refers to and means any and all gift cards, vouchers, receipts, cards and other evidence of a pre-paid purchase transaction or goods and/or services and, whether in electronic form, printed form, card or otherwise, concerning a HomeSmiles Business.

"**Digital Media**" refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, YouTube, and including world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to, HomeSmiles Businesses, the Franchised Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, web pages and, if applicable, website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media

accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

"**Direct Solicitation**" refers to and means "communications and/or contacts occurring through in person contact, telephone, mail, electronic mail, direct mail, distributed print media, Digital Media, Marketing Media, Media Distribution and/or marketing directed toward customers, potential customers or referral sources of the Franchised Business.

"**Due Date**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Effective Date**" shall be the date set forth and referred to in the first paragraph of this Agreement.

"**First Territory**" refers to and means the initial / first designated Territory comprising Franchisee's Operating Territory.

"**Franchised Business**" refers to and means the HomeSmiles Business that Franchisee shall develop and is required to establish, maintain and operate as part of the System and in accordance with the terms, conditions and obligations set forth in this Agreement and the Operations Manual. Without limitation to the foregoing, the Franchised Business shall be exclusively established, maintained, owned and operated by Franchisee within Franchisee's designated Operating Territory and in accordance with the terms of this Agreement. Shall have the same meaning as Franchisee's HomeSmiles Business.

"Franchisee Marketing Spend" shall have the meaning defined and set forth in Article 9.B. of this Agreement.

"Franchisee's Administrative Office" refers to and means the Administrative Office from which Franchisee manages the Franchised Business.

"**Franchisee's HomeSmiles Business**" refers to and means the HomeSmiles Business that Franchisee shall operate within the Operating Territory pursuant to the terms, conditions and obligations set forth in this Agreement. Shall have the same meaning as Franchised Business.

"Marketing, Advertising, and Promotion" shall have the meaning defined and set forth in Article 9.B. of this Agreement.

"**Franchisor's Reasonable Business Judgment**" refers to, means, and relates to any and all decisions, actions and choices made by Franchisor concerning or relating to this Agreement, the System generally, HomeSmiles Businesses and/or the Franchised Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit the System. When making decisions and/or taking actions in Franchisor's Reasonable Business Judgment, Franchisor may, in addition to all other rights afforded to Franchisor under this Agreement, consider factors, in whole or in part, that include: Franchisor's profits; enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining operating territory markets, minimizing potential customer confusion as to the location of HomeSmiles Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor's Reasonable Business Judgment that such decision, determination, action or choice shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor's Reasonable Business Judgment that: (a) Franchisor possesses a legitimate

interest in seeking to maximize Franchisor's profits; (b) Franchisor shall not be required to consider Franchisee's individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor's obligations under this Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for Franchisor's Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge Franchisor's Reasonable Business Judgment in any legal proceeding that Franchisee possesses the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor's Reasonable Business Judgment.

"**GAAP**" refers to and means United States Generally Accepted Accounting Principles.

"**Gross Sales**" refers to and means the total dollar sales from all business and customers of the Franchised Business and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by Franchisee in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by Franchisee or any other person or Corporate Entity from business conducted or which started in, on, from or through the Franchised Business and/or Operating Territory, whether such business is/was conducted in compliance with or in violation of the terms of this Agreement. Supplementing the foregoing, Gross Sales further includes the total gross amount of revenues and sales from whatever source derived from and/or derived by Franchisee (including any person and/or Corporate Entity acting on behalf of Franchisee) from business conducted within and/or outside the Operating Territory that is related to the Franchised Business and/or a Competitive Business located and/or operated within the Operating Territory, outside the Operating Territory, and/or otherwise (the foregoing does not constitute approval for Franchisee's operation of a Competitive Business and/or the operation of a HomeSmiles Business outside of the Operating Territory). Gross Sales do not include sales or use taxes collected by Franchisee. Gross sales specifically includes, without any limit on the general statements above, all revenue or benefits from any maintenance-related service that involves the customer's property and is added to the HomeSmiles a la carte section on the website, including (but not limited to), chimney cleaning, solar panel cleaning, and handyman work (whether licensed or non-licensed).

"**HomeSmiles Business(es)**" refers to and means any business or businesses owned and/or operated by Franchisor, Franchisor's affiliates or an authorized franchisee that utilizes or is required to utilize the System and Licensed Marks.

"**Know-How**" refers to means all of Franchisor's trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a HomeSmiles Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, comprising or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"**Licensed Marks**" refers to and means the trademarks, service marks, emblems and indicia of origin, including the "HomeSmiles" trademark, HomeSmiles logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by Franchisor in connection with the identification of HomeSmiles Businesses and the Approved Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by Franchisor in Franchisor's Reasonable Business Judgment.

"**Managers**" refers to and means the Managing Owners plus all assistant managers of the Franchised Business and all other employees, independent contractors, consultants, directors and board members who may possess access to the Confidential Information.

"**Managing Owner**" refers to and means, if Franchisee is a partnership or corporation, the owner responsible for the day-to-day oversight, management and operation of the Franchised Business. Said individual must possess and maintain an ownership and/or equity interest in the Franchise such that said individual owns, holds and controls no less than 25% of the equity and ownership interests in the Franchise. The Managing Owner, at all times, must participate (on a full time basis) in the day-to-day operations of the Franchised Business.

"**Marketing Media**" refers to and means all communications, whether written, oral, digital, or otherwise utilized for and/or designed for the purpose of marketing, advertising and/or promoting the Franchised Business including, but not limited to, Direct Solicitations, Digital Media, social media, print publications, print mailers, email communications and public relations.

"**Media Distribution"** shall have the meaning defined and set forth in Article 9.G. of this Agreement.

"**Minimum Monthly Royalty Requirement"** shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Open Area**" refers to a geographic territory and area that (a) is not an Assigned Area; and (b) is located within a 10 mile radius of Franchisee's Operating Territory.

"**Operating Manager**" refers to and means the Manager designated by Franchisee or Franchisee's Managing Owner, that is charged with the obligation and responsibility to supervise and manage the day-to-day operations of the Franchised Business. At all times, the Operating Manager must: (a) meet all of Franchisor's minimum training and brand quality control standards and criteria for managers as may be set forth in the Operations Manual; (b) successfully complete Franchisor's initial training program; (c) sign the Confidentiality Agreement; and (d) agree, in writing, to assume responsibility for the on-site management and supervision of the Franchised Business.

"**Operating Territory**" shall have the meaning defined and set forth in Article 2.A. of this Agreement.

"**Operations Non-Compliance Fee**" shall have the meaning defined and set forth in Article 7.J. of this Agreement.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of HomeSmiles Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of HomeSmiles Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and based on Franchisor's Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Services and Products that must be offered and provided by the Franchised Business and the System Supplies that must

be exclusively utilized by the HomeSmiles Business. Only Approved Services and Products may be offered and sold by the Franchised Business. Only System Supplies may be utilized by Franchisee in the operations of the Franchised Business.

"**Out of Territory Customer**" refers to and means a customer or potential customer of a HomeSmiles Business where the customer and the location of the services and products to be provided on behalf of such customer are located outside Franchisee's Operating Territory and in an Open Area.

"**Out of Territory Rules**" shall have the meaning defined and set forth in Article 3.K. of this Agreement.

"**Owner**" refers to and means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s). Franchisee's Owners are identified in Schedule 3 to this Agreement.

"**Owner and Spouse Agreement and Guaranty**" refers to and means the form of agreement attached to this Agreement as Exhibit 1. The Owner and Spouse Agreement and Guaranty is an agreement and guarantee entered into by the Owners and Spouses of Franchisee and is entered into in their respective individual and personal capacities.

"**Payment Non-Compliance Fee**" shall have the meaning defined and set forth in Article 5.F. of this Agreement.

"**Permitted Property Management Area**" shall have the meaning defined and set forth in Article 3.M. of this Agreement.

"**Post-Term Restricted Period**" refers to and means the 24 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee assigns the Franchise Agreement to another person and/or Corporate Entity. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Post-Term Restricted Period" means the 18 month period after the earliest to occur of the following: (i) the expiration or termination of this Agreement for any reason; or (ii) the date on which Franchisee assigns the Franchise Agreement to another person and/or Corporate Entity.

"**Prohibited Activities**" shall have the meaning defined and set forth in Article 6.D. of this Agreement.

"**Property Management Companies**" refers to and means, individually and in aggregate, businesses, organizations, and multi-unit property owners, that are engaged in, as their primary business activity, the management of residential and/or commercial real property.

"**Published Content**" refers to and means any and all information, data, articles, press releases, digital content, special offers, product information, service information, web posts, videos and other information relating to and/or concerning the Franchised Business, the System, and/or the Licensed Marks that is or was made available by Franchisee and/or Franchisee's agents to the public in print and/or electronic format and/or published, listed, made available, uploaded on, downloaded to and/or posted to Digital Media.

"**Reporting Non-Compliance Fee**" shall have the meaning defined and set forth in Article 12.C. of this Agreement.

"**Reputation Management Services**" refers to and means the customer review, customer review monitoring and/or reporting services and/or reputation management services designated by Franchisor. Franchisor, in Franchisor's Reasonable Business Judgement, shall exclusively select the Reputation Management Services to be used by Franchisee and to determine and select the websites, social media sites, reporting services, surveys, and service platforms to be included in any evaluation and/or determination of Franchisee's monthly customer satisfaction and approval ratings.

"**Renewal Fee"** shall have the meaning defined and set forth in Article 15.A. of this Agreement. The Renewal Fee is a fixed sum of $7,500.

"**Renewal Term**" refers to and means the 10 year period that commences on the expiration of the Term and continues for the 10 year period thereafter. The Renewal Term shall apply only if Franchisee is entitled to invoke and does invoke Franchisee's renewal rights in accordance with the terms and conditions of this Agreement.

"**Restricted Territory**" refers to and means the entire geographic area within and comprising: (a) Franchisee's Operating Territory; (b) a 25 mile radius surrounding Franchisee's Operating Territory; and (c) all other operating territories for HomeSmiles Businesses that are operated and/or under development by Franchisor or other HomeSmiles Business franchisees as of the Effective Date of this Agreement and those that are in operation during all or any part of the Post-Term Restricted Period. However, if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within and comprising Franchisee's Operating Territory plus a 25 mile radius surrounding Franchisee's Operating Territory.

"**Royalty and Activity Report**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Royalty Fee**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Sales Center**" refers to and means any and all organized communication systems and methods approved by Franchisor by which an individual (referred to as a "prospective customer") attempts to contact and/or communicate with a Franchisor designated corporate representative, a System customer service representative, and/or a HomeSmiles Businesses. Franchisor, at Franchisor's election and determination, maintains sole discretion to manage, control and coordinate all Sales Center communications, including initial communications, on-going communications and responsive communications for purposes that, at Franchisor's discretion, may include: (a) receiving and responding to telephone calls from prospective customers; (b) receiving and responding to telephone calls from prospective customers attempting to contact a System representative, (c) Receiving and responding to telephone calls, emails, web chats, web contacts, lead generation source contacts and other contacts that Franchisee may receive from prospective customers, current customers and former customers of the Franchised Business; (d) to individually and/or collectively process, schedule, reschedule, book and/or monitor estimate appointments with customers and prospective customers of the Franchised Business; (e) to individually and/or collectively process, schedule, reschedule, book and/or monitor service appointments with customers and prospective customers of the Franchised Business; and/or (f) to individually and/or collectively process and respond complaints and/or additional inquiries from customers or prospective customers of the Franchised Business.

"**Sales Center Fees**" shall have the meaning defined and set forth in Article 5.D. of this Agreement.

"**Sales Center Rate**" shall have the meaning defined and set forth in Article 5.D. of this Agreement.

"**Sales Center Services**" refers to and means any and all services offered and provided by Franchisor and/or required by Franchisor in connection with Franchisor's management and operation of Sales Center. Franchisor, in Franchisor's Reasonable Business Judgement and at Franchisor's discretion shall determine, from time to time, the services that may or may not be included in the Sales Center Services and what activities and actions may be delegated to Franchisees and/or may be required to be performed directly by each respective Franchisee at each Franchisee's sole cost and expense separate and apart from the Sales Center Fees. Franchisee agrees that under no circumstance is Franchisor responsible for the conversion of customers or potential customers for the Franchised Business and in no event does Franchisor represent nor warranty revenue and/or converted customers that will or may be derived as a result of the Sales Center Services.

"**Scheduled Opening Date**" shall refer to and mean the day that occurs 120 days immediately following the Effective Date of this Agreement.

"Service Vehicle(s)" refers to and means the Franchisor approved commercial vehicle(s) to be acquired, leased, maintained and operated by HomeSmiles Business franchisees in connection with the day to day operations of a HomeSmiles Business. Franchisee's Service Vehicle(s) must be dedicated to the day to day operations of the Franchised Business, must be approved by Franchisor, and must meet Franchisor's specifications as to vehicle models, vehicle age, vehicle type, interior configuration and capability, signs, and exterior vehicle wrap.

"**Spouse**" refers to and means the legal spouse of an Owner.

"**Supplemental Training**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Supplemental Training Fee**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**System**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: (a) the Approved Services and Products, System Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a HomeSmiles Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights, (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a HomeSmiles Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by Franchisor in Franchisor's Reasonable Business Judgment.

"**System Supplies**" refers to and means the equipment and supplies designated by Franchisor as required for use in connection with Franchisee's HomeSmiles Business and the Approved Services and Products. Without limitation to the foregoing, the System Supplies shall include System branded, non-branded and third party branded equipment and supplies designated by Franchisor for use in the day-to-day operations of Franchisee's HomeSmiles Business including, among other things: pressure washers, water systems, drills, GoPro camera, generators, tools, ladders, hoses, Customer Vouchers, installation kits, uniforms, and other products designated by Franchisor in the Operations Manual and/or otherwise in writing and, as may be modified and supplemented by Franchisor from time to time in Franchisor's Reasonable

Business Judgment. System Supplies shall further include those products that Franchisor authorizes for sale to customers of Franchisee's HomeSmiles Business.

"**System Website**" refers to and means the web page and pages located on the world wide web at the www.homesmiles.com domain and shall further include all webpages and subdomains including, those that are franchisee and/or geography specific, that are a part of www.homesmiles.com, or as designated by Franchisor being associated with the URL of www.homesmiles.com and/or HomeSmiles Businesses.

"**Technology Fee**" shall have the meaning defined and set forth in Article 5.C. of this Agreement.

"**Term**" refers to and means the period of time set forth and defined in Article 2.B. of this Agreement and, the applicable Renewal Term, if any, if Franchisee invokes Franchisee's renewal rights in accordance with the terms of this Agreement.

"**Territory**" refers to a geographic area, as determined and designated by Franchisor in Franchisor's Reasonable Business Judgment, comprising a population of approximately 250,000 people.

"**Trade Dress**" refers to and means the HomeSmiles Business designs, images, marketing materials, packaging, branding and/or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by Franchisor from time to time.

"**Training Program**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Transfer**" refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owners interests and/or voting rights in Franchisee.

"**Transfer Fee**" shall have the meaning defined in Article 14.C. (11) of this Agreement. The Transfer Fee is the greater of i) $15,000 or ii) 5% of the sales price in the resale transaction pertaining to the Franchised Business.

ARTICLE 2
GRANT OF FRANCHISE

2.A. GRANT OF FRANCHISE

Franchisee has requested that Franchisor grant to Franchisee the non-exclusive license and right to develop, own and operate a HomeSmiles Business within a specified territory. In reliance on the representations made by Franchisee and/or Franchisee's Owners in any submitted application and during the application process, subject to the terms and conditions of this Agreement, Franchisee's request has been approved by Franchisor, subject to the following terms and conditions:

(1) During the Term of this Agreement and subject to the rights of Franchisor including, but not limited to, the Reserved Rights, Franchisor grants to Franchisee and Franchisee accepts, the non-exclusive license, right and obligation to develop and operate a HomeSmiles Business within the operating territory designated and set forth in Schedule 1 of this Agreement (the "Operating Territory"). If Schedule 1 does not specifically identify and designate an Operating Territory, and/or if Schedule 1 is not signed by Franchisor, the Operating Territory shall be determined by Franchisor in Franchisor's Reasonable Business Judgment;

(2) The Operating Territory shall be comprised of a single Territory and if, at the time of signing this Agreement (or at a later time), Franchisor and Franchisee agree to supplement the size of Franchisee's Operating Territory by adding Additional Territories to Franchisee's Operating Territory, the Additional Territories shall also be included within the territory identified in Schedule 1 and shall be quantified in Schedule 2 for purposes of determining the Initial Franchise Fee;

(3) Franchisee's Administrative Office must be located within the Operating Territory and be approved by Franchisor;

(4) Franchisee may only operate the Franchised Business within Franchisee's Operating Territory and, without limitation to the foregoing, Franchisee may only offer and sell the Approved Services and Products within Franchisee's Operating Territory, the System standards designated by Franchisor, and in accordance with the requirements designated by Franchisor in the Operations Manual;

(5) Except as otherwise provided in this Agreement including, but not limited to, the Reserved Rights and Closed Markets, provided that, at all times, Franchisee is and remains in compliance with the terms of this Agreement, during the Term of this Agreement, Franchisor will not and Franchisor's affiliates will not operate, or grant a franchisee the right to operate a HomeSmiles Business using the Licensed Marks and System within Franchisee's Operating Territory, provided that an Operating Territory has been designated and approved by Franchisor in accordance with the terms of this Agreement; and

(6) The foregoing rights granted in this Article 2.A. are subject to and contingent upon each and every, term and condition of this Agreement, the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights.

2.B. TERM

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of 10 consecutive years, commencing from the Effective Date (the "Term").

2.C. GUARANTY, CONFIDENTIALITY AND RESTRICTIVE COVENANTS

If Franchisee is, at any time, a Corporate Entity, Franchisee agrees that each Owner and their respective Spouse shall execute, sign and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and, in doing so, among other things, will individually, jointly, and severally, guarantee Franchisee's obligations under this Agreement and personally bind themselves to confidentiality and non-competition covenants and restrictions.

2.D. RESERVATION OF RIGHTS

Franchisor on behalf of itself, its affiliates and its assigns retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Franchisee to engage in the following activities (the "Reserved Rights"): (a) operate and grant to others the right to operate a Franchised Business, HomeSmiles Business and/or other businesses using the System and Licensed Marks at locations outside Franchisee's Operating Territory; (b) acquire or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, and after such acquisition, merger or affiliation to own and operate and to franchise or license others to own and operate and to continue to own and operate such businesses, including Competitive Businesses (but not utilizing the Licensed Marks) within Franchisee's Operating Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, even if such business or businesses presently or, in the future, own and operate and franchise or license others to own and operate such businesses, including Competitive Businesses (but not utilizing the Licensed Marks) within Franchisee's Operating Territory; (d) by the Franchised Business or products and services similar to the Approved Services and Products offered and sold by the Franchised Business in Alternative Channels of Distribution within or outside your Operating Territory; (e) use the Licensed Marks and System to offer, sell, and provide Approved Services and Products or products and services similar to the Approved Services and Products offered and sold by the Franchised Business on behalf of customers of Corporate Accounts within or outside Franchisee's Operating Territory; (f) use the Licensed Marks and System to offer, sell, and provide or license others to offer, sell, and provide, the Services and Products on behalf of Property Management Companies (as designated and determined by Franchisor from time to time and within Franchisor's Reasonable Business Judgment) within or outside Franchisee's Operating Territory; and (g) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement.

2.E. MODIFICATION OF SYSTEM

Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right, at all times, to supplement, modify, alter and/or amend the System including any and/or all components of the System. Franchisee shall promptly comply with all such modifications to the System whether such modification results in the addition, subtraction, modification and/or enhancement to any and/or all components of the System. Franchisor shall provide Franchisee with a reasonable time period to comply with any change or modification to the System, which shall be communicated to Franchisee by Franchisor including, but not limited to, communication through the Operations Manual. Franchisor's modifications to the System shall not materially alter Franchisee's fundamental rights under this Agreement.

2.F. CORPORATE ENTITY OWNERSHIP

If Franchisee is a Corporate Entity, Franchisee represents that the information contained in Schedule 2 to this Agreement is and shall remain complete, true and accurate throughout the Term of this Agreement.

ARTICLE 3
DEVELOPMENT AND OPERATION OF THE FRANCHISED BUSINESS

3.A. DEVELOPMENT OF THE FRANCHISED BUSINESS

Franchisee must develop and open the Franchised Business on or before the Scheduled Opening Date. Notwithstanding the foregoing, prior to opening and commencing the operations of the Franchised Business, Franchisee must, as determined by Franchisor: (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations designated by Franchisor in the Operations Manual; (c) have completed and satisfied the training obligations designated by Franchisor; (d) have developed an Administrative Office in conformity with Franchisor's standards and specifications and as otherwise required by Franchisor in the Operations Manual; (e) have obtained the necessary licenses and permits to operate the Franchised Business; (f) have secured a Service Vehicle in conformity with Franchisor's standards and specifications and as otherwise required by Franchisor in the Operations Manual; and (g) have obtained Franchisor's written consent to open the Franchised Business.

3.B. OPERATIONS OF THE FRANCHISED BUSINESS

At all times the Franchised Business shall: (a) be operated within Franchisee's Operating Territory, excluding closed Markets; (b) be operated from an approved Administrative Office located within the Operating Territory; (c) exclusively offer, sell and provide the Approved Services and Products in accordance with Franchisor's standards, specifications, and requirements; (d) ensure that the Approved Services and Products are only offered and provided by Franchisee through employees and/or Owners that have, to Franchisor's satisfaction, completed the training requirements and Training Programs required by Franchisor; (e) exclusively use, maintain, and, stock in inventory, the System Supplies in such quantities as designated by Franchisor; (f) exclusively purchase the System Supplies from the supplier and/or suppliers, vendor and/or vendors approved by Franchisor and designated by Franchisor, in Franchisor's Reasonable Business Judgment; (g) be exclusively managed and operated by Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner; (h) maintain the necessary licenses and permits and, those licenses and permits required, and/or recommended by Franchisor, for Franchisee's development, ownership, and operation of the Franchised Business; (i) exclusively provide the Approved Services and Products from on-site at customer locations and using an approved Service Vehicles; and (j) be operated in conformity with Franchisors standards, specifications, criteria and requirements as set forth by Franchisor in the Operations Manual as such Operations Manual exists as of the Effective Date of this Agreement and as the Operations Manual may be modified and supplemented from time to time in the future by Franchisor, in Franchisor's Reasonable Business Judgment.

3.C. FRANCHISEE'S ADMINISTRATIVE OFFICE

Franchisee must operate the Franchised Business from an Administrative Office that conforms to Franchisor's standards and specifications and, such other requirements as set forth in the Operations Manual. If permitted by applicable laws, rules, and regulations, including, but not limited to, local zoning laws and regulations (to be independently verified by Franchisee) Franchisee may designate Franchisee's personal residence as Franchisee's Administrative Office. Otherwise, Franchisee must develop Franchisee's Administrative Office from a commercial location located within the Operating Territory. Franchisee shall develop, operate and manage the Franchised Business from an Administrative Office, that: (a) was identified and evaluated by Franchisee; (b) complies with the terms and conditions of this Agreement; (c) satisfies and meets Franchisor's standards and specifications; (d); (e); (f) is timely secured by Franchisee within 60 days of the Effective Date of this Agreement, as evidenced by a binding lease with a duration equal to the full Term of this Agreement; and (g) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications.

Franchisor's approval of Franchisee's proposed Administrative Office is not and does not constitute a representation or warranty of any kind other than that Franchisor does not object to or disapprove of Franchisee's proposed Administrative Office. No provision of this Agreement shall be construed or interpreted to impose an obligation on Franchisor to locate an Administrative Office for the Franchised Business, to assist Franchisee in the selection of a suitable Administrative Office, or, to provide assistance to the Franchisee in the purchase or lease of an Administrative Office.

3.D. FURNITURE, FIXTURES, EQUIPMENT AND SIGNS

Except as to an Administrative Office operated from the personal residence of Franchisee or Franchisee's Owner, Franchisee agrees to use in the construction and operation of Franchisee's Administrative Office only those types of construction and decorating materials, fixtures, equipment, furniture, and signs that Franchisor has approved or designated in the Operations Manual for Franchised Business as meeting Franchisor's specifications and standards for appearance, function and performance. Franchisee shall purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture and signs including, but not limited to, System Supplies, only from suppliers approved or designated by Franchisor from time to time in writing and/or in the Operations Manual.

3.E. SYSTEM SUPPLIES

Franchisee shall exclusively purchase and use the System Supplies in the operations of the Franchised Business. Franchisee shall exclusively purchase the System Supplies from the supplier and/or suppliers and vendor and/or vendors designated by Franchisor from time to time. Franchisee agrees that control over the nature, quality, branding and source of the System Supplies is critical to the System and that irrespective of the availability of substitute products, supplies, equipment and/or sources of supply, Franchisee shall only purchase and use the System Supplies as designated by Franchisor and only from those suppliers designated and approved by Franchisor. Franchisee agrees that in many instances Franchisor and/or Franchisor's affiliates may be and/or may become the sole and exclusive supplier of the System Supplies.

3.F. SERVICE VEHICLES

Franchisee shall lease and exclusively use in the operations of the Franchised Business, only those Service Vehicles that meet Franchisor's brand standards and specifications and, that are approved by Franchisor. At all times, Franchisee shall maintain the Service Vehicles in a clean, safe, and well maintained condition and shall operate same in accordance with all applicable laws, rules, and regulations. Franchisee may only offer and provide the Approved Services and Products using Service Vehicles approved by Franchisor and that meet Franchisor's brand standards and specifications.

3.G. BUSINESS MANAGEMENT SYSTEM

Franchisee shall exclusively use the Business Management System or systems designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified, supplemented or replaced by Franchisor from time to time. Franchisee shall purchase, license and maintain such Business Management System and/or systems from Franchisor and/or such third party suppliers designated by Franchisor. Franchisor, in Franchisor's Reasonable Business Judgment, may require that Franchisee's license, and use of the Business Management System occur through accounts registered to Franchisor, controlled by Franchisor, or licensed through Franchisor. At all times, Franchisee shall provide and grant Franchisor with unlimited and uninterrupted direct internet based and/or remote access to the Business Management Systems of the Franchised Business except for any employment or personnel data. At all

times, Franchisee shall pay and be responsible for all fees associated with the Business Management Systems including, but not limited to, initial and on-going license fees. Supplementing and, without limitation to the foregoing, Franchisee agrees that:

(1) The Business Management System will contain proprietary and Confidential Information owned by Franchisor and related to the System;

(2) The Business Management System shall be exclusively used by Franchisee in connection with the operations of the Franchised Business, in accordance with the terms of this Agreement, and the standards and specifications set forth by Franchisor in the Operations Manual;

(3) As between Franchisee and Franchisor, Franchisor is and shall be the exclusive owner of the Business Management System Data, except that a) any employment, compensation of employees, or personnel data shall belong exclusively to Franchisee and Franchisee shall have sole access to such data and b) Franchisee shall store and maintain such data in accordance with all applicable local, state and federal privacy, data collection and solicitation laws. Upon expiration or termination of this Agreement for any reason, Franchisee shall preserve and maintain the Business Management System data for the purpose of transferring such data, without the excepted data above, to Franchisor;

(4) At all times, Franchisee shall provide and permit Franchisor to maintain direct and independent access to the Business Management System and the Business Management System Data and to duplicate and evaluate the data;

(5) Franchisee shall upgrade, replace and modify the Business Management System at the request of Franchisor and in accordance with Franchisor's written instructions;

(6) Other than permitting access to employees of the Franchised Business for the purpose of conducting the authorized operations of the Franchised Business, Franchisee shall not permit or allow any third party to access, use or duplicate the Business Management System or, the Business Management System Data;

(7) Franchisee shall keep and maintain the Business Management System and the Business Management System Data as secret and confidential and, Franchisee shall maintain security precautions to maintain the confidentiality of the Business Management System and the Business Management System Data; and

(8) In no event shall Franchisor be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to Franchisee's use or, Franchisee's inability to use, the Business Management System even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

3.H. DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS

Franchisee agrees the significance of Digital Media to the System and necessity for Franchisor's control over Digital Media. Between Franchisor and Franchisee, Franchisor is the absolute owner of the Digital Media. Franchisee shall not utilize, access or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's Reasonable Business Judgment and which approval, if

given, shall be limited to the marketing and promotion of the Franchised Business in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Franchisee's right to utilize the Digital Media and/or otherwise as to any rights of Franchisee in or to the Digital Media shall be automatically terminate and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media utilized by Franchisee shall be transferred to Franchisor. Under no circumstance shall Franchisee utilize the Digital Media for purposes of or with the effect of libeling or disparaging another nor shall Franchisee violate any copyrights – as to such actions as between Franchisee and any third party, Franchisee is exclusively responsible for disparagement, libel and/or copyright infringement if Franchisee published and/or caused such content to be published.

Franchisee agrees that Digital Media and/or Published Content, if permitted by Franchisor, must be approved by Franchisor prior to publication or use in any form. Digital Media and Published Content that is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards shall be owned by Franchisor. As between Franchisor and Franchisee, any and all interest and right in or to the Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration or termination of this Agreement. The System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is and shall be the exclusive property of Franchisor. During the Term of this Agreement and subject to Franchisee's compliance with the terms and conditions of this Agreement, the System Website, shall include information related to the Franchised Business as shall be determined and designated by Franchisor in Franchisor's Reasonable Business Judgment. In the event of the termination of this Agreement, for any reason, that the accounts related to all telephone numbers associated with the Franchised Business and all rights in and to the telephone numbers associated with the Franchised Business, shall, at Franchisor's election, be transferred to Franchisor. At all times Franchisee shall sign such documents as may be reasonably requested by franchisor for the purpose of documenting, transferring, and/or effectuating Franchisor's rights in and to control the Digital Media and Published Content.

3.I. SALES CENTER AND SALES CENTER SERVICES

Franchisee agrees that Franchisor, in Franchisor's Reasonable Business Judgment and sole discretion, may implement and require that Franchisee, at Franchisee's cost and expense, participate in utilizing the Sales Center and Sales Center Services designated by Franchisor and as may be modified by Franchisor from time to time. Franchisee agrees that a core and critical component to all HomeSmiles Businesses and Franchisee's HomeSmiles Business relates to and includes communications with customers and prospective customers, the scheduling and rescheduling of estimate appointments, the scheduling and rescheduling of service visits, responding to customer complaints and other customer communications. Franchisee agrees that Franchisee shall exclusively adopt and utilize only those Sales Centers designated and approved by Franchisor and that Franchisee shall exclusively adopt and utilize only those Sales Center Services designated by Franchisor of which Franchisor may be the sole and exclusive supplier. Franchisee shall pay for all costs and expenses charged to Franchisee for Sales Center Services. Fees for Sales Center Services shall, in Franchisor's Reasonable Business Judgment, be exclusively determined by Franchisor from time to time and may include fixed general overhead fees and variable fees related to contacts involving or potentially involving the Franchised Business including, but not limited to, an initial prospect fee related to a prospect that contacts a Sales Center, estimate scheduling and rescheduling, service visit scheduling and rescheduling, and escalation fees responding to customer complaints and supplemental inquiries. During the first three years of this Agreement, the Sales Center Fees shall not exceed the greater of 2% of monthly Gross Sales or $$1272.00 per month in any monthly Accounting Period from March through November of each year (none from December through February of each year), provided that Franchisor reserves the right to charge per communication fees that will be charged each and every time a communication occurs so long as such fees do not exceed 2% of Franchisee's monthly Gross Sales or

$1272.00 per month in any monthly Accounting Period from March through November of each year (none from December through February of each year). Franchisee's participation and use of the Sales Center is mandatory and Franchisee's payment of Sales Center Fees is mandatory.

3.J. RELOCATION OF FRANCHISEE'S BUSINESS FACILITY

Under no circumstance shall Franchisee relocate Franchisee's Administrative Office to a facility located outside the Operating Territory. To the extent that Franchisee wishes to relocate Franchisee's Administrative Office to a suitable commercial facility located within the Operating Territory then Franchisee must obtain Franchisor's prior written consent which shall not be unreasonably withheld provided that Franchisee is in compliance with the terms and conditions of this Agreement and provided that the new facility meets Franchisor's then current standards and specifications. Franchisee may not operate the Franchised Business from a residence location outside of the Operating Territory.

3.K. OUT OF TERRITORY CUSTOMERS

The license and rights granted to Franchisee in this Agreement are limited to, among other things, the Operating Territory, the grant of franchise rights set forth in Article 2.A. of this Agreement, and the reservation of rights set forth in Article 2.D. of this Agreement. Subject to the existence of an Open Area and Franchisee's compliance with following rules and requirements ("Out of Territory Rules"), Franchisee may provide the Approved Services and Products on behalf of customers located within an Open Area:

Out of Territory Rules

(1) Franchisee must conduct the operations of the Franchised Business from within Franchisee's Operating Territory and Franchisee must provide the Approved Services and Products on behalf of customers located within Franchisee's Operating Territory. The marketing of the Franchised Business must be targeted to Franchisee's Operating Territory and, at all times, must conform and comply with, among other things, the restrictions set forth in Article 9.G. of this Agreement;

(2) Provided that Franchisee: (i) does not engage in any Direct Solicitation of customers or potential customers outside of Franchisee's Operating Territory or, within the Operating Territory of another HomeSmiles Business, (ii) Franchisee does not otherwise violate the restrictions set forth in Article 9 of this Agreement, and (iii) unless otherwise directed by Franchisor at any time, from time to time, and in Franchisor's sole direction, Franchisee may provide Approved Services and Products to a customer in an Open Area surrounding Franchisee's Operating Territory. Upon written notice from Franchisor for any reason or no reason at all, Franchisee must discontinue from providing Approved Services and Products in an Open Area; and

(3) Once an Open Area becomes an Assigned Area, Franchisee shall cease communicating with customers previously serviced by Franchisee in the Open Area and Franchisee shall turnover to Franchisor, for the benefit of Franchisor or, another HomeSmiles Business, all information and records related to the Approved Services and Products provided within the Open Area.

Nothing contained in this Article 3.K. shall expand either the non-exclusive franchise rights granted to franchisee in Article 2 of this Agreement or, Franchisee's Operating Territory and, in the event of any inconsistency or conflict between the terms of this Article 3.K. and Article 2, Article 2 shall take precedence and govern.

3.L. CORPORATE ACCOUNTS

The license and rights granted to Franchisee in this Agreement are limited to, among other things, the Operating Territory, the grant of franchise rights set forth in Article 2.A. of this Agreement, and the reservation of rights set forth in Article 2.D. of this Agreement. Subject to the following terms and conditions and, Franchisee's compliance with same (hereinafter the "Corporate Account Rules"), Franchisee may provide Approved Services and Products on behalf of a Corporate Account location within Franchisee's Operating Territory:

Corporate Account Rules

(1) Franchisee must be in compliance with the terms and conditions of this Agreement;

(2) If Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee possesses the operational capacity and experience sufficient for performing the services on behalf of the Corporate Account, Franchisor shall submit to Franchisee a proposed Service Order (the "Service Order") to Franchisee disclosing that portion of the Approved Services and Products designated by Franchisor to be performed by Franchisee, the pricing related thereto, timing requirements, and other information determined to be relevant by Franchisor;

(3) Franchisee shall have 10 days to evaluate the Service Order and determine whether or not Franchisee wishes to accept same and provide, on an on-going basis as designated by the Service Order, the Approved Services and Products on behalf of designated Corporate Account customers; and

(4) If Franchisee elects to accept the Service Order, Franchisee shall perform and comply with same. If Franchisee elects to reject the Service Order, Franchisee is under no obligation to perform same. If Franchisee fails to respond in writing within 10 days where Franchisee either accepts or rejects the Service Order, Franchisee shall be deemed to have rejected the Service Order.

Franchisee agrees that if Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee does not possess the requisite capacity, skills and/or resources to provide Approved Services and Products in connection with the Corporate Account, that Franchisor may elect to not submit a Service Order to Franchisee and either Franchisor, Franchisor's affiliates, and/or other System franchisee's may be selected to provide Approved Services and Products on behalf of a Corporate Account located within Franchisee's Operating Territory.

3.M. PROPERTY MANAGEMENT COMPANIES

The license and rights granted to Franchisee in this Agreement are limited to, among other things, the Operating Territory, the grant of franchise rights set forth in Article 2.A. of this Agreement, and the reservation of rights set forth in Article 2.D. of this Agreement. Subject to Franchisee's compliance with Franchisor's standards, requirements, specifications, and criteria which may be supplemented, modified, amended, discontinued, and/or changed by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisee may provide the Approved Services and Products on behalf of Property Management Companies located outside of Franchisee's Operating Territory, if Franchisee meets, satisfies, and continues to comply with the following rules ("Property Management Company Rules"):

Property Management Company Rules

(1) Franchisee must conduct the operations of the Franchised Business from within Franchisee's Operating Territory and Franchisee must provide the Approved Services and Products on behalf of

customers located within Franchisee's Operating Territory. The marketing of the Franchised Business must be targeted to Franchisee's Operating Territory and, at all times, must conform and comply with, among other things, the restrictions set forth in Article 9.G. of this Agreement;

(2) Provided that Franchisee: (i) does not engage in any Direct Solicitation of customers or potential customers outside of Franchisee's Operating Territory or, within the Operating Territory of another HomeSmiles Business, (ii) Franchisee does not otherwise violate the restrictions set forth in Article 9 of this Agreement, and (iii) unless otherwise directed by Franchisor at any time, from time to time, and in Franchisor's sole direction, Franchisee may provide Approved Services and Products to a Property Management Company / Property Management Companies in a Permitted Property Management Area surrounding Franchisee's Operating Territory. Upon written notice from Franchisor for any reason or no reason at all, Franchisee must discontinue from providing Approved Services and Products in a Permitted Property Management Area;

(3) A Permitted Property Management Area is a geographic area that comprises not more than a 50 mile radius surrounding Franchisee's Operating Territory; and

(4) Franchisee's relationship with the Property Management Company must have originated with Franchisee as a direct result of Franchisee offering and providing Approved Services and Products on behalf of the Property Management Company as to property or properties located within Franchisee's Operating Territory and other requirements that designated by Franchisor from time to time.

Nothing contained in this Article 3.M. shall expand either the non-exclusive franchise rights granted to franchisee in Article 2 of this Agreement or, Franchisee's Operating Territory and, in the event of any inconsistency or conflict between the terms of this Article 3.M. and Article 2, Article 2 shall take precedence and govern.

ARTICLE 4
TRAINING AND OPERATING ASSISTANCE

4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING

(1) Before 21 days prior to the Scheduled Opening Date, Franchisee's Managing Owner and one manager must complete, to Franchisor's satisfaction, Franchisor's initial training program (the "Training Program"). Franchisor will provide Franchisee, comprised of Franchisee's Managing Owner, and one designated manager, with Franchisor's Training Program. If Franchisee would like more than two individuals to attend the initial Training Program, subject to Franchisor's approval, Franchisee shall pay to Franchisor an additional fee of $600 per additional person attending the Training Program (the "Additional Initial Training Fee"). Additional Initial Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee.

Prior to opening and commencing the operations of the Franchised Business, the Managing Owner and other personnel as designated or determined by Franchisor, must attend and successfully complete the Training Program designated by Franchisor. The training may include classroom and on-the-job instruction at a location or facility designated by Franchisor, and/or, at the election of Franchisor and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, may be conducted remotely through online web based conferencing. Following completion of the Training Program, Franchisee shall be responsible for the ongoing training of Franchisee's employees, staff and all other employees of the Franchised Business. Said on-going training must conform to Franchisors standards and specifications. The Training Program shall be structured, configured and established by Franchisor from time to time. The Training Program may be structured so that it is offered and completed by Franchisee in various phases.

(2) Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner and Manager, at Franchisee's sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as Franchisor periodically may designate or offer in Franchisor's Reasonable Business Judgment. Franchisor provides instructors and training materials for those programs and seminars, but Franchisor reserves the right to assess Franchisee reasonable charges for such training. Franchisee is responsible for all expenses Franchisee and Franchisee's employee incurs in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

(3) Franchisee shall pay all costs and expenses incurred by Franchisee and, those attending training on behalf of Franchisee, in connection with Franchisee's participation in all Training Programs and, satisfaction of Franchisee's Training Program obligations as designated by Franchisor.

(4) Subject to Franchisor's approval and agreement, Franchisor may offer or require supplemental training within Franchisee's Operating Territory or as elected by Franchisor, remotely through online web based conferencing (hereinafter referred to as "Supplemental Training"). Franchisor, in Franchisors Reasonable Business Judgment, reserves the right to reject or approve of any request by Franchisee for Supplemental Training. Franchisor may also require Supplemental Training of Franchisee or Franchisee's Operating Manager. If Franchisor does require or agree to offer and provide Supplemental Training, Franchisee shall pay to Franchisor a supplemental training fee at the rate of $900 per trainer per day plus, if applicable, reimbursement of travel and hotel accommodation expenses incurred by Franchisor with a two day minimum or at the rate of $500.00 per day for online training (the "Supplemental Training Fee"). Franchisee agrees that in each instance where Franchisee hires a new Operating Manager, and/or Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee is not satisfying and/or meeting Franchisor's operational standards, then Franchisor may require that Franchisee, and/or, as applicable, Franchisee's Operating Manager participate in, and successfully complete, Supplemental Training pay the Supplemental Training Fees designated by Franchisor. Supplemental Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee.

(5) Franchisor, in Franchisor's Reasonable Business Judgment must approve of all individuals attending and participating in the Training Program and all Supplemental Training programs. All participants in the Training Program must qualify as either an Owner or Operating Manager and, prior to training, among other things, must have executed the Owner and Spouse Agreement and Guaranty or the Confidentiality Agreement, respectively.

4.B. OPERATING ASSISTANCE

From time to time and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor shall advise Franchisee of those applicable standards, procedures and System requirements concerning the Franchised Business. Operating assistance may, as determined by Franchisor, in Franchisor's sole discretion, consist of:

(1) Establishing and communicating systems and procedures related to the development and operation of the Franchised Business;

(2) Establishing and communicating Approved Services and Products and, as applicable and as determined by Franchisor, modifications, if any, to the Approved Services and Products including, but not limited to, additions, deletions, and/or changes to the Approved Services and Products;

(3) Designating and communicating System Supplies and, as applicable and as determined by Franchisor, modifications, if any, to the System Supplies including, but not limited to, additions, deletions, and/or changes to the System Supplies;

(4) Designating and communicating approved and designated suppliers of the Franchised Business and, as applicable and as determined by Franchisor, modifications, if any, to approved and designated suppliers including, but not limited to, additions, deletions, and/or changes to the approved and designated suppliers;

(5) Establishing and communicating marketing and brand standards related to the promotion of the Franchised Business;

(6) Approving or disapproving of Franchisee requests related to marketing materials and Digital Media that may be used to market the Franchised Business; and

(7) Establishing and communicating System standards and requirements in the form of the Operations Manual and, as Franchisor, in Franchisor's sole discretion.

4.C. OPERATIONS MANUAL

Franchisor shall provide Franchisee with access to the Operations Manual. The Operations Manual contains, as designated and determined by Franchisor, mandatory and, as applicable, suggested specifications, standards and operating procedures that Franchisor prescribes for HomeSmiles Businesses. Franchisee shall operate the Franchised Business in strict accordance with the standards, specifications, and requirements set forth in the Operations Manual as, such standards, specifications, and requirements including, but not limited to, the Approved Services and Products, System Supplies, and, authorized and designated suppliers, as of the Effective Date of this Agreement, and, as they may be supplemented, modified, changed, and/or replaced in the future and, from time to time, by Franchisor, in Franchisor's Reasonable Business Judgment. Franchisee shall keep and maintain the confidentiality of the Operations Manual and shall keep and maintain all files, data and information contained in the Operations Manual in a secure location and/or in a protected confidential state and, as otherwise directed by Franchisor. The master copy and official version of the Operations Manual is and shall be the copy and/or version maintained and designated by Franchisor in Franchisor's ordinary course of business.

Franchisor shall provide Franchisee with reasonable notice of modifications and changes made to the Operations Manual and, such notice may take form of electronic communications including emails and, if the Operations Manual is maintained on an online web-based platform, notifications within said platform. Franchisor shall provide Franchisee with a reasonable period of time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, to implement change and modifications to the as set forth in the Operations Manual. Without limitation to the foregoing, Franchisee may only offer and sell the Approved Services and Products and utilize the System Supplies as designated by Franchisor, in Franchisor's Reasonable Business Judgment, in the Operations Manual and, in accordance with the terms, specifications and requirements set forth in the Operations Manual and as Franchisor may supplement and modify the Operations Manual from time to time or, as Franchisor may otherwise designate in writing.

ARTICLE 5
FEES

5.A. INITIAL FRANCHISE FEE

Upon execution of this Agreement Franchisee shall pay to Franchisor a non-recurring

initial franchisee fee (the "Initial Franchise Fee") of $59,500 for an Operating Territory consisting of a single Territory. Franchisee can purchase additional Territories; if Franchisee's initial Operating Territory is supplemented with Additional Territories beyond the initial single Territory, the Initial Franchise Fee shall be increased and shall be the amount set forth in Schedule 2 of this Agreement. The Initial Franchise Fee is fully earned by Franchisor upon execution of this Agreement and is not refundable.

5.B. ROYALTY FEES

Royalty Fees: Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable royalty fee (the "Royalty Fee") in an amount equal to the greater of (a) 6% or the applicable performance based adjustment below (the "Royalty Rate") of Franchisee's monthly Gross Sales, or (b) the amount of the then applicable Minimum Monthly Royalty Fee requirement (the "Minimum Monthly Royalty Fee Requirement" or "MMR"). The Minimum Monthly Royalty Fee Requirement is determined based on the number of Territories located within Franchisee's Operating Territory and the number of months from the Scheduled Opening Date or the Actual Opening Date, whichever comes first, ("Months in Operation"), and as set forth in the MMR schedule below:

Royalty Rate

If monthly gross sales exceed these amounts, your Royalty Rate shall be:

$25,000 - 5.5%
$39,000 - 5%
$52,000 - 4.5%
$69,000+ - 4%

The Minimum Royalty Fees identified above are not, and should not be considered, an earnings claim or financial performance representation for your business.

MMR Schedule

Months in Operation	2 Units or Less ($)	3 Units ($)	4 Units ($)	5+ Units ($)
1–6	$-	$-	$-	$-
7–12	$700.00	$1,000.00	$1,300.00	$1,600.00
13–24	$1,000.00	$1,300.00	$1,600.00	$1,900.00
25–36	$1,300.00	$1,600.00	$1,900.00	$2,200.00
37–48	$1,600.00	$1,900.00	$2,200.00	$2,500.00
49–60	$1,800.00	$2,100.00	$2,400.00	$2,700.00
61+	$2,000.00	$2,300.00	$2,600.00	$2,900.00

Payment and Due Date: The Royalty Fee shall be calculated on a monthly basis for each respective monthly Accounting Period. Royalty Fee payments shall be paid by Franchisee to Franchisor monthly by ACH, electronic funds transfer, or as otherwise designated by Franchisor and shall be due on the 15th of each monthly Accounting Period for the preceding month, and each month thereafter throughout the entire Term of this Agreement or, such other specific day of the month that Franchisor designates from time to time or for such other period that Franchisor may designate (the "Due Date").

Tax Obligations: If any federal, state or local tax, other than an income tax, is imposed on the Royalty Fee paid by Franchisee to Franchisor that, Franchisor cannot directly and, dollar of dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, Franchisee must compensate Franchisor in the manner prescribed by Franchisor so that the net amount or net rate received by Franchisor for the Royalty Fee is not less than that which has been established by this Agreement and which was due to Franchisor on the effective date of this Agreement.

Payment Authorization: Upon the request of Franchisor and in no event not later than 30 days prior to the earlier of the Actual Opening Date or the Scheduled Opening Date, Franchisee shall execute Franchisor's designated ACH Authorization Form and such other authorization agreements, in the form proscribed by Franchisor and permitting Franchisor's direct withdrawal and/or electronic transfer of sums from Franchisee's designated business bank account, for the on-going payment of Royalty Fees and, all other fees and sums due from Franchisee under this Agreement. As of the Effective Date, Franchisor's current ACH Authorization Form that must be executed and complied with by Franchisee is attached to this Agreement as Exhibit 4. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than ACH and/or automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

Royalty and Activity Reports: On the Due Date each month, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, as designated by Franchisor, a Royalty and Activity Reports containing information as designated by Franchisor and relating to the Gross Sales, financial performance, and operations of the Franchised Business for the preceding monthly Accounting Period (the "Royalty and Activity Report"). Franchisor shall have the right to verify such royalty payments from time to time, as it deems necessary in any reasonable manner.

5.C. TECHNOLOGY FEE

Throughout the Term of this Agreement and any applicable renewal term, Franchisee shall pay to Franchisor a continuing monthly non-refundable Technology Fee. Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right, at any and all times throughout the Term, to implement and charge Franchisee a monthly Technology Fee in a monthly amount designated by Franchisor but provided that such monthly amount does not exceed $500 per month. Franchisee agrees that this Technology Fee is a general administrative fee and is not connected to any particular service. The Technology Fee shall be paid to Franchisor each and every month on the Due Date. The initial Technology Fee is $297.00 per month, but can be increased at Franchisor's discretion.

5.D. SALES CENTER FEES

Throughout the Term of this Agreement and any applicable renewal term, Franchisee shall pay to Franchisor a continuing monthly non-refundable sales center fee (the "Sales Center Fees") during the months of March through November in an amount equal to a percentage (the "Sales Center Rate") of Franchisee's monthly Gross Sales or a flat fee for each service. The Sales Center fees shall not exceed the greater of 2% of monthly Gross Sales or $1272.00 per month in any monthly Accounting Period from March through November of each year (no Sales Center fees from December through February of each year), provided that Franchisor reserves the right to charge per communication fees that will be charged each and every time a communication occurs so long as such fees do not exceed 2% of Franchisee's monthly Gross Sales or $1272.00 per month in any monthly Accounting Period from March through November of each year (no Sales Center Fees from December through February of each year). Franchisee's participation and use of the Sales Center is mandatory and Franchisee's payment of Sales Center Fees is mandatory.

The Sales Center Fees shall be calculated on a monthly basis for each respective monthly

Accounting Period and shall be payable on the first Due Date for each respective month.

5.E. OTHER FEES

As designated by Franchisor in this Agreement, the Manual or otherwise, Franchisee shall pay the following additional fees to either Franchisor, Franchisor's affiliate(s), or Franchisee's designee(s):

(1) Brand Development Fund Fee – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees, the Brand Development Fund Fee as set forth in Article 9.A. of this Agreement.

(2) Business Management System Fee – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees an on-going weekly, monthly, and/or per use Business Management System license fee throughout the Term of this Agreement respecting Franchisee's license of the Business Management System as designated and specified by Franchisor, in Franchisor's Reasonable Business Judgment.

(3) Customer Satisfaction Non-Compliance Fee – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees, a Customer Satisfaction Non-Compliance Fee upon demand of Franchisor following the occurrence of a Customer Satisfaction Non-Compliance Event.

(4) Non-Compliance Fees – Franchisee shall pay to Franchisor all Non-compliance Fees in accordance with the terms of this Agreement including, but not limited to, Payment Non-Compliance Fees, Operations Non-Compliance Fees, and Reporting Non-Compliance Fees.

(5) Supplemental Training Fees – Franchisee shall pay to Franchisor all training fees in accordance with the terms of this Agreement including, but not limited to, Additional Initial Training Fees and Supplemental Training Fees.

(6) Quality Assurance Audit Fees – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going weekly, monthly, and/or per use fees related to quality assurance programs designated by Franchisor related to periodic inspections of Franchisee's HomeSmiles Business and secret shopper evaluations.

(7) Annual Conference Fees – Franchisee shall be responsible for all expenses of its personnel attending the Annual System Conference including travel, meals and lodging. Franchisee shall be required to pay to Franchisor an Annual Conference Attendance Fee. Franchisee agrees that if Franchisee fails to attend the Annual System Conference that Franchisor shall, nevertheless, charge and Franchisee shall pay the Annual Conference Attendance Fee – even if Franchisor waives such fee for franchisees who attend the Annual System Conference.

(8) Initial Equipment and Supply Package Fee - Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees, a fee for the initial equipment and supplies package, that includes certain installation and fabrication services. This does not include the cost of leasing the Service Vehicle. Your initial equipment and supply package fee is fully earned by us upon payment and is non-refundable. The amount includes purchase of an initial contents package for the Service Vehicle which includes initial supplies and consumables.

(9) All Other Fees and Obligations Set Forth in this Agreement – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees such other fees, charges and expenses as set

forth in this Agreement and in accordance with the terms of this Agreement or, otherwise, in accordance with the Manuals and/or Franchisor's standards and specifications.

5.F. PAYMENT NON-COMPLIANCE FEES AND CHARGES

In addition to all other rights afforded to Franchisor under this Agreement, in connection with each and every non-compliance with this Agreement, the Manual, and/or non-compliance with the payment of any fee, charge, and/or obligation payable and due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to, this Article 5, within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor: (a) a payment non-compliance fee in the amount of $250.00 - $1000.00 (the "Payment Non-Compliance Fee") for each and every instance where a fee, charge, and/or obligation payable to Franchisor under this Agreement is not paid in full when due; plus (b) Interest on all unpaid fees, sums, and/or obligations payable and due from Franchisee to Franchisor at an interest rate equal to the lesser of either 10% per annum, or the maximum interest rate allowed by applicable law and with interest accruing on the date when such fee, sum, or obligation was due; plus (c) all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, but not limited to, reasonable attorney's fees, costs, and expenses. The foregoing does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Franchised Business. Nothing contained in this Article 5.F. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

5.G. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or to offset any indebtedness of Franchisor to Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates.

5.H. WITHHOLDING PAYMENTS UNLAWFUL

Franchisee agrees that under no circumstance is Franchisee entitled to withhold payments due to Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee expressly agrees that any claim by Franchisee as to the alleged non-performance of Franchisor's obligations shall not permit and/or entitle Franchisee to withhold payments due Franchisor under this Agreement.

ARTICLE 6
RESTRICTIVE COVENANTS AND OBLIGATIONS

6.A. NECESSITY FOR RESTRICTIVE COVENANTS

Franchisee agrees that only through the course of entering into this Agreement is Franchisee being provided with access to the System, Franchisor's training, use of the Licensed Marks and, access to the Operations Manual and Confidential Information. Franchisee agrees that competition by Franchisee, Owners, Spouses and/or their immediate family members will jeopardize the System and cause irreparable harm to Franchisor and franchisees of HomeSmiles Businesses. Accordingly, Franchisee and Franchisee's Owners and, Spouses, agree to comply with the restrictive covenants set forth in this Agreement, including this Article 6.

6.B. RESTRICTIVE COVENANTS: KNOW-HOW

Franchisee agrees that, at all times, both during the Term of this Agreement and, after its expiration or termination, Franchisee: (a) shall not use the Know-How in any business or capacity other than the operation of the Franchised Business pursuant to this Agreement and as instructed by Franchisor; (b) shall maintain the confidentiality of the Know-How at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How; and (e) shall stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants shall also apply to: (a) Franchisee's Owners and Spouses and, that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Know-How was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION

Franchisee agrees that, at all times, both during the Term of this Agreement and, after its expiration or termination, Franchisee: (a) shall not use the Confidential Information in any business or capacity other than the HomeSmiles Business operated by Franchisee; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Confidential Information was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Term of this Agreement, Franchisee shall not engage in the following activities (the "Prohibited Activities"): (a) owning and/or having any legal or equitable interest whether, as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or, in any similar capacity, in a Competitive Business other than, owning an interest of 3% or less in a publicly traded company that is a Competitive Business; (b) operating, managing, funding and/or performing services whether, as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or, in any similar capacity, for or benefitting a Competitive Business; (c) diverting or attempting to divert any business or customers from Franchisor or, one of Franchisor's affiliates or franchisees; (d) inducing any customer or client of Franchisor, Franchisor's affiliates, franchisees of the System, or, of Franchisee, to any other person or business that is not a HomeSmiles Business; and/or (e) engaging in any actions, inactions, and/or activities in violation of Articles 6.B. and/or 6.C. of this Agreement (all, individually and, collectively, referred to as the "Prohibited Activities"). Franchisee agrees that if Franchisee were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and would cause harm to Franchisor, the System and other HomeSmiles Business

franchisees. Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Post-Term Restricted Period, Franchisee shall not engage in any Prohibited Activities provided, however, that the Prohibited Activities relating to Franchisee's having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within a Restricted Territory. If Franchisee is engaged in any Prohibited Activities during the Post-Term Restricted Period, Franchisee agrees that Franchisee's Post-Term Restricted Period will be extended by the period of time during which Franchisee was engaging in the Prohibited Activity and, any such extension of time will not be construed as a waiver of Franchisee's breach or otherwise impair any of Franchisor's rights or remedies relating to Franchisee's breach. Franchisee agrees that the foregoing covenants and restrictions shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Franchisee agrees that the covenants and restrictions set forth in this Article 6.E. and, otherwise in this Article 6, are fair and reasonable and, that if Franchisee engaged in any Prohibited Activity that such actions would constitute acts of unfair competition, causing irreparable harm to Franchisor and the System.

6.F. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that: (a) the terms of this Article 6 are reasonable both in time and in scope of geographic area; and (b) Franchisee has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Article 6. **Franchisee hereby waives any right to challenge the terms of this Article 6 (including the referenced defined terms set forth in Article 1 of this Agreement) as being overly broad, unreasonable or otherwise unenforceable.** Although Franchisee and Franchisor both believe that the restrictive covenants and obligations of this Article 6 to be reasonable in terms of scope, duration and geographic area, Franchisor may at any time unilaterally modify the terms of this Article 6 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon Franchisee under this Article 6 to ensure that the terms and covenants are enforceable under applicable law.

6.G. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that Franchisee's failure and/or Franchisee's Owner(s) failure to comply with the restrictive covenants and obligations set forth in this Article 6 will cause irreparable harm to Franchisor and/or other HomeSmiles Business franchisees for which there is no adequate remedy at law. Franchisee agrees that any violation of these Article 6 covenants and obligations by either Franchisee and/or any Owner(s) will entitle Franchisor to injunctive relief. Franchisee agrees that Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Franchisee, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the Franchisee and Franchisor agree that the

amount of the bond shall not exceed $1,000. Franchisor's remedies under this Article 6.G. are not exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

6.H. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND CUSTOMER INFORMATION

Franchisee agrees that with regard to the Franchised Business all customer lists and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term of this Agreement and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods and products conceived or developed by Franchisee and Franchisee's affiliates, Owners, agents, and employees relating to the development and operation of HomeSmiles Businesses. Franchisee hereby assigns to Franchisor and Franchisee agrees to procure from Franchisee's Owners, affiliates and employees' assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 6.H. Franchisor shall have no obligation to make any lump sum or on-going payments to Franchisee or Franchisee's Owners, affiliates or employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee will not use nor will Franchisee allow any other person or entity to use any such concept, method or product without obtaining Franchisor's prior written approval.

ARTICLE 7
OPERATING STANDARDS

7.A. OPERATING REQUIREMENTS

At all times, Franchisee and the Franchised Business shall, as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as may be modified by Franchisor from time to time: (a) exclusively offer and sell the Approved Services and Products; (b) exclusively purchase and use the System Supplies; (c) maintain a complete and updated inventory and supply of System Supplies; (d) maintain, update, replenish and replace Franchisee's System Supplies; (e) maintain, update, replenish and recondition Franchisee's Administrative Office; and (f) maintain Franchisee's Service Vehicles and System Supplies in a clean and safe condition and in conformity with the brand standards related to the Licensed Marks and System.

7.B. MAINTENANCE, UPDATES AND UPGRADES

At all times, Franchisee shall update, upgrade, maintain, replenish, replace and recondition Franchisee's System Supplies, Service Vehicle(s), and, if applicable, Franchisee's Administrative Office as specified by Franchisor in the Operations Manual and/or otherwise in writing, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time. Notwithstanding the foregoing, Franchisee expressly agrees that the foregoing obligations relate to brand standards and specifications associated with the Licensed Marks and the Approved Services and Products and that, at all times, Franchisee is and shall exclusively remain responsible for conditions involving the safety of customers and employees in connection with the operations of the Franchised Business.

7.C. DAMAGE CAUSED BY CASUALTY

If Franchisee's Administrative Office, Service Vehicle(s) and/or System Supplies is and/or are damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event

later than one month after such casualty, initiate repairs or reconstruction, and thereafter, in good faith and with due diligence, continue until completion of the repairs or reconstruction, to their/its original condition before casualty and otherwise in accordance with Franchisor's standards and specifications.

7.D. ALTERATIONS

At all times, Franchisee shall maintain Franchisee's System Supplies, Service Vehicles, and Administrative Office in accordance with Franchisor's current brand standards and specifications and, Franchisee shall not materially alter or modify same.

7.E. BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS

Franchisee shall develop and operate the Franchised Business in strict conformity with the methods, standards, specifications, procedures, and operational requirements as, designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment, and as set forth in the Operations Manual, as prescribed by Franchisor in writing, and, as Franchisor, in Franchisor's Reasonable Business Judgment, may supplement, modify, and amend from time to time. Supplementing, and without limitation to the foregoing, Franchisee, agrees that the foregoing standards, specifications, procedures, and operational requirements shall relate and include, among other things, the Approved Services and Products, the System Supplies, System standards as designated by Franchisor, authorized and mandatory inventory levels and inventory items, authorized and mandatory supplies and inventory supply levels, designated suppliers, standards related to brand uniformity including, brand standards regarding uniforms, marketing materials, marketing media, the appearance and operations of the Franchised Business, customer service and satisfaction standards including, customer rewards programs, refund policies, gift card policies, special promotions and other customer incentive and goodwill programs, brand standards and brand standard requirements as to employee knowledge and implementation of System brand standards but, not related to employment or joint employment policies, secret shopper programs, Franchisor designated secret quality control inspections, payment processing systems, Franchisor access to Business Management Systems, and, the overall operations of the Franchised Business.

7.F. APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS

Franchisee agrees that, among other things, the products and services to be offered and sold by the Franchised Business, the supplies, suppliers and equipment utilized by the Franchised Business, the methods for monitoring customer satisfaction and, the methods for marketing and promoting the Franchised Business must conform to Franchisor's System standards and specifications as determined by Franchisor, in Franchisor's Reasonable Business Judgment, as designated by Franchisor in the Operations Manual, and/or as otherwise designated by Franchisor in writing and, as may be supplemented, modified, and/or amended by Franchisor from time to time. Without limitation to the foregoing, Franchisee agrees that:

(1) The Franchised Business shall exclusively offer and sell the Approved Services and Products to customers located within Franchisee's Operating Territory;

(2) The Franchised Business shall, in accordance with Franchisor's standards and specifications as, designated and determined by Franchisor from time to time, exclusively: (a) offer and serve the Approved Services and Products; (b) provide the Approved Services and Products in accordance with the System's standards and specifications; (c) exclusively purchase and use System Supplies from Franchisor or Franchisor's designated suppliers; (d) exclusively purchase and use equipment, supplies, promotional materials, point of sale systems and Business Management Systems designated by Franchisor and, subject to Franchisor's specifications; (e) purchase displays, point of sale displays, uniforms, supplies, marketing

materials and promotional materials including, but not limited to, System Supplies as designated by Franchisor and only from Franchisor or Franchisor's approved supplier(s); and (f) purchase from distributors and other suppliers approved by Franchisor all other materials, goods, and supplies including, but not limited to, System Supplies used in preparing, offering, selling, promoting, and serving the Approved Services and Products;

(3) Franchisor has and will periodically approve suppliers and distributors of the equipment, materials, supplies and products including, but not limited to, System Supplies and Service Vehicles, that meet Franchisor's standards, specifications, and requirements including, without limitation, standards, specifications, and requirements relating to the equipment and supplies to be used by the Franchised Business and, that Franchisee shall abide by same;

(4) Franchisor, in Franchisor's Reasonable Business Judgment, may, from time to time, modify the list of approved brands, suppliers and distributors of System Supplies, Service Vehicles, and approved equipment, supplies and services to be used by the Franchised Business and that Franchisee shall, after receipt in writing of such modification, abide by same and, among other things, not reorder any brand and/or purchase from any supplier or distributor that is no longer designated or approved by Franchisor;

(5) Franchisor reserves the right to designate, from time to time, a single supplier and/or distributor for any services, products, equipment, supplies, or materials including, but not limited to, the System Supplies and Service Vehicles and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier and/or distributor may be Franchisor and/or Franchisor's affiliates. Franchisor and its affiliates may receive payments from suppliers and/or distributors on account of such supplier's or distributor's dealings with Franchisee and other franchisees of the System and that Franchisor may use all amounts so received without restriction and for any purpose, including Franchisor's profit; and

(6) If Franchisee proposes or requests that Franchisor consider the approval of products, services, equipment, supplies, suppliers and/or distributors for use in the Franchised Business where such products, services, equipment, supplies, suppliers and/or distributors are not, presently, at the time of Franchisee's request, approved for use in the System, Franchisee: (a) must provide Franchisor with a written request where Franchisee specifies the product, service, equipment, supply, supplier and/or distributor, the reason for Franchisee's request; (b) shall timely submit to Franchisor such information, reports, specifications, and samples as Franchisor, in Franchisor's Reasonable Business Judgment requests; and (c) shall pay to Franchisor a Supplier Evaluation Fee per requested product, service, equipment, supply, supplier and/or distributor to be considered including, but not limited to, the Supplier Evaluation Fees that Franchisor, in Franchisors Reasonable Business Judgment, establishes and assesses based on, among other things, the administrative costs and time associated with evaluating, assessing and testing the proposed product, service, equipment, supply, supplier and/or distributor including, but not limited to Franchisor's internal employees and independent third-parties engaged and/or retained by Franchisor for evaluation and testing. The foregoing fees and payments shall be paid by Franchisee to Franchisor within 14 days of the date of Franchisor's invoice. Upon Franchisee's compliance with the foregoing, within 60 days of the completion of all evaluations, Franchisor shall notify Franchisee of Franchisor's approval or disapproval, which shall be determined by Franchisor in Franchisor's Reasonable Business Judgment. Under no circumstance shall the foregoing be construed as implying that Franchisor is required to approve alternative suppliers and Franchisor shall exclusively determine, in Franchisor's Reasonable Business Judgment, the level of evaluation to be conducted by Franchisor.

7.G. MARKET RESEARCH AND TESTING

Franchisor may conduct market research and testing to evaluate, modify, test or sample the services, products, equipment and supplies authorized by Franchisor and to determine consumer trends and the

viability of certain services and products. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing services and/or products from the Franchised Business. Franchisee agrees to provide Franchisor with timely reports and other relevant information regarding such market research. Franchisee agrees to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products and/or services.

7.H. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall, at all times, secure and maintain in full force all required licenses, permits and certificates relating to the operation of the Franchised Business, and Franchisee must operate the Franchised Business in full compliance with all applicable laws, ordinances, codes and regulations.

(2) Franchisee shall, at all times, investigate, review, and comply with all laws applicable to the operation of the Franchised Business, including, without limitation, all labor laws and obligations, wage and hour laws and obligations, employer practices laws and obligations, labor department rules and regulations, workers compensation and unemployment laws and rules, insurance obligations, and health and safety laws, rules and obligations.

(3) Franchisee shall, at all times, investigate, review, and comply with all laws, rules, and regulations related to all laws, rules, and regulations related to customer and employee privacy obligations and protections and, all laws, rules, and regulations, related to the privacy and protection of customer and employee information and data and, all laws, rules, and regulations related to customer and employee solicitations.

(4) Franchisee must, at all times, immediately notify Franchisor in writing of any of the following concerning Franchisee, and/or the Franchised Business: (a) any cause of action, claim, lawsuit, proceeding, and investigation; (b) issuance of any order, writ, injunction, award, and/or decree by any court, agency, or other governmental entity; and (c) any notice of violation of any law, ordinance, code, permit, or regulation.

(5) Franchisee shall, at all times, ensure that all advertising and promotion of the Franchised Business by Franchisee is completely factual and conforms to the highest standards of ethical advertising, and is in conformity with Franchisor's standards and specifications. Franchisee shall refrain from any business practice, advertising practice, or personal conduct that may be injurious to Franchisor, the System, HomeSmiles Businesses, and/or the Licensed Marks. Franchisor, in Franchisor's sole discretion, shall possess, among other things, the unilateral right to reject any and all advertising relating to the Franchised Business, Franchisor, the System, HomeSmiles Businesses and/or using the Licensed Marks.

(6) Franchisee shall comply with, and cause Franchisee's Owners to comply with and/or to assist Franchisor, to the fullest extent possible, in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each Owner certify, represent, and warrant that Franchisee's or any Owner's property or interests is not subject to being "blocked" under any of the Anti-Terrorism Laws, and Franchisee and each Owner are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee further certifies that Franchisee and each Owner are not listed on the Annex to Executive Order 13244 (the Annex is available at http://www.treasury.gov) and will not become so listed, hire any person so listed, or have dealings with any person so listed. Franchisee agrees to immediately notify Franchisor if Franchisee or any Owner becomes so listed. "Anti-Terrorism Laws" refers to and means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing, or in any way relating to, terrorist acts and acts of war. If Franchisee, an Owner, or Franchisee's employees violate any of the Anti-Terrorism Laws

and/or become listed on the Annex to Executive Order 13244, then Franchisor may terminate this Agreement immediately without prior notice to Franchisee.

In connection with Franchisee's compliance with the terms of this Article 7.H., if Franchisee discovers, learns of, and/or becomes aware of any conflict and/or discrepancy between Franchisee's obligations under this Article 7.H. with Franchisor's standards and/or specifications as contained in this Agreement, in the Operations Manual, and/or as otherwise designated by Franchisor from time to time, Franchisee shall immediately notify Franchisor in writing of such discrepancy. In the event of any conflict or ambiguity, Franchisor's determination and/or resolution made by Franchisor, in writing, and, specifically with regard to the presented conflict or ambiguity, shall be determinative as between Franchisor and Franchisee and the operations of the Franchised Business.

7.I. MANAGEMENT OF THE FRANCHISED BUSINESS

(1) Franchisee agrees that, at all times, that the development and operation of the Franchised Business shall be managed, operated, and maintained under the active, continuing management, substantial personal involvement and hands-on supervision, of Franchisee's Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Franchised Business unless Franchisee delegates management functions to an authorized Operating Manager who, among other things, satisfactorily completes Franchisor's Initial Training Program and, otherwise meets the criteria and conditions for qualification as an Operating Manager as designated and determined by Franchisor from time to time. If the Operating Manager is a family member of Franchisee and/or an Owner then the Operating Manager shall also sign and agree to be bound by the terms of the Franchise Owner and Spouse Agreement and Guaranty.

(2) Franchisee must, at all times, faithfully, honestly and diligently perform its obligations hereunder, and continuously exert its best efforts to promote and enhance the business of the Franchised Business and the goodwill of the Licensed Marks and the System.

(3) If, at any time, the Franchised Business is not being managed by a Managing Owner or Operating Manager who satisfactorily completed the Training Program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchised Business for and on behalf of Franchisee. Franchisor's appointment of a manager of the Franchised Business does not relieve Franchisee of its obligations or constitute a waiver of Franchisor's right to terminate the Franchise pursuant to Article 16. Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business while it is managed by Franchisor's appointed manager.

(4) Franchisee shall, at all times, maintain sufficient working capital to fulfill its obligations under this Agreement.

7.J. FEES FOR NONCOMPLIANCE WITH OPERATIONAL STANDARDS

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 7 (an "Operations Violation"), within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor an operations non-compliance fee (the "Operations Non-Compliance Fee") in the amount of: (a) $1,000 for each and every instance / event related to an Operations Violation involving the sale of services and/or products that are not Approved Services and Products; (b) $1,000 for each and every instance / event related to an Operations Violation involving the failure to exclusively use System Supplies, and/or Franchisor designated suppliers; and (c) $450 for all other Operations Violation. Additionally, in each of the foregoing

instances, within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor all costs and expenses incurred by Franchisor in connection with any inspections, audits, and/or re-inspections directed and/or undertaken by Franchisor for the purpose, as determined by Franchisor in Franchisor's Reasonable Business Judgment, of determining whether or not Franchisee's Operations Violation has been cured in accordance with Franchisor's standards and specifications. The foregoing does not constitute Franchisor's consent to and/or acquiescence to Operations Violations. Nothing contained in this Article 7.J. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

ARTICLE 8
INSURANCE

Franchisee, at Franchisee's sole expense, must purchase and maintain in full force at all times during the Term of this Agreement an insurance policy or policies protecting Franchisee as named insured and naming, as additional insureds, Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor. The policy or policies must be written by a carrier or carriers with an A.M. Best Rating of at least A-, VII and reasonably acceptable to Franchisor. From time to time Franchisor may designate preferred insurance brokers and insurance carriers.

The currently required insurance policies, insurance coverage requirements, and insurance coverage amounts are designated and set forth in the Operations Manual. Franchisor may, in Franchisor's Reasonable Business Judgment, periodically change the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Notwithstanding the immediately foregoing sentence, Franchisor shall not increase such minimum coverage more than once every two years. All public liability and property damages policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees of Franchisor by reason of the negligence of Franchisee and/or Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees. Within 30 days prior to the Actual Opening Date, Franchisee must deliver to or cause to be delivered, to Franchisor a copy of the certificates of insurance demonstrating Franchisee's compliance with this Article 8. Within 30 days after any annual renewal of the insurance, Franchisee must deliver to, or cause to be delivered to, Franchisor all renewal certificates of insurance demonstrating Franchisee's continued compliance with Article 8. All insurance policies required must expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of a material alteration to, or cancellation of, any insurance policy Franchisee is required to maintain in accordance with this Agreement.

In the event Franchisee fails, for any reason, to procure or maintain the insurance required by this Agreement, then Franchisor has the right and authority (but not the obligation) to immediately to procure insurance and charge all costs, fees, and expenses associated with same to Franchisee, which such charges, together with a reasonable administrative fee for Franchisor's expenses in so acting, shall be immediately payable by Franchisee to Franchisor upon demand. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity.

ARTICLE 9
BRAND DEVELOPMENT AND MARKETING

Franchisor is not required to conduct any marketing on behalf of Franchisee or the System.

9.A. BRAND DEVELOPMENT FUND

At all times and from time to time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor may institute, implement, maintain, delegate and administer a brand development fund (the "Brand Development Fund"). The following shall apply to the Brand Development Fund at all times throughout the Term:

(1) Franchisee shall pay, on the Due Date, a mandatory and continuing fee to the Brand Development Fund in an amount equal to a percentage of Gross Sales (as determined and designated by Franchisor in Franchisor's Reasonable Business Judgment) for each monthly Accounting Period (the "Brand Development Fund Fee"), provided, however, Franchisee will not be required to contribute more than 2% of the Gross Sales of the Franchised Business for each monthly Accounting Period;

(2) Franchisor will provide Franchisee with written notice of the percentage of Gross Sales that Franchisee is required to contribute to the Brand Development Fund. Upon such written notice to Franchisee, the percentage of Gross Sales to be paid by Franchisee to the Brand Development Fund will be applicable for each and every monthly Accounting Period thereafter during the Term until otherwise designated by Franchisor in writing. The Brand Development Fund Fee shall be paid to Franchisor on the Due Date and in accordance with the payment terms and method set forth in Article 5.B. for the payment of Royalty Fees or as otherwise designated by Franchisor;

(3) Franchisor, in Franchisor's Reasonable Business Judgment, shall direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Development Fund, with sole discretion over the strategic direction, creative concepts, materials, and endorsements used by the Brand Development Fund, and the geographic, market, and media placement and allocation thereof. Without limiting the foregoing, the Brand Development Fund may also be utilized for evaluation and monitoring of the Business Management Systems, maintenance and upgrades to the System Website, and development of Digital Media;

(4) Franchisee agrees that the purpose of the advertising, media, marketing and activities financed by the Brand Development Fund is and shall be for the general enhancement of the System brand as associated with the Licensed Marks and general public brand recognition and awareness of the Licensed Marks. The Brand Development Fund will not be utilized to directly or indirectly market or promote the Franchised Business;

(5) Franchisee agrees that the Brand Development Fund may be used to pay various costs and expenses of Franchisor for such reasonable salaries, wages, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration, activities and/or the brand awareness goals of the Brand Development Fund including expenses incurred by Franchisor for advertising, marketing, product and service testing, product and service development, maintenance, evaluation and monitoring of the Business Management Systems, upgrades to the System Website, development of Digital Media and creative development that is internally administered or prepared by Franchisor and other marketing activities made by Franchisor, provided, however, that salary expenses for Franchisor's personnel paid by the Brand Development Fund shall be commensurate with the amount of that time spent by such personnel on Brand Development Fund matters. Franchisor shall not use contributions to the Brand Development Fund to defray any of Franchisor's general operating expenses, except for such reasonable salaries,

administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration and activities of the Brand Development Fund and creation or conduct of its marketing programs including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Brand Development Fund. Franchisor may spend in a fiscal year an amount greater or less than the aggregate contributions of all HomeSmiles Businesses to the Brand Development Fund in that year;

(6) Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Development Fund;

(7) HomeSmiles Businesses owned by Franchisor or Franchisor's affiliates are not required to pay any Brand Development Fund Fee or contribute to or make any contribution to the Brand Development Fund;

(8) Franchisee and Franchisor acknowledge and agree that (a) the Brand Development Fund is not a trust, (b) Franchisor is not a trustee or fiduciary of the Brand Development Fund, and (c) Franchisor may deposit and maintain any and all funds of the Brand Development Fund Fee in Franchisor's general accounts. Brand Development Fund Fees are not required to be segregated from other assets or accounts of Franchisor. The Brand Development Fund is not required to expend Brand Development Fund Fees in the year that they are collected and the Brand Development Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the Brand Development Fund, and Franchisor may cause the Brand Development Fund to invest any surplus for future use by the Brand Development Fund. All interest earned on monies contributed to the Brand Development Fund will be used to pay costs of the Brand Development Fund before other assets of the Brand Development Fund are expended. A summary statement of monies collected and costs incurred by the Brand Development Fund for Franchisor's immediately preceding fiscal year shall be made available to Franchisee upon Franchisee's written request. Franchisor will have the right to cause the Brand Development Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and such successor entity shall have all rights and duties of Franchisor pursuant to this Article 9.A;

(9) Although Franchisor will endeavor to utilize the Brand Development Fund to develop advertising and marketing materials and programs, Franchisor undertakes no obligation to ensure that expenditures by the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fund by HomeSmiles Businesses operating in that geographic area or that any HomeSmiles Businesses will benefit directly or in proportion to its contribution to the Brand Development Fund from the development of advertising and marketing materials. Franchisor may use the Brand Development Fund to promote or benefit any type of HomeSmiles Businesses in the System. Franchisor may use the Brand Development Fund to promote or benefit HomeSmiles Businesses located within a particular region of the United States. Franchisee agrees that Franchisee's failure to derive any such benefit will not serve as a basis for a reduction or elimination of its obligation to contribute to the Brand Development Fund. Franchisee agrees that the failure (whether with or without Franchisor's permission) of any other franchisee to make the appropriate amount of contributions to the Brand Development Fund shall not in any way release Franchisee from or reduce Franchisee's obligations under this Article 9, such obligations being separate and independent obligations of Franchisee under this Agreement. Except as expressly provided in this Article 9, Franchisor assumes no direct or indirect liability, responsibility, or obligation to Franchisee with respect to the maintenance, direction, and/or administration of the Brand Development Fund; and

(10) Franchisor, in Franchisor's Reasonable Business Judgment, may establish a council to provide guidance respecting the administration of the Brand Development Fund and marketing matters concerning the Brand Development Fund. The council shall only serve in an advisory capacity and Franchisor shall

select members of the council which may be comprised of employees of Franchisor, Franchisor, franchisees of the System and third-parties.

9.B. FRANCHISEE MARKETING SPEND

Franchisees are required to allocate a minimum annual budget for digital marketing efforts to drive customer acquisition and local brand awareness. This spend must be used for approved digital marketing initiatives, including but not limited to Google Ads, social media advertising, SEO, pay-per-click (PPC) campaigns, and other online marketing strategies that align with HomeSmiles' brand standards. The required minimum annual digital marketing spend is outlined below based on the number of territories owned:

Territories	Annual Franchisee Directed Local Marketing
1-2	$32,000
3-4	$48,00
5	$54,000
6	$60,000
7	$66,000
8	$72,000
>8	Subject to prior agreement and approval by Franchisor/Franchisee

Usage & Compliance: Franchisees must spend the required amount on digital marketing initiatives that align with the Franchisor's guidelines.

Verification & Reporting: Franchisees are required to submit documentation of their digital marketing spend to the Franchisor in June and December of each year to verify compliance with the minimum spend requirement.

Failure to Comply: If a franchisee does not meet the required spend or fails to submit verification, the Franchisor may require corrective actions or impose additional compliance measures.

Adjustments: The Franchisor reserves the right to update marketing spend requirements in future FDD amendments as necessary.

Franchisee may allocate up to $6,000 per year of their required marketing spend toward approved alternative local marketing efforts, provided such efforts comply with HomeSmiles' brand standards and receive prior written approval from the Franchisor.

Approved Alternative Marketing Strategies Include:

1. BNI Memberships & Business Networking Events
2. Community Sponsorships & Local Partnerships (e.g., real estate offices, property management companies, local business alliances)
3. Print & Direct Mail Marketing
4. Local Sponsorships & Grassroots Initiatives
5. And/or additional activities approved by Franchisor.

Approval & Compliance Process:

1. Pre-Approval Requirement - Franchisees must submit a detailed marketing proposal at least 30 days in advance of planned implementation. The proposal must outline expected costs, target audience, marketing objectives, and adherence to brand guidelines.
2. Brand Compliance - All marketing materials must comply with HomeSmiles' brand guidelines, including approved logos, colors, messaging, and design standards.
3. Proof of Execution - Franchisees must provide receipts, documentation, or proof of marketing execution within 30 days of spending. Failure to provide documentation may result in disqualification of alternative marketing expenses from counting toward the required spend.
4. Annual Usage & Rollovers - Alternative marketing funds must be used within the first calendar year and cannot be rolled over into future years.
5. Franchisor Oversight & Audits - The Franchisor reserves the right to audit marketing spend and effectiveness to ensure compliance and brand integrity.

The Franchisee directed digital marketing fees shall be spent by the Franchisee on approved local marketing and advertising of the Franchised Business. Local marketing obligations are in addition to any Brand Development Fund Fees paid to Franchisor. Amounts paid to lead generation platforms and certain other local marketing expenditures shall count towards the Franchisee directed marketing, as set forth in the Operations Manual. For any local marketing Franchisee , Franchisor will review your local marketing programs and notify you if we approve same. At the request of Franchisor, Franchisee shall provide Franchisor with on-going access to any and all data and systems that record and/or report information related to Franchisee's local marketing activities and expenditures and to provide Franchisor such other periodic reports and records as may be requested by Franchisor.

As to any additional local marketing efforts by Franchisee, Franchisor reserves the right to reject any and all marketing efforts requested by Franchisee and to prescribe all marketing, marketing media, marketing channels, promotions, copy, creative, and messaging that Franchisee may or may not use in Franchisee's marketing of the Franchised Business. Franchisee further agrees that in addition to calendar year quarterly reports, Franchisee shall provide Franchisor with monthly reports documenting Franchisee's marketing initiatives, expenses incurred, placements secured, and other metrics and financial information as designated by Franchisor.

At all times, Franchisee's marketing efforts and the distribution of each marketing channel and media engaged by Franchisee must be directly targeted to Franchisee's Operating Territory. Franchisee shall not direct or target Franchisee's marketing efforts with the purpose or effect of soliciting or attracting customers outside of Franchisee's Operating Territory. To the extent that Franchisee's marketing efforts involve a marketing medium or distribution channel that is targeted to Franchisee's Operating Territory but reaches outside of and beyond Franchisee's Operating Territory Franchisor, in Franchisor's Reasonable Business Judgment, shall have the right to direct and require Franchisee to discontinue such marketing;

9.C. ADVERTISING COOPERATIVE

At all times Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that Franchisor designates (the "Advertising Cooperative"). Franchisee agrees that Franchisor possesses the sole and exclusive right to designate any geographic area in which two or more HomeSmiles Business franchises are located as a region for the purpose of establishing an Advertising Cooperative. If Franchisee's HomeSmiles Business or Operating Territory is located within the geographic area of an Advertising Cooperative, franchisee must participate in and contribute to the Advertising Cooperative.

Franchisee agrees to the following:

(1) If Franchisor previously instituted or, in the future, institutes an Advertising Cooperative that includes, in whole or in part, Franchisee's Operating Territory or Franchisee's HomeSmiles Business Location, Franchisee shall participate in and make such on-going financial contributions to the Advertising Cooperative, as determined by the Advertising Cooperative;

(2) Franchisor may establish foundational and organizational requirements of the Advertising Cooperative including voting provisions that allows the Advertising Cooperative to make decisions based on the simple majority vote (one vote per franchisee HomeSmiles Business located within the designated area of the Advertising Cooperative) with a quorum constituting 25% of those franchisees within the Advertising Cooperative;

(3) Unless otherwise authorized and approved by Franchisor in writing, each Advertising Cooperative shall be organized for the exclusive purpose of administering marketing programs and the development of media (all subject to the review and approval of Franchisor) for use by members of the Advertising Cooperative in local or regional marketing;

(4) If at the time of execution of this Agreement an Advertising Cooperative has been established for a geographic area that includes, in whole or in part, Franchisee's HomeSmiles Business location or Operating Territory, or if such Advertising Cooperative is established during the Term of this Agreement, Franchisee shall fully participate in the Advertising Cooperative and Franchisee shall execute, at the request of Franchisor, all documents required by Franchisor and Franchisee shall become a member of the Advertising Cooperative subject to the terms of those documents;

(5) Franchisee shall contribute to the Advertising Cooperative in the amounts as determined and required by the Advertising Cooperative or, otherwise in accordance with those documents governing the operation of the Advertising Cooperative; provided, however, Franchisee's contributions to the Advertising Cooperative shall not exceed Franchisee's local minimum marketing obligations set forth in Article 9.B. of this Agreement and Franchisee's contributions to the Advertising Cooperative shall count toward satisfaction of Franchisee's minimum local marketing obligations set forth in Article 9.B.;

(6) Franchisee shall submit to the Advertising Cooperative and to Franchisor such statements and reports as may be required by the Advertising Cooperative and approved by Franchisor. All contributions to the Advertising Cooperative shall be maintained and administered in accordance with the documents governing the Advertising Cooperative. The Advertising Cooperative shall be operated solely for the purpose of collection and expenditure of the Advertising Cooperative's fees for the purpose set forth in this Article 9.C.;

(7) No marketing materials, plans, or media may be used by the Advertising Cooperative or its members without the prior written approval of Franchisor;

(8) HomeSmiles Businesses owned by Franchisor and/or Franchisor's affiliates that are located within the geographic area of the designated Advertising Cooperative are not required to make contributions to the Advertising Cooperative; and

(9) The Advertising Cooperative must comply with the rules and regulations established by Franchisor in the Operations Manual which may be modified by Franchisor from time to time.

9.D. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING

All marketing and promotion of the Franchised Business and all marketing media, campaigns, marketing channels, and efforts used by Franchisee must conform to Franchisor's standards and specifications as set forth in the Operations Manual or, as may be otherwise directed by Franchisor in writing from time to time. If Franchisee wishes to propose to Franchisor for approval or disapproval marketing or promotional efforts, campaigns, and/or media that are not presently and expressly approved and authorized by Franchisor, Franchisee shall submit a written request, including samples of all proposed marketing materials and a description of the marketing channels and distribution to Franchisor for Franchisor's approval or disapproval, that shall be at the sole discretion of Franchisor, in Franchisor's Reasonable Business Judgment. Provided that Franchisee has satisfied the written notice requirements set forth in this Article 9.D. and provided that Franchisee otherwise timely responds in writing to any and all requests by Franchisor for additional information, if Franchisor does not notify Franchisee that Franchisor disapproves the materials within 15 days from the date Franchisor receives the materials, then Franchisee may commence using the materials. However, Franchisor may still disapprove such materials by notice to Franchisee, and Franchisee must then cease using such materials upon receipt of such notice. Franchisee must not use any advertising or promotional materials that Franchisor has disapproved.

9.E. WAIVERS OR DEFERRALS

On written request from Franchisee with reasons supporting such request, Franchisor may, at Franchisor's sole discretion and on conditions Franchisor deems appropriate, temporarily waive or defer the obligations of Franchisee under the Brand Development Fund and/or, if applicable, Advertising Cooperative. In no event shall such waiver or deferral extend beyond six months. However, at the end of any waiver or deferral period, Franchisee may resubmit a request for waiver or deferral of its obligations under the Brand Development Fund and/or, if applicable, Advertising Cooperative. Under no circumstance shall Franchisor be under any obligation to grant any waiver of deferral. Franchisor may reject Franchisees request for a waiver or deferral based on any reason or no reason at all and, nevertheless grant the request of another system franchisee.

9.F. DIGITAL MEDIA AND WEBSITE PROHIBITIONS

Franchisee's use of Digital Media shall be subject to and require Franchisor's express written consent which shall and may be withheld by Franchisor for any or no reason at all. Without limitation to the foregoing, Franchisee possess no right or authority to utilize Digital Media and Franchisee agrees that Franchisor reserves all rights respecting the marketing, sale and distribution of Approved Services and Products through Digital Media. Franchisee agrees that all Digital Media and Digital Media accounts associated with and/or relating to the Franchised Business and/or the System shall, upon demand of Franchisor, be transferred to Franchisor. The foregoing shall not be interpreted or construed as permitting Franchisee to establish, designate, utilize and/or otherwise establish accounts as to Digital Media respecting and/or concerning the Franchised Business and/or the System.

9.G. NO MARKETING OUTSIDE FRANCHISEE OPERATING TERRITORY

Franchisee agrees that Franchisee's marketing and Marketing Media must be directed toward Franchisee's Operating Territory and that Franchisee shall not cause, authorize or engage in any Media Distribution to customers, potential customers and/or customer referral sources outside of Franchisee's Operating Territory, unless: (a) such Media Distribution is a joint distribution with other HomeSmiles Businesses and is authorized by Franchisor in writing; and (b) Franchisor, in Franchisor's Reasonable Business Judgment, otherwise agrees to same in writing.

ARTICLE 10
RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

10.A. INDEPENDENT CONTRACTORS

This Agreement does not create a fiduciary relationship between Franchisor and Franchise, Franchisor and Franchisee are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. The parties' relationship is strictly a franchisor and franchise relationship. Franchisee is the sole employer of the employees of the Franchised Business. Franchisee has the sole right to select, hire and discharge Franchisee's employees. Franchisee is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling and paying wages to, and withholding and paying taxes for Franchisee's employees. Franchisee, each Owner, each Spouse, and Franchisee's officers, directors, manager, agents, representatives, independent contractors and employees shall not be construed, considered, or represented as Franchisor's employees, representatives, or agents. There is no joint employer relationship between Franchisor and Franchisee or Franchisee's employees. Franchisee's compliance with all federal, state and local labor laws rules and regulations shall be exclusively determined and managed by Franchisee. To the extent that the Operations Manual includes information, specifications, procedures, criteria and/or requirements as to employees of the Franchised Business, such requirements shall be interpreted exclusively for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the Approved Services and Products, and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of "joint employer" and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

Franchisee must conspicuously identify itself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of a HomeSmiles Business under a franchise from Franchisor, and Franchisee must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as Franchisor requires.

Franchisee must not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation. Franchisee must not employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness, action, inaction, or obligation of Franchisee.

Franchisor and Franchisee shall not make any express or implied agreements, guaranties or representations, or incur any debt, in the name, or on behalf, of the other. Franchisor and Franchisee shall not represent that their relationship is anything other than franchisor and franchisee. Franchisor and Franchisee shall not be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized. Franchisor shall not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, whether or not caused by Franchisee's negligent, willful act or failure to act.

Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by Franchisee.

10.B. INDEMNIFICATION BY FRANCHISEE

Franchisee and each Owner shall indemnify, defend through counsel acceptable to Franchisor, and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisor Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigation, hearing, and/or damages arising out of, or relating to, the Franchised Business (including, without limitation, the ownership and operation of the Franchised Business), unless such loss, expense, claim, cause of action, lawsuit, liability, tax, cost, demand, proceeding, or damage is solely due to Franchisor's gross negligence, and Franchisee shall pay all of the Franchisor Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisor Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisor Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses. At the expense and risk of Franchisee and each Owner, Franchisor may elect to assume (but is not obligated to undertake) the defense and/or settlement of any action, lawsuit, proceeding, claim, or demand. Such an election by Franchisor to assume its defense shall not diminish the obligation of Franchisee and each Owner to indemnify, defend and hold harmless Franchisor. Franchisee and each Owner acknowledge and agree that the terms of this Article 10.B. shall survive the termination, expiration or Transfer of this Agreement. Franchisor Indemnified Parties are not required or obligated to seek recovery from third parties or otherwise mitigate their respective losses in order to maintain a claim against Franchisee or any Owner. Franchisee and each of the Owners agree that Franchisor's failure to pursue recovery or mitigate loss in no way reduces the amounts recoverable from Franchisee or any Owner.

10.C. INDEMNIFICATION BY FRANCHISOR

Franchisor shall indemnify, defend, and hold Franchisee and Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisee Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigation, hearing, and/or damages solely arising out of, or solely relating to, Franchisor's gross negligence in the operation of Franchisee's HomeSmiles Business that was the direct cause of any such loss, expense, liability or damage provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing, and Franchisor shall pay all of the Franchisee Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisee Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisee Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing. Franchisor agrees that the terms of this Article 10.C. shall survive the termination, expiration or Transfer of this Agreement.

ARTICLE 11
LICENSED MARKS AND SYSTEM

11.A. OWNERSHIP AND GOODWILL

Franchisee agrees that Franchisor is the owner of all right, title and interest in and to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System. Except as otherwise specifically provided in this Agreement, Franchisee further agrees that Franchisee possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System, and Franchisee's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks and/or the System by Franchisee or any of Franchisee's affiliates shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks and/or the System. Franchisee agrees that all usage of the Licensed Marks and/or the System by Franchisee, and all goodwill associated with the Licensed Marks and System, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Franchisee except for Franchisee's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of the Franchised Business, subject to the terms and conditions of this Agreement. Franchisee shall not, at any time during the Term or after the expiration, termination or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System, and at no time shall Franchisee assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System. Franchisee and each Owner shall not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System.

11.B. USE OF THE LICENSED MARKS

Franchisee agrees that the Licensed Marks shall be the sole identification of the Franchised Business. Franchisee must operate, advertise and market the Franchised Business only under the Licensed Marks as designated and specified by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee shall not use the Licensed Marks as part of its corporate or other legal name, and Franchisee shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of or challenge to Franchisee's use of any Licensed Mark, the System, or claim by any person of any rights in any Licensed Mark, System feature or component or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge or claim. Franchisor and/or its licensor has sole discretion to take any action it deems appropriate and the right to exclusively control any litigation or administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Licensed Mark. Franchisee agrees to execute all documents, render assistance and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or its licensor in any litigation or other administrative proceeding or to otherwise protect and maintain the interests of Franchisor and/or its licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct

expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding.

11.D. DISCONTINUANCE OF USE OF LICENSED MARKS

Franchisee agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Franchisee to replace, modify, substitute, and/or discontinue use of any Licensed Marks, then Franchisee shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Licensed Marks. Franchisee shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Franchisee is required to take action pursuant to instruction by Franchisor pursuant to this Article 11.D. or, if Franchisee is otherwise required to replace, modify, substitute, and/or discontinue use of any Licensed Marks, the sole liability and obligation of Franchisor to Franchisee shall be to reimburse Franchisee for the reasonable and direct costs incurred by Franchisee in complying with this obligation, which Franchisee shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

11.E. INDEMNIFICATION OF FRANCHISEE

If Franchisee is sued in a legal proceeding or is threatened with legal action and/or a notice of infringement by a third party where the claims and/or causes of action directly relate to a third party claiming trademark infringement, unfair competition, and/or trademark dilution as a result of Franchisee's use of the Licensed Marks in accordance with the terms of this Agreement and the System (the "IP Claim"), then Franchisor shall indemnify Franchisee for the reasonable and direct costs incurred by Franchisee and/or a judgment entered against Franchisee, provided: (a) Franchisee immediately notified Franchisor of the IP Claim by a written notice sent to Franchisor via priority overnight courier; (b) Franchisee provided and afforded Franchisor the absolute opportunity and right to defend against the IP Claim and to select and appoint legal counsel of Franchisor's choosing; and (c) Franchisee utilized the Licensed Marks in accordance with the terms of this Agreement and the System. Franchisee agrees that time is of the essence with respect to notifying Franchisor of the IP Claim in accordance with this Agreement, including this Article 11.E.

11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND INFORMATION

Franchisee agrees that with regard to the Franchised Business, all customer lists, including the contents and information contained in all customer lists, constitute Confidential Information and an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term, and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee, any Owner, and/or Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees relating to the development and operation of HomeSmiles Businesses and the System. Franchisee hereby assigns to Franchisor, and Franchisee agrees to procure an assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 11.F. from each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees. Franchisor shall have no obligation to tender any lump sum payment, on-going payments, or any other consideration to Franchisee, any Owner, each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees with respect to any such idea, concept, method, technique

or product. Franchisee agrees that Franchisee shall not use, or allow any other person or entity to use, any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

ARTICLE 12
RECORDS AND REPORTS

12.A. MAINTENANCE AND PRESERVATION OF RECORDS

Franchisee shall maintain during the Term and preserve for at least three years from the dates of their preparation, full, complete and accurate books, records, and accounts from the Franchised Business. Such records shall be maintained and preserved in the form and manner by Franchisor in the Operations Manual or otherwise in writing.

12.B. REPORTING OBLIGATIONS

In additional to the reporting obligations otherwise set forth in this Agreement, Franchisee agrees to the following additional reporting obligations that shall include all of the data and information requested by Franchisor, in Franchisors Reasonable Business Judgment, and as may be modified by Franchisor from time to time:

(1) Royalty and Activity Reports – on the Due Date each month, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, the Royalty and Activity Report as designated by Franchisor and in accordance with the terms of this Agreement.

(2) Monthly Financial Statements and Reports – within 30 days of the end of each calendar month Franchisee shall submit to Franchisor monthly financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. At all times Franchisee represents that the financial statements, information, and reports submitted to and/or made available to Franchisor shall be and remain true and accurate. The financial statements must be prepared in accordance with GAAP and, additionally, shall reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(3) Annual Financial Statements and Reports – within 60 days of the end of each calendar year, Franchisee shall submit to Franchisor Franchisee's annual financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. The financial statements must be prepared by a licensed CPA and in accordance with GAAP and, additionally, shall reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(4) Tax Returns – Franchisee shall provide to Franchisor, Franchisee's annual federal, state and local tax returns as same are prepared and submitted to the applicable federal, state and local entities. Said tax returns shall be submitted to Franchisor within 45 days of Franchisee or Franchisee's agent filing such returns with the applicable federal, state and local entities; and

(5) Other Reports – Franchisee shall timely submit to Franchisor, all other forms, reports, records, information, and data as Franchisor may reasonably request in writing or as otherwise set forth in the Operations Manuals.

12.C. RECORDS AND REPORTING NONCOMPLIANCE FEES

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 12 (a "Reporting Violation"), within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor a reporting non-compliance fee (the "Reporting Non-Compliance Fee") in the amount of $450-$750 for each and every failure to timely submit a report and/or record as set forth in this Article 12. The foregoing does not constitute Franchisor's consent to and/or acquiescence to Reporting Violations. Nothing contained in this Article 12.C. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

ARTICLE 13
INSPECTION AND AUDITS

13.A. FRANCHISOR'S RIGHT TO INSPECT

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to inspect Franchisee's non-residential Administrative Office, Service Vehicles and System Supplies. Franchisee shall fully cooperate with representatives of Franchisor making any inspection and permit such representatives of Franchisor to take photographs, videos, and/or recordings of the Franchised Business, operations of the Franchised Business, interview employees and customers of the Franchised Business, conduct secret-shopper inspections, and other inspections either with or without notice to Franchisee. Franchisor shall undertake reasonable efforts to minimize the impact of any inspection on the operations of the Franchised Business.

13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited by a third party, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of the Franchised Business and Franchisee. Franchisee shall maintain complete and accurate copies all such books, statements, records and supporting documents at all times at Franchisee's Administrative Office. Franchisee must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit. In the event Franchisor's examination of Franchisee's records reveals that Franchisee underreported any figure to Franchisor by more than 2%, then Franchisee shall reimburse to Franchisor, all of Franchisor's costs in connection with Franchisor's audit/examination.

ARTICLE 14
TRANSFER OF INTEREST

14.A. TRANSFER BY THE FRANCHISOR

At all times, Franchisor possesses and maintains the sole, absolute and unilateral right to Transfer and/or assign this Agreement, Franchisor's rights and obligations under this Agreement, and the Ancillary Agreements, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee or any other party. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin or otherwise restrain

Franchisor from selling, transferring, conveying, or assigning this Agreement and the Ancillary Agreements, and/or Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, to any person, entity, Corporate Entity or other third party. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign any of its rights or obligations under this Agreement and the Ancillary Agreements, in whole or in part, in Franchisor's sole discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or the Ancillary Agreements, and/or any or all of Franchisor's rights and obligations set forth in this Agreement and/or the Ancillary Agreements, to a person, an entity, Corporate Entity, or other third party, this Agreement and the Ancillary Agreements, shall survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, and/or assignee of this Agreement and/or the Ancillary Agreements and/or Franchisor's rights and obligations under this Agreement and/or the Ancillary Agreements.

14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL

Franchisee agrees, and, Franchisee represents and warrants that Franchisee's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Franchisee and each Owner. Therefore, Franchisee agrees that:

(1) No ownership interest of any Owner in Franchisee may be Transferred without the prior written consent of Franchisor;

(2) No obligations, rights or interest of Franchisee in (a) this Agreement, (b) the Franchised Business, or (c) all or substantially all of the assets of the Franchised Business may be Transferred without the prior written consent of Franchisor. This restriction shall not prohibit Franchisee from granting a mortgage, charge, lien, or security interest in the assets of the Franchised Business or this Agreement for the exclusive purpose of securing financing for the initial development (occurring prior to the Actual Opening Date) of the Franchised Business;

(3) Without limitation to the foregoing, any Transfer by Franchisee respecting and/or relating to this Agreement and/or the Franchised Business and/or assets associated with the Franchised Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (a) divorce or legal dissolution of marriage; (b) insolvency; (c) dissolution of a Corporate Entity; (d) last will and testament; (e) intestate succession; or (f) declaration of, or transfer in trust;

(4) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, but not limited to this Article 14.B. shall constitute a breach of this Agreement and shall convey to the transferee no rights or interests in this Agreement; and

(5) In the event of a Transfer of this Agreement that is approved by Franchisor, Franchisee shall not be relieved of Franchisee's obligations under this Agreement whether said obligations accrued and/or arose prior to and/or after the date of Transfer.

14.C. CONDITIONS FOR APPROVAL OF TRANSFER

Provided Franchisee and each Owner and Spouse, respectively, are in substantial compliance with this Agreement and the Ancillary Agreements, and Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Article 14.F. below, Franchisor shall not unreasonably withhold its approval of a Transfer by Franchisee or an Owner. The proposed transferee (including such assignee's owner(s) and spouse(s) if the proposed transferee is a Corporate Entity) must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate a HomeSmiles Business, and otherwise meet Franchisor's then applicable standards for franchisees as determined by Franchisor in its

sole, but reasonable discretion. Furthermore, the proposed transferee and the proposed transferee's owners and spouses may not own or operate, or intend to own or operate, a Competitive Business. Franchisee agrees that Franchisor may condition approval of a Transfer upon Franchisee's satisfaction (either before, or contemporaneously with, the effective date of the Transfer) of the following:

(1) Franchisee must provide written notice to Franchisor of the proposed Transfer of this Agreement at least 30 days prior to the Transfer, and Franchisee must have also satisfied the obligations set forth in Article 14.F below;

(2) All accrued monetary obligations of Franchisee and all other outstanding obligations to Franchisor and/or Franchisor's affiliates under this Agreement and the Ancillary Agreements must be satisfied in a timely manner, and Franchisee must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;

(3) Franchisee, each Owner, and each Spouse must not be in default or material breach of this Agreement or the Ancillary Agreements;

(4) The transferee shall be bound by all terms and conditions of this Agreement, and each owner of the transferee and their respective spouses shall personally execute the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1;

(5) All obligations of Franchisee under this Agreement and the Ancillary Agreements shall be assumed by the transferee, each individual owner of transferee, and their respective spouses in a manner satisfactory to Franchisor;

(6) Franchisee, each Owner, and each Spouse must execute the General Release attached to this Agreement as Exhibit 3 releasing Franchisor, Franchisor's affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on, or before, the effective date of the Transfer;

(7) If the proposed Transfer includes or entails the Transfer of this Agreement, substantially all of the assets of the Franchised Business, a controlling interest in Franchisee, or is one of a series of Transfers which in the aggregate Transfers substantially all of the assets of the Franchised Business or a controlling interest in Franchisee, then, at the election of Franchisor and upon notice from Franchisor to Franchisee, the transferee may be required to execute (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of the original Term of this Agreement, the then current standard form Franchise Agreement offered to new franchisees of HomeSmiles Businesses and any other agreements as Franchisor requires. Such agreements shall supersede this Agreement and its associated agreement in all respects, and the terms of Franchisor's then current agreements may differ from the terms in this Agreement, provided that such agreements shall provide for the same Royalty Fee, Advertising Contributions, and all other financial or monetary obligations established in this Agreement;

(8) The transferee, at its expense, must improve, modify, refurbish, renovate, remodel, and/or otherwise upgrade Franchisee's non-residential Administrative Office to conform to the then current standards and specifications of Franchisor, and the transferee must complete such improvements, modifications, refurbishments, renovations, remodeling, and/or upgrading within the time period Franchisor reasonably specifies;

(9) Franchisee, each Owner, and each Spouse shall remain liable for all obligations to Franchisor set forth in this Agreement;

(10) At the transferee's expense, the transferee, and the transferee's Managing Owner, managers and/or any other applicable employees of transferee's HomeSmiles Business must complete any training programs then in effect for franchisees of HomeSmiles Businesses upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;

(11) Franchisee must pay the Transfer Fee to Franchisor;

(12) Franchisor's approval of the material terms and conditions of the Transfer, and Franchisor determines in Franchisor's Reasonable Business Judgment that the price and terms of payment are not so burdensome as to be detrimental to the future operations of the Franchised Business by the transferee;

(13) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached hereto as Exhibit 2;

(14) Franchisee entering into an agreement with Franchisor agreeing to subordinate any obligations of transferee to make installment payments of the purchase price to Franchisee to the transferee's obligations to Franchisor, including, without limitation, transferee's obligations with respect to Royalty Fees and Advertising Contributions;

(15) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for franchisees as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Franchised Business;

(16) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(17) The Transfer must be made in compliance with all applicable laws;

(18) The Transfer of the Franchised Business, the lease for Franchisee's non-residential Administrative Office (if applicable), and the assets of the Franchised Business shall be made only in conjunction with a Transfer of this Agreement, approved by Franchisor in accordance with and subject to this Article 14 and the terms and conditions of this Agreement; and

(19) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against Franchisee or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER

(1) If Franchisee is an individual and not a Corporate Entity, upon the death or permanent disability of Franchisee, the executor, administrator, conservator or other personal representative of Franchisee, must appoint a manager that meets the equivalent of an Operating Manager within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability. The appointed manager (as applicable) must serve and qualify as an Operating Manager and attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's HomeSmiles Business is not being managed by a Franchisor approved Operating Manager (as applicable) within 30 days after such death or permanent

disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's HomeSmiles Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Operating Manager is able to assume the management and operation of Franchisee's HomeSmiles Business. Franchisor's appointment of a manager for Franchisee's HomeSmiles Business does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's HomeSmiles Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's HomeSmiles Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's HomeSmiles Business. Franchisor has the right to charge a reasonable fee (the "Management Service Fees") for such management services and may cease to provide management services at any time.

(2) If Franchisee is a Corporate Entity, upon the death or permanent disability of Franchisee's Managing Owner, the remaining Owners within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability, must appoint a new Managing Owner that is approved by Franchisor. The appointed Managing Owner must attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's HomeSmiles Business is not being managed by a Franchisor approved Managing Owner (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's HomeSmiles Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Managing Owner is able to assume the management and operation of Franchisee's HomeSmiles Business. Franchisor's appointment of a manager for Franchisee's HomeSmiles Business does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's HomeSmiles Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's HomeSmiles Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's HomeSmiles Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time. Notwithstanding the foregoing, if Franchisee is a Corporate Entity and the Managing Owner is the only Owner of Franchisee, then Article 14.D.(1) shall apply as if the Managing Owner were the sole individual Franchisee.

(3) Upon the death of Franchisee or any Owner, the executor, administrator, conservator or other personal representative of that deceased person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed 12 months from the date of death.

(4) If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be Transferred to any designated person, heir or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Franchisee shall be subject to the applicable terms and conditions of this Article 14, and the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's attorneys deem necessary to properly and legally document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement, personally guarantee the performance of Franchisee's obligations under this Agreement, and execute the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY

In the event Franchisee is an individual/are individuals, this Agreement may be Transferred by Franchisee to a Corporate Entity (the "Assignee Corporate Entity"), provided that: (a) Franchisee has provided Franchisor with 30 days prior written notice of the proposed Assignment of this Agreement; (b) Franchisee (individually, jointly and severally as to each individual Franchisee) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (c) the Spouse of each Franchisee (individually, jointly and severally as to each individual Spouse) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (d) Franchisee has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchise may request concerning the proposed assignment and/or Assignee Corporate Entity; and (e) Franchisee is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. Franchisee agrees that an assignment to an Assignee Corporate Entity shall not relieve Franchisee of Franchisee's individual obligations under this Agreement as such obligations existed between Franchisee and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Franchisee or an Owner desires to engage, in whole or in part, in a Transfer of Franchisee, this Agreement, Franchisee's HomeSmiles Business, Franchisee's non-residential Administrative Office, and/or Franchisee's Administrative Office, then Franchisee or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the "Offer") and submit an exact copy of the Offer to Franchisor. Franchisor shall have 30 days after receipt of the Offer to decide whether Franchisor will purchase the interest in Franchisee, Franchisee's HomeSmiles Business, Franchisee's Administrative Office, and/or Franchisee's Administrative Office for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). If Franchisor notifies Franchisee that Franchisor intends to purchase the interest within said 30 day period, Franchisee or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional 60 days to prepare for closing. Franchisor shall be entitled to receive from Franchisee or Owner (as applicable) all customary representations and warranties given by Franchisee or Owner (as applicable) as the seller of the assets and/or the ownership interest or, at Franchisor's election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or Owner (as applicable) may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Article 14.F. right of first refusal, Franchisee complies with the terms of this Article 14. However, if the sale to the purchaser is not completed within 120 days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Article 14.F. Franchisor's right of first refusal in this Article 14.F. shall not apply to any Transfer pursuant to Article 14.E. of this Agreement.

ARTICLE 15
RENEWAL OF FRANCHISE

15.A. FRANCHISEE'S RIGHT TO RENEW

Subject to Franchisee's satisfaction of the terms of this Agreement, including this Article 15, Franchisee shall possess the option to renew the franchise for Franchisee's continued license and franchised operation of the Franchised Business for up to one additional 10 year renewal term (each, a "Renewal

Term") provided that as to each Renewal Term Franchisee is in compliance with the terms of this Agreement (including any renewal Franchise Agreement) and timely complies with the renewal conditions set forth in this Article 15.

15.B. CONDITIONS FOR RENEWAL

Franchisee's renewal rights under this Article 15 are subject to and contingent upon Franchisee's satisfaction of the following conditions and criteria:

(1) Not less than 180 days prior to the expiration of the initial Term Franchisee must provide Franchisor written notice (the "Renewal Notice") of Franchisee's election to renew;

(2) At the time of delivering the Renewal Notice and at all times thereafter, Franchisee and Franchisee's Owners must be in compliance with the terms of this Agreement and all Ancillary Agreements, and without any default of this Agreement or the Ancillary Agreements;

(3) Franchisee must possess, present, and demonstrate to Franchisor and, subject to Franchisor's reasonable satisfaction, that: (a) Franchisee maintains the ability to continue to operate the Franchised Business within Franchisee's Operating Territory; and (b) Franchisee possesses the right to occupy and maintain Franchisee's non-residential Administrative Office in accordance with Franchisor's then current standards and specifications;

(4) Franchisee must satisfy the maintenance, update, and upgrade obligations as set forth in this Agreement;

(5) Franchisee pays the Renewal Fee and Franchisee agrees to, signs, and delivers to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form Franchise Agreement for the Renewal Term (the "Renewal Franchise Agreement");

(6) Franchisee's Owners and their Spouses, respectively, must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current individual guaranty agreements, and, thereby, among other things, individually and jointly guarantee the full and complete performance of the Renewal Franchise Agreement including, but not limited to, payment obligations, non-compete obligations, and restrictive covenants (the "Renewal Ancillary Agreements");

(7) Franchisee and the Owners must, prior to the Renewal Term, undertake and complete, to Franchisor's satisfaction, such additional training, if any, as designated and determined by Franchisor in Franchisor's Reasonable Business Judgment; and

(8) Franchisee and the Owners must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form of general release whereby Franchisee and Franchisee's Owners shall each fully release and discharge Franchisor, Franchisor's affiliates and it's officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, causes of action, and suits arising from and/or related to this Agreement. If local law precludes Franchisee's issuance of a general release, Franchisor at Franchisor's election, may condition renewal on Franchisee and each Owners delivery to Franchisor of an estoppel letter advising and informing Franchisor that the undersigned possesses no legal claim or cause of action against Franchisor and is not aware of any facts of circumstances involving any breach of this Agreement by Franchisor or Franchisor's agents or employees.

Failure by Franchisee, and, as applicable, each Owner and Spouse to timely comply with the foregoing

conditions shall be deemed an election by Franchisee to not renew the Franchise Agreement.

15.C. RENEWAL FRANCHISE AGREEMENT

Franchisee agrees that the Renewal Franchise Agreement and Renewal Ancillary Agreements, as determined by Franchisor in Franchisor's sole discretion, may contain terms, conditions, requirements, and rights that are materially and substantively different from those granted and contained in this Agreement.

ARTICLE 16
DEFAULTS AND REMEDIES

16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR

(1) **Defaults and Automatic Termination** – At the election of Franchisor, Franchisee shall be in default of this Agreement and this Agreement shall be automatically and immediately terminated, without notice to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances:

(a) Franchisee becomes insolvent, and/or Franchisee makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;

(b) Franchisee admits in writing Franchisee's inability to pay its debts as they mature, and/or Franchisee gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;

(c) Franchisee files a voluntary petition in bankruptcy, Franchisee is adjudicated bankrupt or insolvent, and/or Franchisee files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal and/or state law relative to bankruptcy, insolvency or similar relief for debtors;

(d) An involuntary petition in bankruptcy is filed against Franchisee and Franchisee fails to have the involuntary petition discharged within 35 days of the petition filing, and/or Franchisee seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee;

(e) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator, custodian or liquidator of Franchisee for Franchisee's business or any assets of Franchisee is filed and Franchisee consents to same;

(f) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee and such appointment or order remains for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;

(g) Franchisee initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Franchisee;

(h) This Agreement, or any of Franchisee's rights under this Agreement, is levied upon under any attachment or execution, and/or Execution is levied upon or against the Franchised Business or any assets of Franchisee, and/or a final judgment against Franchisee remains of

record or unsatisfied for 30 days or more, unless an appeal and/or bond is filed;

(i) Franchisee is dissolved;

(j) A cause of action or lawsuit to foreclose any lien or mortgage against the assets of the Franchised Business;

(k) A cause of action or lawsuit to foreclose any lien against equipment used in the operation of the Franchised Business and not dismissed within 60 days after the summons is served on Franchisee;

(l) Real or personal property of Franchisee used in the operation of the Franchised Business is sold after levy thereupon by any sheriff, marshal or other law enforcement officer; and/or

(m) Upon termination by Franchisor pursuant to Article 16.A.(2), Article 16.A.(3), or Article 16.A.(4) of this Agreement, and/or upon termination by Franchisor pursuant to Article 16.A.(3) of this Agreement.

(2) **Defaults and Automatic Termination upon Written Notice without Cure Period** – Franchisee shall be in default of this Agreement, and, this Agreement may be terminated by Franchisor, at Franchisor's sole discretion, upon written notice from Franchisor to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, with such termination effective on the date of Franchisor's notice:

(a) Franchisee, on three or more instances and/or occasions, engages, commits, and/or suffers an action, inaction, omission, event, and/or circumstance that constitutes or qualifies as a default under Articles 16.A.(3) and/or 16.A.(4) of this Agreement, irrespective of whether or not such action, inaction, omission, event, and/or circumstance is the subject of a notice of default from Franchisor to Franchisee pursuant to Articles 16.A.(3) and/or 16.A.(4) of this Agreement and irrespective of whether or not such default was timely cured and irrespective of whether or not Franchisee paid any penalties or additional fees to Franchisor;

(b) Franchisee, intentionally and knowingly, refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement with the intent of causing harm to Franchisor, the System, other System franchisee and/or customers of the Franchised Business;

(c) Franchisee intentionally, knowingly, with prior notice, and/or through negligence, at any time, develops, manages, maintains, and/or operates the Franchised Business in violation of federal, state, and/or local laws, rules, regulations, ordinances, permits, codes and/or conduct resulting in a foreseeable, immediate and/or imminent threat to the health and/or safety of any third party including customers, employees, and/or the public at large;

(d) Franchisee abandons, surrenders and/or fails to continuously and actively operate the Franchised Business, unless prevented from doing so by casualty that is the subject of Article 7.C. of this Agreement and that is cured/remedied in accordance with Article 7.C.;

(e) Franchisee, as to applicable, laws, rules and/or regulations, loses and/or fails to continuously possess, the legal right to operate Franchised Business in accordance with the terms of this Agreement and the standards, specifications, and requirements set forth in the Operations Manual and/or as otherwise communicated by Franchisor from time to time;

(f) Franchisee and/or Franchisee's Owners intentionally misrepresent and/or omit material information in any submitted application and during the application process, subject to the terms and conditions of this Agreement;

(g) As to information, records, statements, and/or data that Franchisee must maintain and/or report to Franchisor pursuant to the terms of this Agreement, the Operations Manual, or as otherwise requested by Franchisor from time to time, the information, records, statements, and/or data maintained by Franchisee and/or reported by Franchisee contains intentional inaccuracies and/or material inaccuracies that are either misleading or false;

(h) Franchisee attempts to Transfers or, purportedly attempts to Transfer, this Agreement or any of Franchisee's rights under this Agreement, without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(i) If Franchisee is a Corporate Entity, an Owner of Franchisee attempts to Transfer or, purportedly Transfers, the Owners equity interests, ownership interests, and/or rights in Franchisee without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(j) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of the contents, data and/or information contained in the Operations Manual to any third party not otherwise authorized by Franchisor;

(k) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of Confidential Information to any third party not otherwise authorized by Franchisor;

(l) Franchisee engages in any activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, HomeSmiles Businesses, the Franchised Business, and/or the reputation of the HomeSmiles brand;

(m) Franchisee, an Owner, and/or a Spouse, as applicable and whether individually or jointly, breaches or is in default of an Ancillary Agreement, and, if the applicable agreement provides for the opportunity to cure, fails to timely cure the breach or default of the Ancillary Agreement, including, without limitation, the Franchise Owner and Spouse Agreement and Guaranty;

(n) Franchisee and/or an Owner of Franchisee is convicted of a felony crime, and/or pleads guilty or nolo contendere to a felony crime;

(o) Franchisee and/or an Owner of Franchisee engages in intentionally dishonest and/or unethical conduct that, in Franchisor's Reasonable Business Judgment, results in embarrassment to Franchisor, the System, the Licensed Marks, HomeSmiles Businesses, the Franchised Business, and/or the reputation of the HomeSmiles brand;

(p) Franchisee fails to complete, to Franchisor's reasonable satisfaction, the Training Program and/or supplemental training programs designated by Franchisor;

(q) Franchisee fails, upon receiving actual or constructive notice, to: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person

to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and (3) take reasonable steps including ,notice to Franchisor and Franchisee's consultation with Franchisee's legal counsel, to prevent any person or entity from violating the terms of the Confidentiality Agreement and/or otherwise publicly disseminating Confidential Information;

(r) Franchisee misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System and/or Franchisee materially impairs the goodwill associated with the Licensed Marks, and/or Franchisee applies for registration of the Licensed Marks anywhere in the world; and/or

(s) Franchisee and/or an Owner fails to comply with Anti-Terrorism Laws or becomes listed on the Annex to Executive Order 13244.

(3) **Defaults and Automatic Termination after 10 Day Cure Period** – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 10 calendar days of Franchisor's written notice:

(a) Franchisee fails, refuses, and/or is unable to timely pay and/or satisfy the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, charge, and/or monetary obligation payable and/or due to Franchisor pursuant to the terms of this Agreement, under this Agreement, and/or any other agreement between Franchisor and Franchisee;

(b) Franchisee and/or Franchisee's affiliate fails, refuses, and/or is unable to pay and/or satisfy any payment, fee, financial obligation, charge, and/or monetary obligation payable to Franchisor and/or Franchisor's affiliates pursuant to this Agreement and/or any other agreement between or among Franchisor, Franchisor's affiliate, Franchisee and/or Franchisee's affiliate; and/or

(c) Franchisee fails or refuses, at any time, and, without legal justification as may be determined by Franchisor in Franchisor's Reasonable Business Judgment, to pay any third party supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items used by, benefitting, and/or intended to benefit the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(3) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

(4) **Defaults and Automatic Termination after 30 Day Cure Period** – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 30 calendar days of Franchisor's written notice:

(a) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement that is not otherwise a default under Articles 16.A.(1),

16.A.(2), or 16.A.(3) of this Agreement;

(b) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of any agreement, other than this Agreement, between Franchisor and Franchisee, and/or an affiliate of Franchisor and Franchisee;

(c) Franchisee fails or refuses, in accordance with the terms of this Agreement, to obtain and secure a signed lease agreement or fee simple ownership interest in an approved location for Franchisee's non-residential Administrative Office;

(d) Franchisee fails or refuses to develop and open the Franchised Business on or before the Scheduled Opening Date, in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards and specifications as communicated to Franchisee from time to time;

(e) Franchisee fails or refuses, at any time, to manage, maintain, and/or operate the Franchised Business in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards, specifications, and requirements as communicated to Franchisee from time to time;

(f) Franchisee fails or refuses, at any time, to develop, manage, maintain, and/or operate the Franchised Business in compliance with all applicable federal, state, and local laws, rules, regulations, ordinances, permits, and codes;

(g) At any time, an inspection and/or evaluation of the operations of the Franchised Business – whether by mystery shopper programs, third party inspection services, or as otherwise designated by Franchisor, and, whether or not such inspections are on notice or secret – Franchisor, in Franchisor's Reasonable Business Judgment, determines that the operations of the Franchised Business do not meet or are in violation of the operational standards and requirements set forth in this Agreement, the Operations Manual, and/or as communicated to Franchisee from time to time;

(h) Franchisee fails or refuses to timely submit to Franchisor records, reports, stored media, recordings, financial statements, books, accounts, statements, data, documentation and/or other information as required by this Agreement, as set forth in the Operations Manual, and/or as requested by Franchisor

(i) If any inspection or review of Franchisee's records, reports, books, accounts, statements, data, documentation and/or other information discloses, within any week, month, or Accounting Period selected by Franchisor, the underreporting of Franchisee's Gross Sales, and/or any other metrics or data, resulting in the underpayment, by 5% or more, of the obligations, payments, and/or fees due by Franchisee to Franchisor under the terms of this Agreement;

(j) Franchisee fails or refuses, at any time, to maintain the required insurance policies and insurance coverage required for the Franchised Business as set forth in this Agreement, and/or in the Operations Manual; and/or

(k) Franchisee fails to timely satisfy and pay all vendors, suppliers and/or contractors in connection with the development, construction, and/or establishment of the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(4) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

16.B. TERMINATION BY FRANCHISEE

If Franchisee, each Owner and Spouse (as applicable) are in full compliance with each and every term and provision of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Franchisee may terminate this Agreement in the event of the following:

(1) Franchisor does not correct the material breach within 30 days after Franchisor's receipt of Franchisee's written notice of such material breach to Franchisor; or

(2) In a case where Franchisor's material breach cannot reasonably be cured within 30 days, within 30 days of Franchisor's receipt of Franchisee's written notice of Franchisor's material breach, Franchisor shall be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Franchisee of Franchisor's current, continuing and/or planned efforts to correct the material breach within a reasonable time.

In either case, Franchisee's termination of this Agreement shall not take effect until expiration of the 30 day period set forth above and or such reasonable time period as necessary to cure the material breach, and Franchisee delivers to Franchisor a separate written notice of termination. The termination date must be at 10 days after Franchisor's receipt of Franchisee's notice of termination. Franchisee's termination of this Agreement for any reason other than as set forth in this and in compliance with this Article 16.B. shall not constitute the termination of this Agreement and shall constitute a material breach of this Agreement by Franchisee.

16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES

Franchisee agrees that Article 16.A. sets forth actions, inactions, omissions, events, and/or circumstances that, among other things, constitute, in each and every instance and subject to any applicable cure period, if any, a default of this Agreement permitting Franchisor to, among other things, terminate this Agreement and/or resulting in the automatic termination of this Agreement. The grounds constituting a default under Article 16.A. are in addition to any and all other grounds for default as may be otherwise set forth in the Franchise Agreement. In the event of an event of default of this Agreement by Franchisee under Article 16.A. or, as otherwise set forth in this Agreement, Franchisee Agrees that termination of this Agreement is not the sole or exclusive remedy of Franchisor and that Franchisor's right or remedy of termination shall be in addition to any and all other rights set forth in this Agreement, and as otherwise available to Franchisor in law or equity.

Without limitation to the foregoing, additionally, in the event of the termination of this Agreement as a result of a default or breach by Franchisee and/or, by Franchisee's Owners and/or affiliates of any Ancillary Agreements, Franchisor, in addition to any and all other rights and remedies available to Franchisor as set forth in this Agreement, and, at law and in equity, shall possess the following rights and remedies, each of which are not exclusive of the other and may be/are in conjunction with one another:

(1) To void and terminate this Agreement, and thereafter to market, sell, transfer, convey and assign the rights granted to Franchisee under this Agreement to any other person or entity in Franchisor's sole discretion and without compensation to Franchisee.

(2) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee pursuant to this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, Royalty Fees and Advertising Contributions with each and every payment and obligation to be accelerated and due immediately.

(3) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, lost revenues, profits, and fees including, but not limited to Royalty Fees, Brand Development Fund Fee, Advertising Contributions, and all other fees, revenues and/or expenses that would have been paid to Franchisor, under the terms of this Agreement and throughout the Term of this Agreement, had a breach not occurred and had Franchisor not terminated this Agreement. In calculating and determining the foregoing Franchisee agrees that in calculating and in determining such damages that it is fair and reasonable to use Franchisee's most recent calendar year Gross Sales in calculating and determining Franchisor lost revenues and fees and by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. If, however, the Franchised Business has been open and in operation for less than one calendar year, Franchisee agrees that it is fair and reasonable to use an average of HomeSmiles Business Gross Sales across the System during the year in which this Agreement was terminated and to use such average Gross Sales for the purpose of calculating and determining Franchisor lost revenues and fees and, in doing so, by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. Franchisee agrees that the foregoing is a form of liquidated damages, and that it is fair and reasonable.

(4) To hold Franchisee and Franchisee's Owners liable for all costs, fees, expenses, and/or damages incurred by Franchisor and/or suffered by Franchisor as a result of a breach or termination including, but not limited to, the recovery of reasonable attorney fees and expenses including court costs, arbitration fees, mediation fees, arbitrator fees, mediator fees, depositions and other related expenses.

(5) To enjoin, restrain, and otherwise prohibit Franchisee from operating the Franchised Business or exercising any rights granted to Franchisee under this Agreement pursuant to a court order restraining order, injunction or other means.

(6) Declaratory judgment that this Agreement and all rights granted to Franchisee under this Agreement are terminated, null and void.

(7) All other remedies and/or rights available to Franchisor as otherwise set forth in the Agreement and/or as may be otherwise available by law or equity.

In the event of a breach or default of this Agreement, should Franchisor elect, at Franchisor's sole discretion, to not terminate this Agreement, such action shall be without prejudice and without waiver of Franchisor's rights in the future. Further, at all times, and without prejudice to Franchisor's right to declare a default and, among other things, terminate this Agreement, Franchisor may: (i) temporarily or permanently suspend any existing credit arrangements or accommodations previously extended to Franchisee and/or refrain from offering or making available to Franchisee any credit arrangements or accommodations that may be offered or made available to other System franchisees; (ii) modify payment terms for approved products, supplies, or other merchandise purchased by Franchisee which may include,

without limitation, requiring cash on delivery; (iii) disqualify Franchisee from being eligible for, or from participating in, special promotion programs, rebates, and/or rebate sharing that may be offered or made available to other System franchisees; and/or (iv) refrain from providing or making available to Franchisee promotional materials or other materials developed by the Brand Development Fund and/or Advertising Cooperative.

If Franchisor does not pursue termination of this Agreement in the event of a default or breach by Franchise, and/or Franchisor accepts any royalties, payments, contributions, funds, or other monetary sums from Franchisee, such actions do not constitute a waiver or acceptance of Franchisee's default or breach, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor's such rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

16.D. GUARANTY

The payment of all payments, amounts, fees, charges and other financial obligations payable by Franchisee to Franchisor pursuant to this Agreement, and Franchisee's observance and performance of all terms and conditions of this Agreement, are guaranteed pursuant to The Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

16.E. NOTICE OF LEGAL PROCEEDINGS AGAINST FRANCHISOR

Franchisee shall give Franchisor advance written notice of Franchisee's intent to commence or otherwise institute any legal action or proceeding against Franchisor, specifying the basis for such proposed action, and Franchisee shall grant Franchisor 30 days from receipt of said notice to cure the alleged act upon which such legal action is to be based (hereinafter, the "30 Day Cure Notice"). Franchisee agrees that the 30 Day Cure Notice is a strict condition precedent to Franchisee commencing, or otherwise instituting, legal action or proceeding against Franchisor for any reason whatsoever.

ARTICLE 17
OBLIGATIONS UPON TERMINATION OR EXPIRATION

17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Without limitation as to any other Article or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Franchisee shall immediately pay to Franchisor all sums and fees due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to Royalty Fees and Advertising Contributions and all other sums and fees due from Franchisee to Franchisor and/or Franchisor affiliates and/or suppliers for products and services including, but not limited to, System Supplies.

17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM

Upon expiration, termination, or Transfer of this Agreement for any reason, Franchisee shall immediately:

(1) Permanently cease to be a franchise owner of the HomeSmiles Business that was the subject of this Agreement and cease to operate such HomeSmiles Business under the System;

(2) Refrain from directly or indirectly, holding oneself/itself out to any person or entity, or represent themselves/itself as a present or former HomeSmiles franchisee;

(3) Permanently cease to use, in any manner: (a) the System including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the Operations Manual; (b) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or constitute Franchisor's trade secrets; (c) System Supplies, including communicating with or ordering products from Franchisor's designated suppliers and vendors of System Supplies; (d) the Approved Services and Products; and (e) any other advertising, marketing, media, and any other information, documents or things associated with Franchisor, the System, the Licensed Marks, HomeSmiles Businesses, the Franchised Business, and Franchisee's former HomeSmiles Business, including, without limitation, any confidential, proprietary methods, procedures, descriptions of products, techniques, trade secrets, proprietary marks, distinctive forms, slogans, symbols, signs, stationary, advertising material, articles, logos, devices, items and all other things, tangible or intangible, associated with Franchisor, the System, the Licensed Marks, and HomeSmiles Businesses;

(4) Return to Franchisor the Operations Manual (including any and all parts, supplements, and copies of the Operations Manual), the Confidential Information (including without limitation the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Franchisee may retain Franchisee's copies of this Agreement, correspondence between Franchisor and Franchisee, but not including Confidential Information that may be contained in or attached thereto, and other documents that Franchisee needs to retain pursuant to applicable law;

(5) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud based systems, and/or servers that store, maintain, and/or provide access to the Operations Manual, Confidential Information, and all other standards, specifications of Franchisor;

(6) Immediately notify Franchisor, in writing, of any and all locations where Franchisee may have maintained and/or stored digital files and/or media containing all or parts of the Operations Manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;

(7) (a) modify and alter Franchisee's former HomeSmiles Business, Franchisee's former HomeSmiles Administrative Office, and Franchisee's Administrative Office, as reasonably necessary or otherwise required by Franchisor, to ensure that Franchisee's Administrative Office has been completely de-identified and differentiated from its former appearance to prevent any confusion by the public as to the continued existence of a HomeSmiles Business at your Administrative Office; (b) remove from Franchisee's Administrative Office all distinctive physical and structural features identifying a HomeSmiles Business and all distinctive signs, trade dress and emblems associated with the System including, without limitation, signs, trade dress, and emblems bearing the Licensed Marks; and (c) make specific additional changes to Franchisee's Administrative Office as Franchisor reasonably requests for the purpose of completely de-identifying Franchisee's former HomeSmiles Business. Franchisee shall immediately initiate the foregoing actions and complete such actions within the period of time designated by Franchisor, and Franchisee agrees that Franchisor and/or Franchisor's designated agents may enter the premises of Franchisee's Administrative Office at any time to make foregoing alterations at Franchisee's sole risk and expense. Franchisee further agrees that Franchisee's failure to timely make modifications and alterations to Franchisee's Administrative Office will cause irreparable injury to Franchisor, and Franchisee consents to the entry, at Franchisee's expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks such an order;

(8) Take all actions necessary and/or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(9) At no cost to Franchisor, take such action as may be determined by Franchisor to: (a) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; and (b) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, yellow pages telephone directories, telephone directory type listings, Web Based Media listings, accounts and log-in information used in connection with Franchisee's former HomeSmiles Business and/or otherwise associated with the System and/or the Licensed Marks, cancel Franchisee's interests in same as such cancellation may be directed by Franchisor, and effectuate, perform, honor, and comply with Franchisee's obligations under the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 5;

(10) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Article 6 of this Agreement; and

(11) Provide Franchisor, within 30 days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Franchisee has complied with the terms of this Article 17 and all other obligations under this Agreement that Franchisee must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

17.C. CONTINUING OBLIGATIONS

All obligations under this Agreement that expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding, this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature and/or terms, such obligation(s) expire.

Franchisee further agrees that in the event of a Transfer of this Agreement by Franchisee, whether or not such Transfer is authorized by Franchisor or made in violation of this Agreement, under no circumstance shall Franchisee be relieved of Franchisee's Obligations under this Agreement and under no circumstance shall each Owner and Spouse be relieved of their respective guarantees, agreements, and obligations related to, or associated with, this Agreement, including, without limitation, the guarantees, agreements, and obligations set forth in the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1. The immediately foregoing shall not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without the express written consent by Franchisor and Franchisee's compliance with this Agreement respecting any such Transfer.

ARTICLE 18
ENFORCEMENT AND CONSTRUCTION

18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS\

(1) Except as expressly provided to the contrary in this Agreement, each and every term and provision of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and provision of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term or provision of this Agreement is found by a court of competent jurisdiction, agency, or other government agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or "blue-lined" to include

as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or "blue-lined" in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

18.B. WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Franchisee's strict compliance with Franchisee's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

18.C. FORCE MAJEURE

If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God and/or labor strikes unassociated with Franchisee or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall

not excuse Franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System. Without limitation to the rights set forth in Articles 6 and 7 of this Agreement, Franchisee agrees that Franchisor may obtain such injunctive relief. Franchisee agrees that Franchisor will not be required to post a bond (other than as set forth in Article 6.H. of this Agreement) to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). The remedies available to Franchisor under Article 6.G. are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Without limitation to the foregoing Franchisee agrees that in the event of a breach of this Agreement by Franchisee respecting and/or concerning the System and/or the Licensed Marks shall cause irreparable harm to Franchisor, the System and the Licensed Marks. The foregoing shall not be interpreted to invalidate the mediation and arbitration requirements set forth in Article 18.G. of this Agreement and shall be consistent with same.

18.E. RIGHTS OF PARTIES ARE CUMULATIVE

The rights under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

18.F. GOVERNING LAW

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF CALIFORNIA SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

18.G. NON-BINDING MEDIATION AND BINDING ARBITRATION

(1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association ("AAA") in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in San Mateo County, California or, if

a mediator is not available in San Mateo County, California then at a suitable location selected by the mediator that is located closest to San Mateo County, California. Mediation shall be conducted by one mediator and if Franchisor and Franchise cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing and signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator's fee and the AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Article 18.G.(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Article 18.G.(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Article 18.G. All arbitration proceedings shall be conducted in San Mateo County, California or, if suitable AAA facilities are not available in San Mateo County, California then at a suitable AAA location selected by the arbitrator that is located closest to San Mateo County, California.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

(a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(c) The arbitrator shall render written findings of fact and conclusions of law;

(d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Articles 18.I., 18.J., 18.N, 18.O., 18.R, 18.T., and 18.X. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be descriptive or invalid;

(e) They shall each be bound to the limitation's periods set forth in Article 18.I. of this

Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;

(f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction;

(g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Article 18.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Article 18.G, Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within California and within San Mateo or the county closest to San Mateo. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

18.H. VARIANCES

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

18.I. LIMITATIONS OF CLAIMS

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO FRANCHISEE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN ARTICLES 6 AND 7 OF THIS AGREEMENT, AND FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY AND ALL CLAIMS AND/OR CAUSES OF ACTIONS ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR 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 SUCH CLAIM AND/OR CAUSE OF

ACTION, WHICHEVER OCCURS FIRST IN TIME.

18.J. WAIVER OF PUNITIVE DAMAGES

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT; PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

18.K. WAIVER OF JURY TRIAL

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

18.L. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

18.M. COMPLETE AGREEMENT

This Agreement, the documents referred to in this Agreement and the Schedules and Exhibits to this Agreement, together with the Operations Manual, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and its amendments.

18.N. ATTORNEY FEES AND EXPENSES

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

18.O. NO CLASS ACTION OR MULTI PARTY ACTIONS

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE HOMESMILES BUSINESS FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

18.P. ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

18.Q. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEE'S, OFFICERS AND/OR AUTHORIZED AGENTS

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

18.R. NON-UNIFORM AGREEMENTS

Franchisee agrees and acknowledges that Franchisor makes no representations or warranties that all other agreements with Home Smiles Franchising, LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

18.S NO RIGHT TO OFFSET

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchise to Franchisor pursuant to this Agreement, including, without limitation, the payment of Royalty Fees and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

18.T. HEADINGS

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

18.U. AUTHORITY TO EXECUTE AND BIND

Each party acknowledges, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

18.V. COUNTERPARTS, ELECTRONIC SIGNATURES, MULTIPLE COPIES

This Agreement may be executed electronically. This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement. Executed electronic or print duplicates of this Agreement, if any, and their respective signatures shall be deemed originals.

18.W. JOINT AND SEVERAL LIABILITY

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be joint and several among each and every individual and/or Corporate Entity franchisee.

18.X. RECITALS

The parties agree that the recitals and representations contained on the first page of this Agreement constitute a part of this Agreement and are hereby fully incorporated into the terms of this Agreement.

ARTICLE 19
NOTICES

All written notices and reports permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

[SIGNATURES ARE ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:
Home Smiles Franchising, LLC

By: _____
Signature

_____
Name and Title (please print)

_____
Dated

Franchisee:

_____
Signature

_____
Name (please print)

_____
Dated

Franchisee:

_____
Signature

_____
Name (please print)

_____
Dated

FRANCHISE AGREEMENT
Schedule 1
Operating Territory Acknowledgment

Franchisee's Operating Territory – Franchisee's "Operating Territory", as such term is identified and defined in the Franchise Agreement, including, but not limited to Article 1 of the Franchise Agreement, is identified, as follows:

[IF LEFT INCOMPLETE THE OPERATING TERRITORY SHALL BE DESIGNATED AND DETERMINED BY FRANCHISOR]

The foregoing Operating Territory has been determined based on negotiations initiated by Franchisee. To the extent that the foregoing description of the Operating Territory includes and/or delineates geographic or political boundaries such determinations will be considered fixed as of the Effective Date of the Franchise Agreement and will not change for the purpose of this Agreement notwithstanding a change or reorganization to such boundaries or regions. All street boundaries, if any, will be deemed to end at the street center lines unless otherwise specified above.

Franchisor:
Home Smiles Franchising, LLC

By: _____
Signature

_____
Name and Title (please print)

_____
Dated

Franchisee:

_____
Signature

_____
Name (please print)

_____
Dated

_____
Signature

_____
Name (please print)

_____
Dated

FRANCHISE AGREEMENT
Schedule 2
Franchise Fee Acknowledgment

As of the Effective Date of the Franchise Agreement, Franchisor and Franchisee agree that:

Franchisee's Operating Territory Qualifies as a: (Check appropriate box below)

☐	Single Territory Only

☐	Single Territory plus Additional Territory / Territories
Number of Additional Territories	

Initial Franchise Fee. The Initial Franchise Fee is:

$

Franchisor:
Home Smiles Franchising, LLC

By: _____
Signature

_____
Name and Title (please print)

_____
Dated

Franchisee:

_____
Signature

_____
Name (please print)

_____
Dated

_____
Signature

_____
Name (please print)

_____
Dated

FRANCHISE AGREEMENT
Schedule 3
Statement of Franchisee's Owners

Franchisee represents that the following schedule is complete and accurately identifies Franchisee's Owners, Franchisee's Managing Owner, and their respective ownership interests in Franchisee. Defined terms shall have the meanings set forth in the Franchise Agreement between Franchisor and Franchisee.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following list identifies each and every Owner of Franchisee and their respective ownership interests.		
Owner Name	**Owner Address**	**Ownership Interest Percentage**
Name of designated **Managing Owner:**		

Dated: _____

Franchisee:

_____
Signature of Franchisee

_____
Name (please print)

Dated _____

_____
Signature of Franchisee

_____
Name (please print)

Dated _____

Franchise Agreement
Exhibit 1
Owner and Spouse Agreement and Guaranty Version A and Version B

HomeSmiles

VERSION A: OWNER AND SPOUSE AGREEMENT AND OWNER GUARANTY
(TO BE USED WHEN SPOUSE IS A GUARANTOR)

This Franchise Owner and Spouse Agreement and Owner Guaranty (the "Agreement") is individually entered into by you as either an owner of _____ (hereinafter referred to as "**Franchisee**"), Franchisee, or the spouse of the owner of franchisee and is given and signed by you in favor of Home Smiles Franchising, LLC, franchisor of the HomeSmiles franchise system and in favor of Home Smiles Franchising, LLC's successors and assigns, upon the terms and conditions set forth in this Agreement. In this Agreement Home Smiles Franchising, LLC is referred to as "**us**", "**our**" or "**we**", and each individual that signs this Agreement is referred to as "**you**".

Recitals and Representations

WHEREAS, for the development and operation of a business that offers, sells and provides property maintenance services for residential and commercial properties and other services and products (the "Approved Services and Products") under the Licensed Marks (defined below) (a "HomeSmiles Business");

WHEREAS, Franchisee has entered into a HomeSmiles Business Franchise Agreement (the "Franchise Agreement") for the ownership, development and operation of a HomeSmiles Business (the "Franchised Business");

WHEREAS, you represent that you have received and have thoroughly reviewed the completed Franchise Agreement, including Schedules and Exhibits attached to the Franchise Agreement;

WHEREAS, we have recommended that you thoroughly review the Franchise Agreement, this Agreement and all exhibits and schedules to the Franchise Agreement with a lawyer selected and hired by you;

WHEREAS, you represent to us that you are either: (a) an Owner of Franchisee such that you own or control a legal, equitable or beneficial ownership or equity interest in Franchisee and/or otherwise meet the definition of an "Owner" as set forth in this Agreement; and/or (b) the "Spouse" of an Owner of Franchisee;

WHEREAS, you acknowledge that this Agreement will apply to you individually, jointly and severally with all others who sign this Agreement (including if this Agreement is signed in counterparts or electronically among other Owners and Spouses);

WHEREAS, you acknowledge that this Agreement, among other things, personally obligates you to guarantee Franchisee's obligations to us and obligates you to brand protection, confidentiality and non-competition restrictions and covenants and that you enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee; and

WHEREAS, you acknowledge that we are relying on this Agreement and that without this Agreement we would not have entered into and/or would not be simultaneously entering into the Franchise Agreement with Franchisee.

NOW THEREFORE, to induce us to enter into the Franchise Agreement and as consideration to us for entering into the Franchisee Agreement with Franchisee and other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:

1. **Recitals and Representations.**

You agree that the foregoing Recitals and Representations are true and accurate and constitute a material part of this Agreement and are hereby incorporated into the main body of this Agreement.

1. **Definitions.**

Supplementing the terms and definitions contained in the Recitals and Representations:

"**Administrative Office(s)**" refers to and means the fixed administrative offices and/or facilities from which HomeSmiles Businesses are established, operated and managed.

"**Approved Services and Products**" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean those products and services that we authorize for sale by HomeSmiles Businesses. We shall exclusively designate and determine the Approved Services and Products and we, in our Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Services and Products that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that we may make from time to time and our right to change and modify the Approved Services and Products, shall designate the Approved Services and Products that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Services and Products.

"**Business Management System**" refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by us, in our Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day-to-day sales, ordering, operations and management of the Franchised Business. We reserve the right to modify and designate alternative Business Management Systems as we determine in our Reasonable Business Judgment. Without limitation to the foregoing, the Business Management System may include: (a) multiple point of sale systems installed and maintained on-site at the Administrative Office; (b) portable tablet and/or computer systems utilized on-site when providing services to customers of the Franchised Business; (c) web based, private server based, network based and/or cloud based customer ordering systems, processing systems, production systems and/or service delivery systems; and (d) customer membership and rewards systems. The Business Management System or systems may, in whole or in part, include and utilize internet, intra-net and cloud based and accessed applications, software, databases and/or systems that require Franchisee to access such systems and information through the internet or a private network and that stores the data and information relating to the Franchised Business on off-site servers through accounts and/or servers controlled by us. At all times, we shall possess direct live access and storage based access to the Business Management System for the Franchised Business and to Franchisee's Business Management System Data.

"**Business Management System Data**" refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by us or Franchisee) into the Business Management System utilized by Franchisee; and/or (c) is recorded, stored and/or maintained by the

Business Management System in connection with the management and operations of the Franchised Business.

"**Competitive Business**" refers to and means any business that is the same as or similar to a HomeSmiles Business including, but not limited to, any business that offers and/or provides services and/or products relating to property maintenance service, gutter cleaning, exterior home or structure washing, power washing, and/or dryer vent cleaning.

"**Confidential Information**" refers to and means all of our and/or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of the Franchise Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of HomeSmiles Businesses; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by HomeSmiles Businesses; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of HomeSmiles Businesses; (d) customer lists and information related to HomeSmiles Businesses and the Franchised Business; © Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

"**Copyrights**" refers to and means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize and/or allow HomeSmiles Business franchisees to use, sell or display in connection with the development, marketing and/or operation of a HomeSmiles Business, whether as of the Effective Date or any time in the future.

"**Corporate Entity**" refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

"**Digital Media**" refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, and YouTube, and world wide web and internet based directories and local directories that refer, reference, identify, review, promote and/or relate, in any way, to HomeSmiles Businesses, the Franchised Business, the Licensed Marks, the System and/or us. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

"**Effective Date**" refers to the "Effective Date" of the Franchise Agreement as the term "Effective Date" is set forth and defined in the Franchise Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Franchise Agreement, the Effective Date shall be the date that you sign this Agreement.

"**Franchised Business**" refers to and means the HomeSmiles Business to be developed, owned and operated by Franchisee pursuant to the terms of the Franchise Agreement.

"**Franchisee's Operating Territory**" refers to and means the "Operating Territory" as such term is set forth and defined in the Franchise Agreement.

"**Franchisee's Administrative Office**" refers to and means the HomeSmiles Administrative Office from which Franchisee establishes, operates and manages the Franchised Business.

"**HomeSmiles Business**" shall have the meaning defined in the Recitals and Representations section of this Agreement and, without limitation to the Recitals and Representations section of this Agreement, the definition of "HomeSmiles Businesses", shall further include, refer to and mean: every business and all businesses owned and/or operated by us, our affiliates and/or our authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

"**Immediate Family**" refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

"**Intellectual Property**" refers to and means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

"**Know-How**" refers to means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a HomeSmiles Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"**Licensed Marks**" refers to and means the trademarks, service marks, emblems and indicia of origin, including the "HomeSmiles" trademark, the HomeSmiles logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by us in connection with the identification of HomeSmiles Businesses and the Approved Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by us in our Reasonable Business Judgment.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of HomeSmiles Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of HomeSmiles Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to our modification from time to time and based on our Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Services and Products that must be offered and sold by the Franchised Business and the System Supplies that must be exclusively utilized by the Franchised Business. Only Approved Services and Products may be offered and sold by the Franchised Business. Only System Supplies may be used by Franchisee in the operations of the Franchised Business.

"**Owner**" refers to and means collectively, individually, jointly and, as of the Effective Date: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of

Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s).

"**Prohibited Activities**" refers to and means any or all of the following: (a) owning and/or having any legal or equitable interest (whether as an individual proprietor or as an owner, partner, member or shareholder of a Corporate Entity or, in any similar capacity) in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from us (or one of our affiliates or franchisees); and/or (d) inducing any customer or client of ours (or of one of our affiliates or franchisees) or of Franchisee to any other person or business that is not a HomeSmiles Business.

"**Reasonable Business Judgment**" refers to, means, and relates to any and all decisions, actions and choices made by us concerning or relating to the Franchise Agreement, the System, HomeSmiles Businesses and the Franchised Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining operating territory markets, minimizing potential customer confusion as to the location of HomeSmiles Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. The Franchisee has agreed and, you acknowledge and agree, that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us takes precedence and prevails, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee has agreed and, you acknowledge and agree, that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment as franchisor that: (a) we possesses a legitimate interest in seeking to maximize our profits; (b) we shall not be required to consider Franchisee's or your individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Franchise Agreement and/or with regard to the System. Franchisee agreed and you agree that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for our Reasonable Business Judgment. Franchisee agreed and, you agree, that should Franchisee challenge our Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

"**Restricted Period**" refers to and means the 24 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee; ©(e) if you are the Spouse of an Owner of Franchisee, the date on which your Spouse ceases to be an Owner of Franchisee. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the 18 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the

termination of the Franchise Agreement; (c) the date on which Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee (e) if you are the Spouse of an Owner of Franchisee.

"**Restricted Territory**" refers to and means the geographic area: (a) comprising Franchisee's Operating Territory; (b) comprising a 25 mile radius surrounding Franchisee's Operating Territory; (c) comprising each of the operating territories, respectively, of other HomeSmiles Businesses that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within Franchisee's Operating Territory plus a 25 mile radius surrounding Franchisee's Operating Territory.

"**Spouse**" refers to and means, as of the Effective Date, the legal spouse of an Owner.

"**System**" refers to and means our system for the development, establishment and operation of HomeSmiles Businesses including, but not limited to: (a) the Approved Services and Products, System Supplies, and services, procedures and systems that are designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a HomeSmiles Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copy Rights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a HomeSmiles Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by us in our Reasonable Business Judgment.

"**System Supplies**" refers to and means the equipment and supplies designated by Franchisor as required for use in connection with Franchisee's HomeSmiles Business and the Approved Services and Products. Without limitation to the foregoing, the System Supplies shall include System branded, non-branded and third party branded equipment and supplies designated by Franchisor for use in the day-to-day operations of Franchisee's HomeSmiles Business including, among other things: pressure washers, water systems, drills, GoPro camera, generators, tools, ladders, hoses, Customer Vouchers, installation kits, uniforms, and other products designated by Franchisor in the Operations Manual and/or otherwise in writing and, as may be modified and supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment. System Supplies shall further include those products that Franchisor authorizes for sale to customers of Franchisee's HomeSmiles Business.

"**System Website**" refers to and means the web page and pages located on the world wide web at the www.homesmiles.com domain and shall further include all webpages and subdomains including, those that are franchisee and/or geography specific, that are a part of www.homesmiles.com, or as designated by Franchisor being associated with the URL of www.homesmiles.com and/or HomeSmiles Businesses.

"**Trade Dress**" refers to and means the HomeSmiles Business designs, images, marketing materials, packaging, branding and/or branding images which we authorize and require Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by us from time to time.

"**Transfer**" refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and/or (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee

3. Additional Acknowledgments by You.

The Recitals and Representations set forth in the beginning of this Agreement are hereby incorporated into this Agreement. In addition to the foregoing, you acknowledge and represent that:

(3a) as of the Effective Date you are an Owner and/or Spouse;

(3b) that you are signing this Agreement in your individual capacity and that you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner and/or spouse;

(3c) in your capacity as an Owner of Franchisee or as the Spouse of an Owner of Franchisee that you have and may be gaining access to, among other things, the System and Intellectual Property;

(3d) you acknowledge that all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;

(3e) you acknowledge that we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, to agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Franchisee to us; and

(3f) you acknowledge that the terms of this Agreement are fair and reasonable and that you have elected, based on your own decision, to enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee.

4. Intellectual Property, Brand Protection and Non-Competition Covenants and restrictions.

(4a) Know-How. You agree that: (i) you will not use the Know-How in any business or capacity other than the Franchised Business; (ii) you will maintain the confidentiality of the Know-How at all times; (iii) you will not make unauthorized copies of documents containing any Know-How; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How; and (v) you will stop using the Know-How immediately if you are no longer an Owner of Franchisee or your Spouse is no longer an Owner of Franchisee, as applicable. You will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Operations Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement

shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(4b) Non-Competition During Franchise Relationship. Subject to the terms and conditions of Article 5 of this Agreement, below, you represent and agree that while you are an Owner of Franchisee or while your Spouse is an Owner of Franchisee (as applicable) that you will not engage in any Prohibited Activities. You agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm the system and us.

(4c) Non-Competition After Franchise Relationship. You represent, acknowledge and agree that during the Restricted Period you will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers/clients who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(4d) Confidentiality Restrictions. You represent, acknowledge and agree that, at all times you: (i) shall not use the Confidential Information in any business or capacity other than the Franchised Business; (ii) shall maintain the confidentiality of the Confidential Information; (iii) shall not make unauthorized copies of documents containing any Confidential Information; (iv) shall take such reasonable steps as we may ask of you and/or Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) shall immediately and permanently stop using the Confidential Information upon the expiration or termination of the Franchise Agreement; (vi) shall immediately and permanently stop using the Confidential Information if you are no longer an Owner of Franchisee and/or the Spouse of an Owner; (vii) shall immediately and permanently stop using the Confidential Information upon Franchisee's Transfer of the Franchise Agreement; and (viii) shall not disclose the Confidential Information to any third party except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an opportunity for us, at our election, to app© in such action.

(4e) Immediate Family Members. You acknowledge that should you circumvent the purpose and protections (due to us) of this Agreement by disclosing Know-How to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) we will and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an immediate family member and your immediate family member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. You agree that as between you and us that you are in a better position to know if you permitted and/or provide an immediate family member with access to the Know-How. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-How. However, you may rebut this presumption by providing evidence conclusively demonstrating that you did not disclose the Know-How nor permit disclosure of the Know-How to the family member.

(4f) Reasonableness of Covenants and Restrictions. You agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of this Article 4 (Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Article 4 to ensure that the terms are enforceable applicable law.

(4g) Breach. You agree that failure to comply with these Article 4 Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions will cause irreparable harm to us and/or other HomeSmiles Business franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

5. Transfer Restrictions and Non-Competition Covenants and Restrictions.

Notwithstanding anything contained in this Agreement to the contrary, you expressly agree that if you are an Owner, and/or the Spouse of an Owner, that, prior to Transferring an Owner's equity and/or ownership interests in Franchisee that, among other things, Franchisee must notify us and obtain our written consent. Likewise, you agree that under the Franchise Agreement that prior to Franchisee's Transfer of the Franchise Agreement, among other things, Franchisee must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Article 4of this Agreement and, to induce us to enter into the Franchise Agreement with France, you agree, that:

(5a) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(5b) if you are a Spouse, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported

and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(5c) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement; and

(5d) if you are the Spouse of an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement.

6. Owner's Personal Guaranty of Franchise Agreement and Financial Obligations.

[Applicable only to Owners.] To secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours (collectively the "Ancillary Agreements") you individually, jointly and severally, and personally and unconditionally:

(6a) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Franchise Agreement;

(6b) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Ancillary Agreements;

(6c) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us pursuant to the terms of the Franchise Agreement (including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the marketing obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement);

(6d) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us and/or our affiliates under the Ancillary Agreements;

(6e) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Franchise Agreement including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the marketing obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement; and

(6f) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Ancillary Agreements.

You, as Owner, waive: (a) acceptance and notice of acceptance by us of the foregoing undertakings; (b) notice of demand for payment of any indebtedness guaranteed; (c) protest and notice of default to any party with respect to the indebtedness guaranteed; (d) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You, as Owner, agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Franchise Agreement and the Ancillary Agreements upon demand if Franchisee fails or refuses punctually to do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Franchise Agreement and the Ancillary Agreements and following the termination, expiration or Transfer of each of the Franchise Agreement and the Ancillary Agreements to the extent any financial obligations under any such Franchise Agreement and Ancillary Agreements survive such termination, expiration or Transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Franchise Agreement and/or and Ancillary Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

7. Arbitration, Consent to Jurisdiction and Venue, and Cross-Default.

Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. Without limitation to the foregoing, you agree that:

(7a) Arbitration – Except, at our option, as to any claims or disputes related to or concerning a breach of this Agreement by you that may entitle us to the award of injunctive relief, you agree that any and all disputes, controversies, and claims, arising from and/or related to this Agreement, shall be submitted to the American Arbitration Association ("AAA") for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Agreement. All arbitration proceedings shall be conducted in San Mateo County, California or, if suitable AAA facilities are not available in San Mateo County, California then at a suitable AAA location selected by the arbitrator that is located closest to San Mateo County, California.

In connection with binding arbitration, you agree that:

(i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(ii) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(iii) The arbitrator shall render written findings of fact and conclusions of law;

(iv) Except as may be otherwise required and/or prohibited by this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid; and

(v) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(7b) **Consent to Jurisdiction and Venue – You agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within California State and within San Mateo or the county closest to San Mateo. You do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, you agree that we, at our election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking our enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where you reside.**

(7c) Acknowledgment as to Cross-Default – You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us, among other things, to terminate the Franchise Agreement in accordance with the terms thereof.

8. Miscellaneous.

(8a) If either party hires an attorney or files suit against the other party in relating to and alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(8b) This Agreement will be governed by, construed and enforced under the laws of California and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(8c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(8d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(8e) You agree that we may deliver to you any notice or other communication contemplated by this

Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each undersigned has executed this Agreement as of the date set forth below.

Owner / Spouse:	**Owner / Spouse:**
Signature of Owner / Spouse	Signature of Owner / Spouse
Name (please print individual name)	Name (please print individual name)
Date	Date
Signature of Owner / Spouse	Signature of Owner / Spouse
Name (please print individual name)	Name (please print individual name)
Date	Date

Home Smiles Franchising, LLC hereby accepts the agreements of the Owner(s) hereunder.

Home Smiles Franchising, LLC

By: _____

Title: _____

VERSION B: OWNER AND SPOUSE AGREEMENT AND OWNER GUARANTY (TO BE USED WHEN SPOUSE IS NOT A FINANCIAL GUARANTOR)

OWNERS GUARANTY AGREEMENT

As a condition to the execution by Home Smiles Franchising, LLC ("we" or "us"), of a Franchise Agreement with _____ ("Franchisee"), each of the undersigned individuals ("Owners"), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, covenant and agree to be bound by this Owners Agreement ("Owners Agreement").

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20___ ("Franchise Agreement"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Guaranty Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Guaranty Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not To Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree 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 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise

any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Home Smiles Franchising, LLC
1526 Stafford Street
Redwood City, California 94063

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary,

preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

_____
(Insert Name of Owner)

_____

_____
(Insert Name of Owner)

_____

_____
(Insert Name of Owner)

_____

_____
(Insert Name of Owner)

Home Smiles Franchising, LLC hereby accepts the agreements of the Owner(s) hereunder.

Home Smiles Franchising, LLC

By: _____

Title: _____

SPOUSE'S NON-COMPETE AGREEMENT

As a condition to the execution by Home Smiles Franchising, LLC ("we" or "us"), of a Franchise Agreement with _____ ("Franchisee"), each of the undersigned individuals ("Spouses"), who constitute all of the spouses of owners of a direct or indirect beneficial interest in Franchisee, covenant and agree to be bound by this Spouse's Agreement ("Spouses Agreement").

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20___ ("Franchise Agreement"). Capitalized words not defined in this Spouses Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Spouses. Spouses are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners and spouses were not bound by the same requirements. Under the provisions of the Franchise Agreement, Spouses are required to enter into this Spouses Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Spouses will be jointly and severally liable for any breach of this Spouses Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Spouses Agreement by reference, and Spouses agree to comply with each obligation as though fully set forth in this Spouses Agreement as a direct and primary obligation of Spouses. Further, we may seek the same remedies against Spouses under this Spouses Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Spouses Agreement.

2.2 Immediate Family Members. Spouses acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Spouses also acknowledge that it would be difficult for us to prove whether Spouses disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Spouses. However, Spouses may rebut this presumption by furnishing evidence conclusively showing that Spouses did not disclose the Confidential Information to the family member.

3. Covenant Not To Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Spouses acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed.

The provisions of the Franchise Agreement governing Franchisee's restrictions on competition during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Spouses Agreement by reference, and Spouses agree to comply with and perform each such covenant as though fully set forth in this Spouses Agreement as a direct and primary obligation of Spouses. Further, we may seek the same remedies against Spouses under this Spouses Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that such covenant related to non-competition will be construed as independent of any other covenant or provision of this Spouses Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Spouses agree 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 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Spouses Agreement, without Spouses' consent (before or after any dispute arises), effective when we give Spouses written notice of this reduction. Spouses agree to comply with any covenant as so modified.

4. Guarantee. (Deleted Provision)

5. Transfers. (Deleted Provision)

6. Notices.

6.1 Method of Notice. Any notices given under this Spouses Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Spouses Agreement is:

Home Smiles Franchising, LLC
1526 Stafford Street
Redwood City, California 94063

The current address of Spouse for all communications under this Spouses Agreement is designated on the signature page of this Spouses Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Spouses Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Spouses Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Spouses Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Spouses Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Spouses Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Spouses' obligations under this Spouses Agreement. Spouses acknowledge and agree that there is no adequate remedy at law for Spouses' failure to fully comply with the requirements of this Spouses Agreement. Spouses further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Spouses' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Spouses expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Spouses Agreement, along with any contemporaneous agreements, constitutes the entire, full and complete agreements between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or verbal agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Spouses Agreement, other than those in this Spouses Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Spouses Agreement may be implied into this Spouses Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Spouses Agreement), no amendment, change or variance from this Spouses Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Spouses Agreement, and any portions thereof, will be considered severable. If any provision of this Spouses Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Spouses Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Spouses' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third Party Beneficiaries. Nothing in this Spouses Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Spouses Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Spouses Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Spouses Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Spouses Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Spouses Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Spouses Agreement is binding on the parties

and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Spouses Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Spouses Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Spouses Agreement Controls. In the event of any discrepancy between this Spouses Agreement and the Franchise Agreement directly related to the subject matter of this Spouses Agreement, this Spouses Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Spouses Agreement as of the effective date of the Franchise Agreement.

OWNERS:	**SPOUSES**
_____	_____
(Insert Name of Owner)	(Insert Name of Spouse)
_____	_____
(Insert Name of Owner)	(Insert Name of Spouse)
_____	_____
(Insert Name of Owner)	(Insert Name of Spouse)
_____	_____
(Insert Name of Owner)	(Insert Name of Spouse)

(Rev. 042418)

Home Smiles Franchising, LLC hereby accepts the agreements of the Owner(s) hereunder.

Home Smiles Franchising, LLC

By: _____

Title: _____

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE]

Confidentiality Agreement (Sample Only)

This Agreement (the "Agreement") is entered into by the undersigned ("you") in favor of:

[Insert On the Line Below Name of Franchisee that Owns and Operates the HomeSmiles Business]

_____ (hereinafter referred to as "us", "our" or "we")

Recitals and Representations

WHEREAS, we are the owners of a licensed HomeSmiles Business (hereinafter referred to as the "HomeSmiles Business") that we independently own and operate as a franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a HomeSmiles Business that is independently owned and operated by us;

WHEREAS, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our franchisor, Home Smiles Franchising, LLC is not a party to this agreement and does not own or manage the HomeSmiles Business but is an intended third party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the HomeSmiles Business.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Business Management System" refers to and means the software and/or internet or cloud based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the HomeSmiles Business.

"Business Management System Data" refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the HomeSmiles Business.

"Confidential Information" refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development,

establishment, marketing, promotion and operation of the HomeSmiles Business; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the HomeSmiles Business; (c) customer lists and information related to the HomeSmiles Business; (d) Business Management System Data; (e) current and future information contained in the HomeSmiles Operations Manual made available to the HomeSmiles Business by Home Smiles Franchising, LLC; and (f) production, supply, and service procedures that are not disclosed to the public but used by the HomeSmiles Business.

"*Digital Media*" refers to and means any interactive or static electronic document, application or media including, but not limited to, www.homesmiles.com, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the HomeSmiles Business or other HomeSmiles Business.

"Licensed Marks" refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a HomeSmiles Business, including, but not limited to, the "HomeSmiles" word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a HomeSmiles Business.

"Operations Manual" refers to and means the confidential operations manual made available to the HomeSmiles Business by our franchisor or as otherwise designated by us. The operations manual may consist of one or more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced or supplemented.

"Trade Dress" refers to and means the HomeSmiles designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the HomeSmiles Business.

3. **Your Access to Confidential Information.** In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the HomeSmiles Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

4. Protection of the Confidential Information. You agree that: (i) you will not use the Confidential Information in any business or capacity other than the HomeSmiles Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

5. Reasonableness of Covenants and Restrictions. You agree that the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.**

6. Breach. You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor Home Smiles Franchising, LLC, and other HomeSmiles franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our Franchisor Home Smiles Franchising, LLC to injunctive relief. You agree that we and/or our Franchisor Home Smiles Franchising, LLC may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

7. Miscellaneous.

(a) If we hire an attorney or files suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(c) YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.

(d) YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, HOME SMILES FRANCHISING, LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD PARTY BENEFICIARY OF THIS AGREEMENT.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

_____	_____
Individual Signature of Restricted Party	Individual Signature of Restricted Party
_____	_____
Name (please print)	Name (please print)
Date: _____	Date: _____

Franchise Agreement
Exhibit 3
General Release

GENERAL RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT:

_____, as RELEASOR, in consideration of good and valuable consideration received from:

Home Smiles Franchising, LLC [also name as additional Releasees successors and assigns of Home Smiles Franchising, LLC] , as RELEASEE,

receipt of which is hereby acknowledged, releases and discharges the RELEASEE, RELEASEE'S heirs, officers, members, agents, executors, administrators, successors and assigns, from all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, contracts, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity which against the RELEASEE, the RELEASOR, RELEASORS, heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may, have 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 RELEASE.

The words "RELEASOR" and "RELEASEE" include all releasors and releasees under this Release. This Release may not be changed orally.

IN WITNESS WHEREOF, the **RELEASOR** has hereunto set RELEASOR'S hand and seal on the date set forth below.

Releasor:

_____
Signature

_____
Name (please print)

Date _____

NOTARY SIGNATURE, SEAL AND INFORMATION: On _____before me, the undersigned, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Signature and Seal

Franchise Agreement
Exhibit 4
ACH Authorization Form

HomeSmiles

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Date:_____ Business Phone: _____

Name of Franchise: _____

Franchisee Name: _____ Contact Phone: _____

Franchisee Mailing Address: _____

_____

PLEASE COMPLETE ALL FIELDS BELOW WITH YOUR BANKING INFORMATION:

Name of Financial Institution: _____

Financial Institution Address: _____

_____

Business Checking Routing Number: _____

Business Checking Account Number: _____

Authorization:
I hereby authorize HomeSmiles Franchising, LLC ("Franchisor") and its affiliates or agents to initiate entries, including debit and credit entries, to Franchisee's account with the Bank listed above and authorize the Bank to accept and to debit or credit the amount of such entries to Franchisee's account. Each entry shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. These entries are related to the operation of the franchised business and amounts will vary, including from month to month, in accordance with the franchise agreement and all applicable fees or obligations, inclusive of any minimum or maximum amounts thereunder. Entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____

Name: _____ Federal Tax TD No: _____

Its: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK FROM THE BANK ACCOUNT

Franchise Agreement
Exhibit 5
Assignment of Telephone Numbers and Digital Media Accounts

ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS

(for the benefit of Home Smiles Franchising, LLC and its assigns)

THIS ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS (the "Assignment") is entered into between _____ (the "Assignor") and Home Smiles Franchising, LLC and its successors and assigns (the "Assignee").

WHEREAS, Assignee is the franchisor of the HomeSmiles Business franchise system (the "HomeSmiles Business Franchise System");

WHEREAS, Assignor, as franchisee, and Assignee, as franchisor, are parties to a HomeSmiles Business Franchise Agreement (the "Franchise Agreement");

WHEREAS, the term "Digital Media" shall refer to and mean any interactive or static digital document, listing, directory, application, advertisement, link, metadata, or media that is transmitted within a closed or private network, or that is connected to, in communication with, and/or networked with computers, applications, or other devices linked by communications systems, data systems, a part of the world wide web including, traditional websites, web based applications, distributed databases, including, blockchain, software applications, smart phone applications, or social media platforms such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, and YouTube, that refers, refences, identifies, reviews, promotes and/or relates, in any way, to a HomeSmiles Business, HomeSmiles Businesses, Assignor's HomeSmiles Business and/or trademarks associated with the HomeSmiles Business, the HomeSmiles Business Franchise System and/or Assignee; and

WHEREAS, in connection with Assignor's establishment and operation of a HomeSmiles Business, Assignor will be utilizing accounts, information, phone numbers and Digital Media subject to strict requirements set forth in the Franchise Agreement.

NOW THEREFORE, Assignor, in exchange for good and valuable consideration provided and paid by Assignee (receipt of which is hereby acknowledged), agrees:

1. That Assignor does hereby assign to assignee all telephone numbers, facsimile numbers, listings, domain names and Digital Media that is associated with Assignor's HomeSmiles Business including, the following (all collectively referred to as the "Media"):

(a) All phone numbers, facsimile numbers and listings that are currently, or in the future, associated with Assignor's HomeSmiles Business;

(b) The following telephone and facsimile numbers:

_____
_____; and

(c) All Digital Media, all Digital Media accounts and all Digital Media log-in information.

The foregoing shall not be construed and/or interpreted as Assignees acknowledgment and/or agreement that Assignor owns and/or possesses any ownership interests in the foregoing telephone numbers, accounts

and/or Digital Media. Any and all rights of Assignor in and to same exist subject to a limited license pursuant to the HomeSmiles Business Franchise Agreement which shall take precedence and govern. However, this Assignment is intended by Assignor and Assignee to be an instrument that may be relied upon by all third parties to authorize and permit the assignments and transfers set forth in this Assignment and to facilitate the transfer of accounts and media to within the control of Assignee. Nothing contained in this Assignment shall be used to construe nor imply that Assignor possesses any ownership interests or rights in the Digital Media and in the event of any inconsistency or conflict between this Assignment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

2. This Assignment will become effective automatically upon the termination or expiration of the Franchise Agreement for any reason. As to all third parties proof of the expiration or termination of the Franchise Agreement shall exist exclusively upon the written declaration of Assignee and Assignee's declaration shall be dispositive and not subject to challenge. Assignor acknowledges that all third parties may rely on this Assignment for the purpose of taking any and all actions to ensure that access to and control of the Media is maintained by Assignee.

UTILIZATION OF THIS ASSIGNMENT SHALL EXIST AT THE SOLE DISCRETION OF ASSIGNEE AND FOR THE SOLE BENEFIT OF ASSIGNEE.

Assignee:	**Assignor:**
Home Smiles Franchising, LLC	
_____	_____
Signature	Signature
_____	_____
Name and Title (please print)	Name (please print)
_____	_____
Dated	Dated

FRANCHISEES IN THE SYSTEM AS OF DECEMBER 31, 2024				
State	City	Franchise Owner	Business Address	Contact Info
AL	Birmingham	Blake Stewart/Rick Alexander/Chris Walker	PO Box 2231, Birmingham AL 35201	bstewart@homesmiles.com ralexander@homesmiles.com cwalker@homesmiles.com 205-609-2403
AR	Springdale	Shane Parks	11928 Churchill Downs, Springdale AR 72762	sparks@homesmiles.com 501-910-0544
CA	Bakersfield	Thomas & Amy Vigo	2020 Eye St. #17, 2700 San Emidio St. 93303	tvigo@homesmiles.com avigo@homesmiles.com 661-952-5585
	Contra Costa	Greg Hawkins	671 Ray Street, Brentwood CA 94513	ghawkins@homesmiles.com 925-430-6088
	Long Beach	Ezequiel Murillo	10833 Oxford Lane, Stanton CA 90680	emurillo@homesmiles.com 562-534-1579
	Sacramento	Adrian Gonzales Heather Gonzales	1606 Valley View Ct, Roseville CA 95661	agonzales@homesmiles.com 916-500-0490
	San Diego	Mitch Lee	3063 Chavez Rd, San Diego CA 92154	mleehomesmiles.com 619-604-3129
	San Joaquin	Ricardo Rangel	9609 Olive Street, Oakland CA 94603	rrangel@homesmiles.com 510-409-7789
	Santa Clara	Jorge Ruiz	26152 Underwood Ave, Hayward CA 94544	jruiz@homesmiles.com 650-374-5758
CO	Denver	Taylor Croom	1500 N Grant St #6404, Denver CO 80203	tcroom@homesmiles.com 901-652-0309
FL	Boca Raton	Burke Bagwell	7511 Ladson Terrace, Lake Worth FL 33467	bbagwell@homesmiles.com 561-778-1288
	South Broward	Valeria Prado	2254 SW 128th Ave, Miramar FL 33027	vprado@homesmiles.com 954-676-4425
FL	Tampa	Mark Trujillo	1559 83rd Ave N, St Petersburg FL 33702	mtrujillo@homesmiles.com 727-977-9757
GA	Atlanta	Andrew Stevenson	3260 Kensington Road, Avondale Estate GA 30002	astevenson@homesmiles.com 678-369-4834
	Gainesville	Mike & Jennifer Crews	2245 Lake Ranch Court, Gainesville, GA 30506	mcrews@homesmiles.com 404-617-8540

ID	Boise	Kimberli Telford	9902 Stony Brook Way, Middleton ID 83644	ktelford@homesmiles.com 986-223-4084
IL	Schaumburg	Charlie Shortridge Ryan Carney	1625 Freeman Rd, Hoffman Estates IL 60192	cshortridge@homesmiles.com 630-242-6030
KS	Overland Park	Joel Plaas	20204 W. 90th Terrace, Lenexa, KS 66220	jplaas@homesmiles.com 812-604-4218
LA	SE Louisiana	Jeff & Mary Birch	70380 Hwy 21 Suite 2, PMB 253, Covington LA 70433	jbirch@homesmiles.com 225-297-1801
MA	Greater Boston Area	Thomas Marshall	7 Cutter Lane, Quincy MA 02171	tmarshall@homesmiles.com 617-655-9269
MI	Ann Arbor	Jason Ksar	5358 Wildwood Dr, Ann Arbor MI 48843	jksar@homesmiles.com 734-322-0432
MO	Kansas City	Robb Loman Phoebe Loman	9218 N Virginia Ave, Kansas City MO 64155	rloman@homesmiles.com 816-641-2558
NC	Asheville	Mary Jo Hensley	103 Springhead Ct, Arden NC 28704	mjhensley@homesmiles.com 828-259-2444
	North Charlotte	Chris Klocek	9408 Rosalyn Glen Rd, Cornelius NC 28031	cklocek@homesmiles.com 704-285-8153
	North Raleigh	Ralph Brown	713 Strathwood Way, Rolesville NC 27571	rbrown@homesmiles.com 919-885-0731
	South Charlotte	Adrian Kroger	11183 McFalls Drive, Fort Mill, SC 29707	akroker@homesmiles.com 803-984-030

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FRANCHISEES IN THE SYSTEM AS OF DECEMBER 31, 2024 (continued)				
State	City	Franchise Owner	Business Address	Contact Info
NJ	Garden State	Arun Ayyagari Sam Shaha	20 Brookhill Rd, East Brunswick NJ 08816	aayyagari@homesmiles.com 848-800-6339
OH	Cincinnati	Dan Kommeth Amanda Kommeth	1235 Ridgewood Dr., Loveland OH 45140	dkommeth@homesmiles.com 513-587-6877
OR	Eugene	Ray Leipold	4048 Cherokee Dr., Springfield OR 97478	rleipold@homesmiles.com 541-706-9947
PA	SE Pennsylvania	Alan Horton	38 Saint Pauls Road, Ardmore PA 19003	ahorton@homesmiles.com 484-214-5445
PA	Pittsburgh	Jim & Carol Stokes	4615 Country Club Drive, Pittsburgh, PA 15236	jstokes@homesmiles.com 412-852-2162
SC	Aiken	Andy Olson	1745 Citation Drive, Aiken SC 29803	aolson@homesmiles.com 803-830-4472
TN	Knoxville	Brad Fleming Peggy Fleming	4510 Afton Rd., Afton TN 37616	bfleming@homesmiles.com 865-622-9885
TX	Austin	Trevor Methena	1141 Hemlen Cv, Leander TX 78641	tmethena@homesmiles.com 512-996-3390
TX	Houston 3	Darren Unger	15206 River Park Dr., Houston TX 77070	dunger@homesmiles.com 832-476-7508
TX	Central Texas	Martin Gaspar Wes Cash	63 Settlers Creek Trl, Woodway TX 76712	mgaspar@homesmiles.com 254-329-6477
TX	Northeast Tarrant County	Doug Skomer	6820 South Fork Drive, North Richland Hills TX 76182	dskomer@homesmiles.com 817-973-5393
TX	Lubbock	Kendall Boyd Lori Boyd	3525 15th Dr, Lubbock TX 79416	kboyd@homesmiles.com 806-810-3747
UT	Salt Lake City	Matt McLaughlin	1087 W. Webb Lane, Kaysville, UT 84037	mmclaughlin@homesmiles.com 530-321-4874
VA	DMV	Thiago Caldas Lady Neira	12332 Towncenter Plaza #621, Sterling VA 20164	tcaldas@homesmiles.com 703-997-4170
VA	Richmond	Jeremy Berteele	8902 Watlington Rd, Richmond VA 23229	jberteele@homesmiles.com 804-653-6959

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FRANCHISEES THAT SIGNED FRANCHISE AGREEMENTS BUT DID NOT OPEN OUTLETS AS OF DECEMBER 31, 2024			
State	City	Franchise Owner	Contact Info
AL	Huntsville	Blake Stewart Rick Alexander Chris Walker	bstewart@homesmiles.com ralexander@homesmiles.com cwalker@homesmiles.com
CA	San Carlos	Vincent Korta Brooks Baskin	vkorta@homesmiles.com bbaskin@homesmiles.com
OH	Columbus	Christopher George	cgeorge@homesmiles.com
OR	Bend	Karen Fryling	kfryling@homesmiles.com
TN	Chattanooga	Blake Stewart Rick Alexander Chris Walker	bstewart@homesmiles.com ralexander@homesmiles.com cwalker@homesmiles.com
TN	Nashville	Blake Stewart Rick Alexander Chris Walker	bstewart@homesmiles.com ralexander@homesmiles.com cwalker@homesmiles.com
TX	Pearland	Indy Chen	ichen@homesmiles.com
WI	Madison	Jonathan Soppe Anne Soppe	P.O. Box 712, Cuba City, WI 53807

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Franchise Disclosure Document
Exhibit G
List of Franchisees that Have Left the System

Franchisees That Left The System in 2024			
State	City	Franchise Owner	Contact Info
CA	Los Angeles	Ahmad Mohazzab	415-362-5857
NV	Las Vegas Metro	Gustavo Rodriguez	3307 W Lone Mountain Rd North Las Vegas, NV, 89031
OR	Portland Metro	Cameron Egger	1121 Dahlia Street Woodburn, OR 97071
CA	Inland Empire	Michael Willis	35705 Finch Ct., Wildomar CA 92595
FL	Orlando	Katelyn and Afonso Pinheiro	304 Lake Ave. #328, Maitland FL 32751
NJ	Morristown	Ryan Tuttle	304 Lake Ave. #328, Maitland FL 32751
TX	Houston	Keith Johnson	10 Sullivans Court, Missouri City TX 77459

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

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STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR HOME SMILES FRANCHISING, LLC

The following modifications are made to the Home Smiles Franchising, LLC ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20___ ("**Franchise Agreement**"). When the term "**Franchisor's Choice of Law State**" is used, it means California. When the term "Supplemental Agreements" is used, it means none.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

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

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

The franchise agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor's Choice of Law State, which is currently the state of California. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Franchisor's Choice of Law State. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

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

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

HAWAII

The following is added to the Cover Page:

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

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

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates."

2. States which have refused, by order or otherwise, to register these Franchises are:
None

3. States which have revoked or suspended the right to offer the Franchises are:
None

4. States in which the proposed registration of these Franchises has been withdrawn are:
None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 5, Initial Fees, of the FDD and Section 3A of the Franchise Agreement are revised to include the following:

We will defer the payment of the Initial Franchisee Fee owed to us, or our affiliate, by you until such time as all initial obligations owed to you under the Franchise Agreement have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

INDIANA

Item 8 of the FDD 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 in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

> Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

> No competing business for two years within the Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

> Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

> Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

> Indiana law applies to disputes covered by Indiana franchise laws; otherwise, Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

> No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Home Smiles Franchising, LLC, 1526 Stafford Street, Redwood City, California 94063, or

send a fax to Home Smiles Franchising, LLC, at (888)764-5311 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS

Item 5 and franchise agreement are amended to state: "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owned by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the first outlet opens."

Item 17 of the FDD and the Franchise Agreement are amended to state: "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."

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you 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 three years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that 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.

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

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(waiting any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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 and the outlet is opened. The franchise agreement is amended.

MICHIGAN

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

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

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

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

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

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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 five years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating

to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

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

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

> No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. Item 6 of the FDD and Section 3D of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

10. Minnesota Rule 2860.4400(J) prohibits a franchisor from requiring a franchisee to consent to the franchisor obtaining injunctive relief. As a result, the FDD and the Franchise Agreement, which require you to consent to injunctive relief, are hereby deleted from the Franchise Agreement to the extent required by Minnesota law. Also, a court will determine if a bond is required.

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

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to 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 ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. 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.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

Item 5, Initial Fees, of the FDD and Section 3A of the Franchise Agreement are revised to include the following:

We will defer the payment of the Initial Franchisee Fee owed to us, or our affiliate, by you until such time as all initial obligations owed to you under the Franchise Agreement have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement. The North Dakota Securities Department imposed this deferral requirement due to our financial condition.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials_____ Date_____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Home Smiles Franchising, LLC, 1526 Stafford Street, Redwood City, California 94063, or send a fax to Home Smiles Franchising, LLC at (888) 764-5311 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____ By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 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." The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

> "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Home Smiles, LLC for use in the Commonwealth of Virginia shall be amended as follows:

> Additional Disclosure. The following statements are added to Item 8 and Item 17.h.
>
> 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 does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

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.

WASHINGTON

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. All the following provisions will modify the Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements as amended accordingly.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a non-competition covenant is void and unenforceable against an employee, including an employee of a franchise, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a non-competition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, retraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

"Use of Franchise Brokers". The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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

The State of Washington, Department of Financial Institutions, Securities Division 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 and the franchisee if open for business.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐ California	☐ Michigan	☐ Rhode Island
☐ Hawaii	☐ Minnesota	☐ South Dakota
☐ Illinois	☐ New York	☐ Virginia
☐ Iowa	☐ North Dakota	☐ Washington
☐ Indiana	☐ Ohio	☐ Wisconsin
☐ Maryland		

Dated: _____, 20____

FRANCHISOR:

Home Smiles Franchising, LLC

By: _____

Title: _____

FRANCHISEE:

_____

_____

By: _____

Title: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

Effective Dates	
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Smiles Franchising, LLC ("we" or "us"), and you are preparing to enter into a Franchise Agreement for the operation of a HomeSmiles franchise. Please review each of the following questions carefully and provide honest responses to each question. Please circle your answer to each question and initial below to your response.

l.	True _____	False _____	I have received the Franchise Agreement and each attachment or exhibit attached to it that was provided by Home Smiles Franchising, LLC.
2.	True _____	False _____	I have received the Franchise Disclosure Document issued April 17, 2025 and each attachment or exhibit attached to it that was provided by Home Smiles Franchising, LLC.
3.	True _____	False _____	The only individual(s) from Home Smiles Franchising, LLC that I spoke to concerning the franchise were:_____ _____
4.	True _____	False _____	I had opportunity to ask questions about Home Smiles Franchising, LLC and the franchise offered as well as the information in the Franchise Disclosure Document that I received.
5.	True _____	False _____	I understand that my dealings are with Home Smiles Franchising, LLC and not with the officers, directors, employees and agents Home Smiles Franchising, LLC who act only in a representative capacity and not in an individual capacity.
6.	True _____	False _____	I understand that Home Smiles Franchising, LLC has the right to grant franchises or operate competing businesses at any location whatsoever including a location near my franchise business.

By signing the Questionnaire, you are representing that you have responded truthfully to the above questions. You understand that your answers are important to us and that we will rely on them.

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

_____ _____

FRANCHISEE/APPLICANT DATE

Home Smiles Franchising, LLC
RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If Home Smiles Franchising, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first. Under Iowa law, if applicable, Home Smiles Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise.

If we do not deliver this Disclosure Document on time of if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator identified Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: April 17, 2025

The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
Jesshill E. Love	1526 Stafford Street Redwood City, California 94063	(888) 764-5311
AJ Dumler	1526 Stafford Street Redwood City, California 94063	(888) 764-5311

I received a Disclosure Document issued on April 17, 2025 that included the following exhibits:

A. List of State Administrators	F. List of Franchisees
B. List of Agents for Service of Process	G. List of Franchisees Who Have Left the System
C. Operations Manual Table of Contents	H. State Specific Addenda
D. Financial Statements	I. State Effective Dates
E. Franchise Agreement	J. Questionnaire
K. Receipts	

Date	**Print Name**	**Signature**
Date	**Print Name**	**Signature**

Please sign this copy of the receipt, date your signature, and return it to Home Smiles Franchising, LLC, 1526 Stafford Street Redwood City, California 94063.

Home Smiles Franchising, LLC

RECEIPT

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	K. Receipts

Date	**Print Name**	**Signature**
Date	**Print Name**	**Signature**

Please sign this copy of the receipt, date your signature, and return it to Home Smiles Franchising, LLC, 1526 Stafford Street Redwood City, California 94063.