

FRANCHISE DISCLOSURE DOCUMENT

HF SYSTEM, LLC
A Florida limited liability company
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You will operate a property restoration business that provides water, storm, fire, environmental abatement, mold, and water damage restoration, rebuilding, and other specialized services using the trademark “Houzpital”.

The total investment necessary to begin the operation of a single territory Houzpital franchise ranges from \$214,675 - \$345,900. This includes \$66,675 - \$68,900 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin the operation of a Houzpital multi-unit development business ranges from \$259,300 - \$390,525, for a minimum of 3 Houzpital outlets to be developed. This includes \$111,300 - \$113,525 that must be paid to the franchisor or an affiliate.

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 the 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.**

The terms of your contract will govern your franchise relationship. Don’t 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 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 29, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit 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 Houzpital 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 Houzpital franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Addenda. See the Table of Contents for the location of the State 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 us by mediation, arbitration and litigation only in Florida. Out-of-state mediation, arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Florida than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.

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

HF SYSTEM, LLC
Franchise Disclosure Document

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- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
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ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means HF System, LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Houzpital franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a limited liability company in the State of Florida on December 30, 2020 as Atlantic Restoration of Collier County, LLC, and renamed on November 26, 2024. Our principal business address is 839 Newell Terrace, Marco Island, Florida, 34145. We do business using our trade name Houzpital and its associated design (the “Marks”). We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business. We only offer franchises which operate under the “Houzpital” trademarks, and we conduct no other business activities. We began offering franchises on November 25, 2025.

The identities and principal business addresses of our agents for service of process are Gregory Radin at 839 Newell Terrace, Marco Island, Florida, 34145 and the state agents at the state agency addresses shown on Exhibit A.

Our Parents, Predecessors and Affiliates

We have no predecessor company.

We have a parent company, Zor USA Group, LLC, a Delaware limited liability company with a principal business address of 839 Newell Terrace, Marco Island, Florida, 34145. Zor USA Group, LLC has not offered franchises in this or any other line of business previously.

We have an affiliated company, HF System IP, LLC, a Delaware limited liability company with a principal business address of 839 Newell Terrace, Marco Island, Florida, 34145. HF System IP, LLC is the owner of the Marks and has exclusively licensed use of the Marks to us. HF System IP, LLC has not offered franchises in this or any other line of business previously.

We have a second affiliated company, Zor Software, LLC, a Delaware limited liability company with a principal business address of 839 Newell Terrace, Marco Island, Florida, 34145. Zor Software, LLC, provides our franchisees with the computer system that is used for the operation of a Houzpital business. Zor Software, LLC has not offered franchises in this or any other line of business previously.

We have no other affiliate that either (i) offers franchises in any line of business or (ii) provides products or services to our franchisees.

The Franchise Offered:

We grant franchises for the right to operate a business that provides property restoration services with the integration of smart home technologies. You are required to have an office site for your inventory, equipment and supplies, which must include warehouse and office space, and you are required to have at least 2 service vehicles. You will provide services and products to customers under the “Houzpital” trademark, using our operating procedures and standards in a protected territory (the “Franchised Business”). The distinguishing characteristics of the Franchised Business include, but are not limited to, our procedures for management, training, advertising, and promotional programs, all of which may be changed, improved or further developed by us at any time (the “System”).

We have operated, through an affiliate, property restoration businesses similar to the franchise offered by this Disclosure Document since 2011. Until November 2024, our affiliate operated under the Atlantic Restoration name, and has since rebranded to Houzpital. Our affiliate currently operates in the New Britain, Connecticut area. We may operate other Houzpital concepts, including additional Houzpital businesses, in the future.

We also offer qualified individuals the right to open a minimum of three (3) Houzpital outlets in a designated area under the terms of a multi-unit development agreement. You must sign the then-current form of franchise agreement for each Franchised Business to be developed under the multi-unit development agreement, which may differ from the current Franchise Agreement included with this Disclosure Document.

Market and Competition:

The market for your Franchised Business consists of residential and commercial property owners who seek professional property restoration services at their homes or businesses. The market is well-developed. The market for our products and services is not seasonal. You will compete with other companies offering emergency restoration and cleaning services, including national, regional and local agencies, offering services similar to those offered by your Franchised Business. There are other property renovation franchises, as well as independent businesses and individual providers that may offer similar services and products.

Industry Specific Regulations:

You must comply with any state or local licensing or regulatory requirements that may apply to the Franchised Business, which may include obtaining a contractor's license, contractor's sales license, lead abatement license, asbestos abatement license, and/or mold remediation license. You must meet all local, state, or federal contracting laws that may apply to offering this Franchised Business. You should seek counsel or contact your state and local agencies for detailed information about applicable laws and regulations. There may be other laws of general applicability that could impact your operation.

During the term of your Franchised Business, you must comply with Institute of Inspection, Cleaning and Restoration Certification ("IICRC") and/or National Organization of Remediators and Microbial Inspectors ("NORMI") guidelines and specifications. More about the IICRC can be found at www.certifiedcleaners.org. More information about NORMI can be found at www.Normi.org.

You must comply with all local, state and federal laws and regulations that apply to the operation of your Franchised Business, including, among others, business operations, insurance, discrimination, and employment laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here.

ITEM 2: BUSINESS EXPERIENCE

General Counsel: Brian Zaccagnino

Brian Zaccagnino is our General Counsel, a position he has held since our company's inception. Since December 2024, Brian has served as General Counsel for our affiliate, Houzpital LLC, in New Britain, Connecticut. From April 2001 to September 2025, Brian was the managing attorney of the Law Office of Brian Zaccagnino in Southington, Connecticut.

Managing Member: Gregory Radin

Gregory Radin is our founder and Managing Member, a position he has held since our company's inception. Gregory established the Houzpital concept in New Britain, Connecticut, in 2011, and has worked exclusively since to grow the brand.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

Initial Franchise Fee

We will charge you an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement, which is included in this Disclosure Document in Exhibit B. The Initial Franchise Fee is \$59,500. The Initial Franchise Fee is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

Development Fee

We will charge you a development fee (“Development Fee”) when you sign the Multi-Unit Development Agreement, which is included in this Disclosure Document in Exhibit C.

The Development Fee is \$104,125 for a required minimum of 3 Houzpital outlets you are to develop under the Multi-Unit Development Agreement, plus \$22,312.50 for each additional Houzpital outlet you agree to develop beyond the 3 minimum outlets. The Development Fee is fully earned by us and due in lump sum when you sign the Multi-Unit Development Agreement. The Development Fee is not refundable under any circumstance.

Upon execution of the Multi-Unit Development Agreement, you also will sign a franchise agreement for your first Houzpital outlet. You will receive a \$59,500 credit from the Development Fee as payment in full of the Initial Franchise Fee due under your first franchise agreement. Upon execution of a lease for each Houzpital outlet you develop, you are required to sign our then-current franchise agreement for the next Houzpital outlet you are to develop, in accordance with your development schedule.

Upon signing the second franchise agreement in your development schedule, you will receive a credit of \$22,312.50 from the Development Fee and pay the balance of \$22,312.50 of the Initial Franchise Fee for the second franchise. Upon signing each additional franchise agreement in your development schedule, you will receive a credit of \$22,312.50 from the Development Fee and pay the balance of \$22,312.50 of the Initial Franchise Fee for each additional franchise.

From time to time, we may offer special incentive programs as part of our franchise development activities. We currently offer a discounted Initial Franchise Fee of \$49,500 for the first franchise purchase by active members and honorably discharged veterans of the U.S. Armed Forces, including a spouse or widow of an active member or honorably discharged veteran who meet our qualifications.

You must purchase your computer system from our affiliate. The cost of the computer system is \$6,675 - \$8,900 and is due and payable when you sign the Franchise Agreement. Amounts paid are not refundable.

You must pay us a Lease Review Fee of \$500 to review the lease for your proposed Houzpital office premises to confirm that it contains our required brand protection provisions. The Lease Review Fee is payable within 15 days after we consent to your proposed site, and it is not refundable.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	7% of Gross Revenue	5 th day of each calendar month	Payable to us via ACH or other means designated by us. Our military incentive provides a limited royalty reduction. See footnote 1.
Required Minimum Expenditure for Local Marketing and Advertising	3% of Gross Revenue, subject to increase to up to 5% of Gross Revenue	Monthly	Payable to third parties and/or us. All advertising must be pre-approved by us. See footnote 2.
Brand Fund Contribution	2% of Gross Revenue, subject to increase to up to 3% of Gross Revenue	5 th day of each calendar month	See footnote 3.
Warranty Claims Fund Contribution	0.25% of Gross Revenue, not to exceed \$25,000 per year	5 th day of each calendar month	See footnote 4.
System Technology Fee	\$50 per computer system per month, subject to increase by up to 10% annually on a cumulative basis.	Monthly	This fee includes technical support for current and new technology for the benefit of the System.
Relocation Fee	40% of the then-current initial franchise fee	As incurred	This fee is due if we approve your request to relocate your Franchised Business.
Advertising Cooperative	Your share of actual cost of advertising	As determined by cooperative	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Houzpital businesses in a designated geographic area. Any of our affiliate-owned Houzpital businesses may participate in an advertising cooperative, in our sole discretion.
Late Charge	\$150 per occurrence	As incurred	If you fail to pay us the Royalty Fee, Brand Fund Fee or any fees due to us, or if you fail to submit your Gross Revenue or other required report when due, we may charge you a late fee in addition to interest charges explained below.

Type of Fee	Amount	Due Date	Remarks
Interest Charge	18% per annum from due date, or maximum allowed by law	As incurred	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Insufficient Funds Fee	\$250 per occurrence	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you an Insufficient Funds Fee.
Successor Agreement Fee	10% of the then-current initial franchise fee	Before signing successor franchise agreement	Payable to us. See Item 17.
Transfer Fee	75% of the then-current initial franchise fee; however, for transfers to: (i) an existing franchisee, the transfer fee is 50% of the then-current initial franchise fee; (ii) an entity owned and controlled by the franchisee for convenience purposes or for transfers among owners that does not change management control, the transfer fee is \$1,500. You also pay any applicable fees owed by us if the proposed transferee was referred by a third-party (e.g. broker) with whom we have a referral arrangement.	Upon your request for approval of the transfer	Payable to us. See Item 17
Transfer Fee – Multi-Unit Development Agreement	\$40,000 per outlet	Upon your request for approval of the transfer	Payable to us. See Item 17
Initial Training	The cost of initial training is included in the initial franchise fee for up	As incurred. Fees for replacement trainees or additional trainees are due prior to the	You are responsible to pay all travel expenses for you and your personnel, including costs of transportation, meals and lodging.

Type of Fee	Amount	Due Date	Remarks
	to 3 individuals. The cost for additional trainees is \$400 per person.	commencement of training.	
Additional Training - Courses	Up to \$400 per person, plus the cost of travel, meals, lodging, etc.	As incurred	For mandatory training, the tuition is payable to us and is due regardless of attendance. See footnote 5.
Annual Conference	Up to \$500 per person for registration	As incurred	The registration fee is payable to us and is due regardless of attendance. See footnote 5.
Remedial Training Fee	Then-current per diem fee per trainer per day, plus the cost of travel, meals, lodging, etc. The current per diem fee is \$400.	As incurred	We may impose this fee, payable to us, if you request in-person additional training, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Interim Management Support Fee	\$2,500 per week or any portion thereof, plus up to 20% of project price of all restorations completed during the interim management period, plus all travel expenses	As incurred	We may impose this fee (in addition to all regularly occurring fees such as the Royalty Fee and Brand Fund Contributions), payable to us, if we provide virtual or on-site management of your Franchised Business. See footnote 6.
Examination of Books and Records	Cost of audit, plus related expenses	As incurred	We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Revenue, you must pay us the owing Royalty and Brand Fund Contribution, with interest, and if there is an understatement of 2% or more, you must pay to us the cost of the audit and all travel and related expenses.
Evaluation Fee	Actual cost of inspection and testing of a proposed item or vendor	As incurred	Payable to us.
Quality Assurance Services	Actual costs	As incurred	Payable to us or third-party providers. See footnote 7.

Type of Fee	Amount	Due Date	Remarks
Liquidated Damages – Default and Termination of Franchise	Up to 24 months of Royalty Fees and Brand Fund Contributions	Upon termination of the Franchise Agreement due to your default, in a lump sum	If your Franchise Agreement is terminated due to your default, you must pay us the average monthly Royalty Fee and Brand Fund Contribution payable by you for the 12 months prior to your default multiplied by the lesser of 24 months or the number of months remaining in the term of your Franchise Agreement.
Liquidated Damages – Breach of Confidentiality or Non-Competition Covenant	\$100,000, plus our attorney's fees	As incurred	Payable to us.
Insurance Reimbursement	Amount paid by us for your insurance obligations, plus a 10% administrative fee and other actual expenses	As incurred	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

¹ “Gross Revenue” includes all revenues, accounts receivable, and income from any source derived or received by you from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted by the Franchise Agreement, including but not limited, any and all other revenues received using our methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit or otherwise, with no exclusion for uncollected debt. Gross Revenue is calculated on an accrual basis of accounting. Gross Revenue does not include (a) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (b) properly documented refunds to customers, or (c) properly documented promotional discounts. If you do not report Gross Revenue for any reporting period, then we will collect 120% of the last Royalty Fee collected and settle the balance the next period in which you report Gross Revenue. You are required to set up an authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. For active members and honorably discharged veterans of the U.S. Armed Forces, including a spouse or widow of an active member or honorably discharged veteran, we reduce the royalty fee payable to 6% for the first 12 months.

² Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. You may not use social media platforms, such as Facebook, X, Bluesky, TikTok, Instagram, LinkedIn, YouTube, blogs and other networking and sharing websites, unless you first receive our written approval to do so and such use is in strict accordance with our requirements. We may collect some or all of your Local Advertising expenditure and conduct Local Advertising on your behalf, and/or we may require you to direct some or all of your minimum Local Advertising expenditures to marketing services vendor(s) we designate.

³ Brand Fund Contribution payments are due at the same time and in the same manner as Royalty Fees. You are required to set up authorization at your bank to allow us to electronically transfer funds from your bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. If you do not report Gross Revenue for the required period, then we will collect 120% of the last Brand Fund Contribution collected and settle the balance the next period in which you report sales.

⁴ Warranty Claims Fund Contribution payments are due at the same time and in the same manner as Royalty Fees and Brand Fund Contribution payments. We established and will manage this fund for the benefit of the System in order to cover the costs of customer warranty claims and related administrative costs and expenses.

⁵ We may offer from time to time, in our discretion, mandatory or optional additional training programs, which may include on-going or refresher training for up to 5 days annually and/or a national business meeting or convention for up to 10 days annually. If we require it, you must attend mandatory additional training at a location we designate. We reserve the right to impose a reasonable fee for all additional training programs, including the annual convention. In addition to tuition or attendance fees, you are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages.

⁶ In the event of your death or disability, your default of the Franchise Agreement, absence of a qualified general manager, or other reasons, in our sole discretion, we may provide interim virtual or on-site management of your Franchised Business.

⁷ We may establish quality assurance programs conducted by third-party providers, such as, by way of example only, mystery shop programs, periodic quality audits and customer surveys, to monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

⁸ You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

⁹ If you breach the Franchise Agreement, you must reimburse us any costs we incur to cure your default. You must also pay us all damages, costs and/or expenses, including reasonable attorneys' fees, we incur to enforce the terms of the Franchise Agreement or to obtain any remedy, injunctive or other relief.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (Single Unit)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ¹	\$59,500	Lump sum payment in cash or available funds	Upon signing the Franchise Agreement	Us
Initial Training Expenses ²	\$3,400 - \$6,500	As required	As required	Suppliers of transportation, lodging & meals

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Lease Review Fee	\$500	Lump sum payment in cash or available funds	Within 15 days of our consent to your proposed site	Us
Lease, Utility & Security Deposits ³	\$3,500 - \$8,500	As required	As required	Landlord, Utilities providers
Design & Architectural Fees ⁴	\$500 - \$1,000	As required	As required	Designer and/or Building Contractor
Leasehold Improvements ⁵	\$1,000 - \$3,000	As required	As required	Suppliers
Computer Systems ⁶	\$6,675 - \$8,900	Lump sum payment in cash or available funds	Upon signing the Franchise Agreement	Our affiliate
Furniture & Fixtures	\$2,300 - \$3,000	As required	As required	Suppliers
Signage	\$1,300 - \$3,000	As required	As required	Suppliers
Vehicles ⁷	\$35,000 - \$65,000	As required	As required	Supplier
Equipment – Mitigation & Abatement ⁸	\$52,000 - \$95,000	As required	As required	Suppliers
Supplies ⁹	\$5,000 - \$10,000	As required	As required	Suppliers
Business Licenses and Permits ¹⁰	\$1,500 - \$3,500	As required	Before opening, as required	Government agencies
Grand Opening Marketing	\$8,000 - \$10,000	As required	As required	Suppliers
Professional Fees ¹¹	\$2,500 - \$3,500	As required	As required	Accountant, lawyer, and/or other professional advisor
Insurance ¹²	\$7,000 - \$30,000	As required	As required	Insurer
Additional Funds – 3 months ¹³	\$25,000 - \$35,000	As required	As required	Suppliers, Employees
TOTAL: \$214,675 - \$345,900				

**YOUR ESTIMATED INITIAL INVESTMENT
(Multi-Unit – 3 Outlets)**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Fee ¹	\$104,125	Lump sum payment in cash or available funds	Upon signing the Franchise Agreement	Us
Initial Training Expenses ²	\$3,400 - \$6,500	As required	As required	Suppliers of transportation, lodging & meals

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Lease Review Fee	\$500	Lump sum payment in cash or available funds	Within 15 days of our consent to your proposed site	Us
Lease, Utility & Security Deposits ³	\$3,500 - \$8,500	As required	As required	Landlord, Utilities providers
Design & Architectural Fees ⁴	\$500 - \$1,000	As required	As required	Designer and/or Building Contractor
Leasehold Improvements ⁵	\$1,000 - \$3,000	As required	As required	Suppliers
Computer Systems ⁶	\$6,675 - \$8,900	Lump sum payment in cash or available funds	Upon signing the Franchise Agreement	Our affiliate
Furniture & Fixtures	\$2,300 - \$3,000	As required	As required	Suppliers
Signage	\$1,300 - \$3,000	As required	As required	Suppliers
Vehicles ⁷	\$35,000 - \$65,000	As required	As required	Supplier
Equipment – Mitigation & Abatement ⁸	\$52,000 - \$95,000	As required	As required	Suppliers
Supplies ⁹	\$5,000 - \$10,000	As required	As required	Suppliers
Business Licenses and Permits ¹⁰	\$1,500 - \$3,500	As required	Before opening, as required	Government agencies
Grand Opening Marketing	\$8,000 - \$10,000	As required	As required	Suppliers
Professional Fees ¹¹	\$2,500 - \$3,500	As required	As required	Accountant, lawyer, and/or other professional advisor
Insurance ¹²	\$7,000 - \$30,000	As required	As required	Insurer
Additional Funds – 3 months ¹³	\$25,000 - \$35,000	As required	As required	Suppliers, Employees
TOTAL: \$259,300 - \$390,525				

¹ Please see Item 5, which provides information about incentive programs that may offer a discount on the initial franchise fee.

² The cost of the initial training program for up to 3 individuals is included in the initial franchise fee. The chart estimates the costs for transportation, lodging, and meals for your trainees. These incidental costs are not included in the initial franchise fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation, and living expenses. The duration of the training program is approximately 10 days.

³ You must obtain a site for your Franchised Business that is acceptable to us. We anticipate that you will lease your Franchised Business and estimate that monthly rent for the leased space is approximately \$6 to \$15 per square foot, depending upon the size, condition, and location of the leased premises. This estimate is for a Houzpital outlet with at least 2,500 square feet designated as warehouse space and 1,500 square feet designated as office space. The cost of commercial space varies considerably depending upon the location

and the conditions affecting the local market for commercial property. Your landlord will likely require you to pay a security deposit equal to one month's rent or more. Your landlord may require you to pay common area maintenance charges ("CAM") or associated maintenance costs in addition to the base rent. Utility providers set the amounts of the utility deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality or utility provider from which they are being contracted. The figures in the chart include deposits that may be refundable to you at a later time. In most cases, your lease will require you to pay electric, gas, water, and other utilities directly; however, some landlords cover some utility charges through maintenance fees.

⁴ You are required to construct your Office Site according to our plans and specifications. This estimate is the range of costs that does not include special expenses for professional site development services such as architects, engineers or the like. These services are generally not necessary to incur.

⁵ These amounts are an estimate of the range of costs for leasehold improvements for a facility of approximately 4,000 square feet. The cost of construction, improvements, or building varies widely by the age, size, and configuration of the space, the existing improvements, and local construction rates. The high estimate assumes that you must construct your Office Site from empty shell space in which you have flexibility over the use of the space. The low end of the estimate assumes the space is already properly configured, needs minimal construction, and has electricity, HVAC, and plumbing already completed. The previous tenant or the landlord may have already installed certain leasehold improvements that are compatible with Franchisor's specifications thus reducing certain costs. Sometimes you may receive a construction allowance from the landlord and if so, the costs may be reduced accordingly. Until a specific site is located and evaluated, a reliable estimate of costs cannot be projected. These costs are our best estimate based on the remodeling and finish-out rates that our affiliate has experienced with our Houzpital location in Connecticut.

⁶ We require you to purchase computer systems, software and applications meeting our minimum specifications for use at your Franchised Business. You must also have internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of sales information. The cost of internet and other telecommunications equipment & services is included within this estimate. We reserve the right to change your requirements for computer hardware and software at any time. In addition to the initial investment there will ongoing monthly licensing and subscription costs to software vendors. In 2026 a proprietary software application developed by our affiliate, Zor Software, LLC, is anticipated to launch. You will be required to subscribe to this application. The application will be designed to eliminate the need to subscribe to most of the software services that you will need to use. The software application will require a monthly license fee of \$1,000.00 for a Franchisee with up to 3 users. The fee will increase if you require additional users.

⁷ You must have at least 2 service vehicles that meet our specifications for age, make, model, color, and size. You may use your existing vehicles, if each meets our specification. The high-end of the estimate above reflects a down payment on 2 vehicle purchases. Your vehicles must be branded with our wrap and outfitted with required equipment, tools, samples, and supplies.

⁸ This estimate includes all equipment to provide mitigation and abatement services.

⁹ This estimate is for the supplies necessary to begin operation of your Houzpital Franchised Business and includes chemical sponges, personal protective equipment, filters, office suppliers, hardware, tarps, boxes, bubble wrap, tape, and adhesives.

¹⁰ You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business. This estimate includes the initial cost of permits, certifications and/or licenses that may be required by laws and regulations applicable in your Territory.

¹¹ You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document and the Franchise Agreement.

¹² You must purchase the amounts and types of insurance as required by our Operations Manual from time to time (see Item 8). Factors that affect your cost of insurance include the legal requirements in your Territory, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier at or before the time of purchase. The estimate in the Table above is annual premium without employee policies.

¹³ This is an estimate of the additional funds needed to cover expected expenses that you may incur during the first three (3) months after commencing operations. The expected expenses included in this estimate are software access fees, additional inventory and supplies, and vehicle expenses, which include, but are not limited to, fuel, toll payments, parking, and maintenance. We based our estimate of additional funds on the opening experience of our affiliate-owned Houzpital business and current market prices.

We do not offer financing for any part of the initial investment.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, supplies and services that your Franchised Business must use or provide which meet our standards and requirements. You must purchase certain equipment, inventory, supplies and services from our approved suppliers or in accordance with our specifications. We maintain written lists of approved items of equipment, inventory, supplies and services (by brand name and/or by standards and specifications) and a list of approved suppliers for those items. We will update these lists periodically and issue the updated lists to all franchisees.

You must acquire your computer system from our affiliate, Zor Software, LLC. Zor Software, LLC, is the only approved supplier of this item.

Other than Zor Software, LLC, none of our officers owns any interest in any approved supplier for any product or service that you are required to purchase or lease for the operation of your Franchised Business.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes commercial general liability insurance in the amount of at least \$2,000,000 per occurrence and \$2,000,000 in the aggregate, including at least \$100,000 for damage to rented premises, at least \$2,000,000 for products liability/completed operations at least \$1,000,000 for personal and advertising injury, and at least \$10,000 for medical expense for any 1 person; before hiring any employees, worker's compensation insurance in the limits required by state law, employer liability coverage of at least \$1,000,000; and comprehensive automobile liability insurance with a combined single limit of no less than \$1,000,000 per occurrence. The Franchise Agreement also requires you to indemnify us for claims related to your Franchised Business and your defaults, and we recommend that your insurance policies contain an insured contract or contractual liability provision. Each policy must be written by a responsible carrier or carriers acceptable to us, and must name us and our respective officers, directors, partners, agents and employees as additional insured parties. Insurance costs and requirements may vary widely in different localities. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

We approve suppliers after careful review of the quality of the products they provide to us and you. Our criteria for approving items and suppliers are not available to you. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its

product or service and such other information that we may require. We reserve the right to charge you a fee equal to the actual costs of our inspection and testing. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards.

In our recent fiscal year ending December 31, 2025, neither we nor any of our affiliates has received any revenue from franchisees' required purchases or leases.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 50% of your costs to establish your Franchised Business and approximately 6% of your costs for ongoing operation.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

Although we do not do so currently, we may in the future negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section or Article in Franchise Agreement	Section or Article in Multi-Unit Development Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	8.1	Not Applicable	11
b. Pre-Opening Purchase/Leases	8.2, 11.3.1	Not Applicable	7, 11
c. Site Development & other Pre-Opening Requirements	8.1, 8.2	Article 5	11
d. Initial and Ongoing Training	Article 7	Not Applicable	11
e. Opening	8.3	Not Applicable	11
f. Fees	5.2.6, Article 6, 7.3, 7.4, 10.5.4, 11.1.3, 11.2.5, 11.3.7, 11.6, 11.7, 11.8, 12.3.1, 14.3, 15.4, 17.1.8, 18.9, 19.2	Article 4	5, 6, 7

Obligation	Section or Article in Franchise Agreement	Section or Article in Multi-Unit Development Agreement	Item in Franchise Disclosure Document
g. Compliance with Standards and Policies/Operating Manual	11.1, 11.9, 18.1.1	Not Applicable	8, 11
h. Trademarks and Proprietary Information	Article 13, 18.2, 18.3, 18.4	Not Applicable	13, 14
i. Restrictions on Products/Services Offered	11.1.3, 11.1.6, 11.6, 13.7.5	Not Applicable	8, 16
j. Warranty and Customer Service Requirements	11.1.3	Not Applicable	16
k. Territorial Development and Sales Quotas	12.2	Article 5	12
l. Ongoing Product/Service Purchases	11.1.2, 11.3.1	Not Applicable	8
m. Maintenance, Appearance and Remodeling Requirements	13.6	Not Applicable	11, 13
n. Insurance	Article 14	Not Applicable	8
o. Advertising	11.1.11, Article 12	Not Applicable	6, 11
p. Indemnification	14.6, 15.3.6, 17.7, 20.1	Article 9	8
q. Owner's Participation, Management, Staffing	10.5, 11.1.8	Not Applicable	11, 15
r. Records /Reports	11.2	Not Applicable	6
s. Inspections and Audits	11.1.9, 11.2.5	Not Applicable	6, 11
t. Transfer	Article 15	Article 6	17
u. Renewal	Article 5	Not Applicable	17
v. Post-Termination Obligations	Article 17	Section 7.4	17
w. Non-Competition Covenants	18.5	Article 8	17
x. Dispute Resolution	Article 19	Article 10	17
y. Guaranty	10.4, Attachment 7	Not Applicable	15

ITEM 10: FINANCING

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

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

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

1. Pre-Opening Obligations

Before you open your Franchised Business, we will:

- a. designate the boundaries of your territory, provide you with site selection guidelines, and approve the Office Site for your Franchised Business. We consider the following factors in approving an Office

Site: general location and neighborhood and proximity to major roads. You must secure an Office Site at a site we approve before you may commence operating. If you sign our Multi-Unit Development Agreement, we will approve the proposed site of each Houzpital outlet you develop in accordance with our then-current standards. We will not own and/or lease a site to you. You are responsible for negotiating a purchase or lease with the owner of a site we approve. Prior to signing your lease, you are required to submit it to us for our review and approval. (Franchise Agreement, Sections 8.1, 10.1 and 10.3).

- b. review your lease before you sign it. Our review is limited to brand protection provisions only. We do not review and negotiate lease terms on your behalf (Franchise Agreement, Section 8.1.3).
- c. provide you with the specifications and layout for your Office Site. (Franchise Agreement, Sections 8.1.3, 10.2)
- d. provide access to the Houzpital Operations Manual, and other manuals and training aids we designate for use in the operation of your Franchised Business, as they may be revised from time to time (Franchise Agreement, Section 9.2).
- e. provide you with a computer system pre-loaded with certain software and applications for use in your Franchised Business (Franchise Agreement, Section 9.3).
- e. provide a written list of vehicle(s), equipment, tools, signage, supplies and products that will be required to open the Franchised Business and approved or recommended vendors for these items. We do not provide, purchase, deliver, or install any of these items for you (Franchise Agreement, Section 9.3).
- f. provide initial training to you. We will determine, in our sole discretion, whether you satisfactorily complete the initial training program. (Franchise Agreement, Sections 7.1, 7.2).
- g. provide you with standards for training of your employees. We do not otherwise assist you with employee hiring and/or training (Franchise Agreement, Section 11.1.8).
- h. offer guidance with respect to pricing of goods and services sold by your Franchised Business (Franchise Agreement, Section 11.5).

2. Time to Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is between 60 to 90 days. Factors that may affect this time period include your ability to acquire financing, permits, or your vehicle, and completion of required training. If you have not opened your Franchised Business within 120 days after you sign the Franchise Agreement, you may obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time, as may be extended, is a default of the Franchise Agreement. (Franchise Agreement, Section 8.2).

3. Obligations After Opening

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs, which may include on-going or refresher training for up to 5 days annually and/or a national business meeting or convention for up to 10 days annually. If we require it, you must attend

mandatory additional training at a location we designate. We have the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference, which you must pay regardless of attendance. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes additional tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs (Franchise Agreement, Section 7.3).

- b. upon your request, or as we determine to be appropriate, provide remedial in-territory training and assistance. For any in-territory remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging. The current fee is \$400 per trainer per day of in-territory training (Franchise Agreement, Section 7.4).
- c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conferencing, email or postal service, subject at all times to availability of our personnel (Franchise Agreement, Section 7.5).
- d. from time to time, as may become available, provide you with templates, samples or digital artwork of advertising and promotional materials (Franchise Agreement, Section 9.5).
- e. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your services and products to ensure that they meet our standards (Franchise Agreement, Section 11.1.9).
- f. provide you with any written specifications for required equipment, products and services and updated lists of any approved suppliers of these items (Franchise Agreement, Section 9.6).
- g. offer guidance with respect to pricing of goods and services sold by your Franchised Business (Franchise Agreement, Section 11.5).
- h. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within 10 business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten business days, the proposed material and/or campaign is deemed "disapproved" (Franchise Agreement, Section 12.6).
- i. administer a Brand Fund and conduct other marketing activities, in our discretion (Franchise Agreement, Sections 9.9 and 12.3).
- j. administer a Warranty Claims Fund (Franchise Agreement, Section 11.1.3).

4. **Advertising**

We will conduct advertising and other brand development activities on behalf of the System through the System-wide Brand Fund, which is described below. We do not provide placement of local advertising for you. We have no obligation to conduct any advertising or spend any amount in the area where your Franchised Business is located.

Local Advertising (Franchise Agreement, Sections 12.2, 12.5 and 12.6)

At your option, you may develop your own advertising materials at your own cost, and you may use marketing templates that we may offer; however, you cannot use any advertising or marketing materials, even if they are based on our templates, unless they have been approved in advance in writing by us, which

approval may be withheld at our discretion. We will respond to your request for approval of proposed advertising, which must also include the proposed media and advertising duration, within 10 business days; however, if we do not respond within 10 business days, the proposed advertising or marketing material is deemed “disapproved”. Our approval will be limited to the specific form, color, content, media, and time period requested and/or agreed upon by us. If you want to modify previously approved advertising material, or the media or duration of the advertising, or if you want to re-use previously approved advertising material in the same or different media for an additional time period, you must submit a new approval request to us.

You must list the Franchised Business in local business directories and internet search engines. If feasible, you may do cooperative advertising with other Beach Hut franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, X, Bluesky, Instagram, LinkedIn, YouTube, Threads, Tik Tok, or any other social media and/or networking site, except with our prior approval and in accordance with our specifications.

Brand Fund (Franchise Agreement, Section 12.3)

You are required to contribute a minimum of 2% your Gross Revenue monthly to our systemwide Brand Fund. We reserve the right to increase this amount to 3% of Gross Revenue. Each Houzpital business operated by our affiliates or us may, but is not obligated to, contribute to the Brand Fund on the same basis as System franchisees.

The Brand Fund is administered by our accounting and marketing personnel. We may use Brand Fund contributions to pay any and all costs for developing, producing and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars, and training programs of every kind and nature, through any media we determine; customer and franchise system satisfaction surveys; conducting marketing research and employing advertising agencies; developing, enhancing and maintaining our website, social media platforms, apps, and other technology for the benefit of the Brand image and/or Systemwide improvements; and staff salaries and other personnel and departmental costs for advertising that we internally administer or prepare.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we have the right to use the Brand Fund for public relations, to explain the franchise system, and/or include “Franchises Available” or similar language and contact information in advertising produced with Brand Fund contributions.

The Brand Fund collects and expends contributions for the benefit of the System as a whole. We have the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, internet and direct-mail campaigns. We have no obligation, however, to use the Brand Fund to place advertising or conduct marketing campaigns in any particular area, including the geographical area where your Franchised Business is located.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund.

The Brand Fund is not audited. An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry forward any surplus or deficit to the next fiscal year. Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

No Brand Fund contributions were required, made or expended in our most recently concluded fiscal year.

Regional Advertising (Franchise Agreement, Section 12.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Houzpital businesses in a designated geographic area. Our affiliate-owned Houzpital businesses may participate in a regional cooperative, in our sole discretion. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents. Currently, there are no governing documents available for your review.

If we establish a regional advertising fund or cooperative, you must contribute amounts equal to your share of the total cost of cooperative advertising. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund; however, contributions we require you to make to a regional advertising fund or cooperative will be credited against up to 50% of your required expenditures for local advertising.

Advertising Council (Franchise Agreement, Section 11.9)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies, in an advisory capacity only. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance, and franchise profitability. We reserve the right to change or dissolve the council at any time.

5. **Computer Systems** (Franchise Agreement, Section 11.3)

You must purchase and use the computer system ("Computer System") we specify, and have the latest versions of hardware, software and applications to operate the Computer System. The Computer System performs a variety of functions, including appointment scheduling, payment processing, inventory management, project management, client relations management, and sales report generation.

You are required to use all software and applications that we specify and pay any subscription or access fees associated with them. The current cost to purchase the required Computer System is \$6,675 - \$8,900. The current required software/applications are: Xactimate to estimate the cost of repairs and restoration; DocuSketch for sketches and floor plans; CompanyCam to manage job site documentation and communication; and QuickBooks for bookkeeping. The ongoing access fees for these software/applications is approximately \$1,100 per month, subject to increase by the vendors.

You will be required to use our proprietary software application once it is commercially available. We may in the future establish or modify the sales reporting systems as we deem appropriate for the accurate and expeditious reporting of Gross Revenue, and you must fully cooperate in implementing any such system at your expense.

We have no obligation to maintain, repair, update or upgrade your computer hardware and software. There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. At your cost, you must provide on-going maintenance and repairs to your hardware and software. You must upgrade your computer as necessary to operate the most current version of our required software and applications or any replacements thereto. We cannot estimate the cost of maintaining,

updating and upgrading your computer hardware and software because it will depend on the make and model of your hardware, required updates to operate our current management and payment processing applications, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

The Computer System allows us to independently and remotely access all of your sales data, including your Gross Revenue, through the internet. There are no contractual limitations on our right to have full access to this information. We may retrieve, download, analyze and store such information and data at any time. We own all customer and financial data stored in the Computer System.

6. **Table of Contents of Operations Manual**

The Table of Contents of our operations manual, current as of the date of this Disclosure Document is attached as Exhibit E. The operations manual has a total of 336 pages.

7. **Training** (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or your owners (if the franchisee is a business entity) must complete our initial training program, to our satisfaction, no later than 60 days after signing the Franchise Agreement. We will train you remotely, through teleconference and/or web-based applications, and at our affiliate-owned outlet in New Britain, Connecticut, or at another location we specify.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Houzpital Orientation: History, Philosophy, Mission, Vision, & Core Values	1	0	Virtual Classroom and New Britain, CT
Pre-Opening Procedures	2	2	Virtual Classroom and New Britain, CT
People Development	1	0	Virtual Classroom and New Britain, CT
Marketing & Advertising	4	4	Virtual Classroom and New Britain, CT
Technology, Applications, and Programs	4	2	Virtual Classroom and New Britain, CT
Daily Operating Procedure	4	2	Virtual Classroom and New Britain, CT
Property Damage Restoration/Environmental	14	16	Virtual Classroom and New Britain, CT
TOTAL	30	26	

We periodically conduct our Initial Training Program throughout the year, as needed. Training is currently provided by or under the direction of Gregory Radin, the Managing Member and founder and who has more than fourteen years of experience in this field. Greg provides training on all aspects of the Franchised Business, including marketing, operations, inventory control, and financial reporting.

Our training materials consist of our Operations Manual, tutorials, PowerPoint presentations, scripts, worksheets, spreadsheets, photographs, and/or examples of document templates.

If you do not complete our initial training program to our satisfaction, we have the right to terminate the Franchise Agreement.

We may offer from time to time, in our discretion, mandatory or optional additional training programs, which may include on-going or refresher training for up to 5 days annually and/or a national business meeting or convention for up to 10 days annually. If we require it, you must attend mandatory additional training at a location we designate. We have the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference, which you must pay regardless of attendance. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes additional tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

ITEM 12: TERRITORY

The Franchise Agreement will grant you the right to operate your Franchised Business in a territory ("Territory") that will be mutually-agreed upon by you and us and defined in Attachment 2 of the Franchise Agreement before you sign it. Your Territory is located in one or more towns or counties and will be identified by zip codes, name, jurisdiction boundaries, geographic demarcation lines or a marked map. Your Territory will contain approximately 250,000 individuals or 100,000 owner-occupied households, whichever is less. You are encouraged to conduct due diligence, in your discretion and to your satisfaction, regarding the customer potential, travel distances, and other matters relative to the operation of the Franchised Business in the Territory, prior to signing the Franchise Agreement. If you sign our Multi-Unit Development Agreement, we will designate the territory of each outlet you develop in accordance with our then-current standards.

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

You must meet the following Minimum Performance Standards:

	Minimum Annual Gross Revenue
Year 1	\$900,000
Year 2	\$1,300,000
Year 3	\$1,700,000
Year 4	\$2,200,000
Year 5+ (and Successor Term)	\$2,700,000

If you do not meet these minimum requirements, we have the right to (i) require you to take remedial measures, which may include additional training and/or marketing efforts, at your expense; (ii) reduce the size of your Territory, (iii) permit other franchisees to solicit individuals residing in your Territory or (iv) terminate the Franchise Agreement.

You are required to establish a warehouse/office space located within your territory.

You may not change the location of your office, except in accordance with the requirements of Section 8.4 of the Franchise Agreement. You may only relocate the office within your Territory and with our consent, which we will not unreasonably withhold. You are required to remove all identifying signs and property from the original office location, if applicable.

If you sign our Multi-Unit Development Agreement, you will receive an exclusive development territory in which to develop your Houzpital outlets. Provided you are in compliance with the Multi-Unit Development Agreement and your development schedule, we will not grant anyone else the right to establish a Houzpital outlet in your development territory during the term of your Multi-Unit Development Agreement. When approving future or additional units under a Multi-Unit Development Agreement, we will use our then-current site criteria.

The Franchise Agreement permits us to offer Houzpital products and services to customers that own, operate, or manage multiple properties in your Territory or across multiple territories. We may offer you the option to service these national accounts in your Territory, provided that you honor our negotiated terms.

The Franchise Agreement permits you to offer Houzpital products and services to customers residing in another franchisee's territory or in an area serviced by us if (i) the customer is your former customer or was referred to you by a former customer of yours, and (ii) the customer initiated the solicitation of your service. We and other franchisees have similar rights to service customers in your Territory.

Unless you have signed our Multi-Unit Development Agreement, we may, but have no obligation to, consider granting to you the right to establish additional Houzpital outlets under other franchise agreements. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories. We may, but have no obligation to, consider granting to you the right to establish additional Houzpital outlets under other franchise agreements or a multi-unit development agreement if you are in compliance with the Franchise Agreement and propose to open 1 or more additional Houzpital outlet(s) in an area or at a site we approve.

We reserve all rights not expressly granted in the Franchise Agreement. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We also have the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain or other business; however, we will not convert any acquired business in your Territory to a franchise using our Principal Trademarks during the Term of your Franchise Agreement.

We and our affiliates reserve the right to sell products and services under the Marks or other trademarks within or outside the Territory through other channels of distribution, such as through retail stores, the Internet, catalog sales, telemarketing, and direct marketing ("Alternative Distribution Channels"). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.

You may solicit and/or service a customer who resides outside of your Territory, provided that (i) the customer does not reside in an area serviced by another Houzpital franchisee or us, (ii) you do not solicit the customer in violation of your Franchise Agreement, and (iii) no more than 15% of your total Gross Revenue is derived from customers who reside outside of your Territory.

You may not use Alternative Distribution Channels to make sales outside of your Territory; however, you may advertise your Franchised Business using the internet through our approved platforms.

ITEM 13: TRADEMARKS

The Franchise Agreement will license to you the right to operate your Franchised Business under the

principal trademarks described below (“Principal Trademarks”). Our affiliate, HF System IP, LLC has filed trademark applications based on actual use with the U.S. Patent and Trademark Office, for the following Principal Trademarks:

Mark	Serial Number	Filing Date	Register
HOUZPITAL	98754491	September 17, 2024	Principal
 HOUZPITAL Property Damage Restoration	98924463	December 27, 2024	Principal
	98924455	December 27, 2024	Principal

We do not have a federal registration for our Principal Trademarks. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the trademarks. There is no pending infringement, opposition, or cancellation.

There is no pending material federal or state court litigation involving the Principal Trademarks or other trademarks.

There are no currently effective agreements that significantly limit our affiliate’s or our rights to use or license the use of the Principal Trademark or other trademarks in a manner material to the franchise.

You must notify us immediately when you learn about an infringement of or challenge to your use of any Principal Trademarks or other trademark. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of any Principal Trademarks or other trademark. We have the right to control any administrative proceedings or litigation involving any Principal Trademarks or other trademark licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

We have the right to substitute different trademarks if we can no longer use any of the current Principal Trademarks, or if we determine that substitution of different trademarks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any trademark, including a Principal Trademark, or to use one or more additional or substitute trademarks.

You must not directly or indirectly contest our affiliate’s right, or our right, to the Principal Trademarks or other trademarks.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Marks.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials, and other written materials. We also claim copyrights and other proprietary rights in our photographs, our Operations Manual, and the contents of our website and social media accounts.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, pricing formulae, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all Confidential Information and trade secrets will remain our exclusive property. You may never (during the initial term, any successor agreement term, or after the Franchise Agreement expires or is terminated) reveal any of our Confidential Information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Your personnel who have access to our Confidential Information must sign our Confidentiality and Non-Compete Agreement (Franchise Agreement, Attachment 10).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses you incur in claims brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

We reserve the right to modify or discontinue using the subject matter covered by a patent or copyright. In such event, we may require you, at your expense, to modify or discontinue using the subject matter in the operation of your Franchised Business.

ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You, if you are an individual, or an owner of your franchisee entity must at all times personally supervise, devote full time, and manage the day-to-day operation of your Houzpital Franchised Business. For the first 2 years of operation, you may not appoint a non-owner manager of your Franchised Business. After 2 years of operation, you must receive our prior written approval to appoint a non-owner manager. Upon approval, your manager must successfully complete our Initial Training Program and all other training courses we

require. Your manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 10. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spouse Guaranty, which is attached to our Franchise Agreement as Attachment 7.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must offer and sell all products and services that are part of the System, and all services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved. You may only engage in providing services and products to end-consumers. You must abide by our warranty programs and resolve customer claims that meet our warranty terms. We may change the terms of our warranty programs at any time.

You may not use our Principal Trademarks or other trademarks for any other business, and you may not conduct any other business at, through, or in conjunction with, your Franchised Business operations.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications. There are no other limits on our rights to make these changes.

You must target your advertising within your Territory and may only solicit sales for services to be performed at locations within your Territory. Notwithstanding, you may solicit and/or service a customer located outside of your Territory, provided that (i) the customer is not located in an area serviced by another Houzpital franchisee or us, (ii) you do not solicit the customer in violation of your Franchise Agreement, and (iii) no more than 15% of your total Gross Revenue is derived from goods provided or services rendered outside of your Territory. You may also provide service outside of your Territory for a former customer of yours or for a customer who was referred to you by a former customer of yours, provided that you did not initiate the solicitation.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Art. 4	Term is 7 years
b.	Renewal or extension of the term	Sections 5.1 and 5.4	If you are in good standing as defined below, you can sign up to 2 successor franchise agreements for 7-year terms each, unless we have determined, in our sole discretion, to withdraw from your Territory.
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than 3 events of default during current term; provide written notice to us at least 180 days before the end of the term; execute a new franchise agreement; pay us a successor agreement fee of

	Provision	Section in Franchise Agreement	Summary
			10% of the then-current initial franchise fee; repair, upgrade or replace the vehicle, equipment, and other Franchised Business assets to meet then-current specifications; execute a general release; comply with then-current qualifications and training requirements; including completion of additional training. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	Not Applicable	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 15.7	The Franchise Agreement will terminate upon your death or permanent disability and the Franchise must be transferred within 6 months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 16	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	“Cause” defined – curable defaults	Section 16.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).
h.	“Cause” defined - non-curable defaults	Sections 16.1 and 16.2	The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days. We may terminate the Franchise Agreement upon notice to you if you: misrepresent or omit a material fact in applying for the Franchise; do not obtain required licenses and permits and/or open the Franchised Business within required time frames; fail to operate for a period of 3 consecutive days or more; fail to comply with applicable laws; understate Gross Revenue 2 or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; are convicted or plead no contest to a felony or crime that could damage the goodwill associated with the Marks or do anything to harm the reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues, maintain false books or submit a false report; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized

	Provision	Section in Franchise Agreement	Summary
			disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations 3 or more times during the term or receive 2 or more default notices in any 12-month period; have insufficient funds to honor a check or EFT 2 or more times within any 12-month period; defaults under any other agreement with us, our affiliate or a supplier; offers unauthorized products or services; fails to meet Minimum Performance Standards; terminates the Franchise Agreement without cause; or fails to resolve warranty claims, reimburse us for warranty funds paid on your behalf, or otherwise comply with Section 11.3 of the Franchise Agreement.
i.	Franchisee's obligations on termination/ non-renewal	Article 17	Upon termination, you must: cease operations; cease to identify yourself as a Houzpital franchisee; cease to use our trademarks or other intellectual property; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages and costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages; sell to us, at our option, all vehicles, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media accounts.
j.	Assignment of contract by franchisor	Section 15.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 15.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Section 15.3	No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 15.3 and 15.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee agrees to complete our initial training program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a Release; you will subordinate any claims you have against the transferee to us; you will indemnify us for misrepresentations in the transfer process, excluding the representations we make in our Disclosure Document; our approval of the

	Provision	Section in Franchise Agreement	Summary
			material terms and conditions of the transfer; and payment of a transfer fee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 15.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you will give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 17.2	Upon termination of the Franchise Agreement, we have the option to purchase your vehicle, equipment, computer system, tools, signage, advertising materials, supplies, and inventory at your cost or fair market value, whichever is less, and assume all contracts.
p.	Death or disability of franchisee	Sections 15.3, 15.4 and 15.7	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within 6 months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 18.5.1	You may not: divert, or attempt to divert, customers of any Houzpital business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 18.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Houzpital business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 15 miles of your Territory or the territory of any other Houzpital business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 13.6 and 18.1.4	No oral modifications. We may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 20.12	Only the terms of the Franchise Agreement and other related written agreements, such as any attachments to the Franchise Agreement or addenda, are binding (subject to applicable state law); provided that nothing in Franchise Agreement or any related agreement is intended to disclaim the express representations made in this Disclosure Document.

	Provision	Section in Franchise Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Sections 19.1, 19.2 and 19.3	At our option, claims that are not resolved internally may be submitted to non-binding mediation and arbitration in the state where our headquarters is located, subject to state law.
v.	Choice of forum	Section 19.5	Litigation takes place in Florida (subject to applicable state law).
w.	Choice of law	Section 19.5	Florida law applies (subject to applicable state law).

**THE FRANCHISE RELATIONSHIP
(UNDER THE MULTI-UNIT DEVELOPMENT AGREEMENT)**

This table lists certain important provisions of the multi-unit development agreement. You should read these provisions in the agreement attached to this disclosure document.

	Provision	Section in Multi-Unit Development Agreement	Summary
a.	Length of the franchise term	Article 3	As determined by you and us based on the number of Houzpital outlets you are to develop.
b.	Renewal or extension of the Term	Not Applicable	Not Applicable
c.	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d.	Termination by franchisee	Not Applicable	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable.
f.	Termination by franchisor with cause	Article 7	We may terminate only if you default. The Multi-Unit Development Agreement describes defaults throughout. Please read it carefully. Termination of the Multi-Unit Development Agreement will not terminate a single-unit Franchise Agreement.
g.	“Cause” defined – curable defaults	Section 7.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Multi-Unit Development Agreement and described in h. immediately below). Termination of the Multi-Unit Development Agreement will not terminate a single-unit Franchise Agreement.

	Provision	Section in Multi-Unit Development Agreement	Summary
h.	“Cause” defined - non-curable defaults	Sections 7.1 and 7.2	The Multi-Unit Development Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days. We may terminate the Multi-Unit Development Agreement upon notice to you if you: misrepresent or omit a material fact in applying for the Development Rights; falsify any report to us; fail to comply with any federal, state or local law, rule or regulation, applicable to the development and operations of your Houzpital outlets; fail to develop Houzpital outlets in accordance with the Mandatory Development Schedule; attempt a transfer in violation of the Multi-Unit Development Agreement; are convicted or plead no contest to a felony or to crime or do anything that could damage the goodwill or reputation of our trademarks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of our trademarks or the System; fail to comply with non-disclosure and non-competition covenants; default, or your affiliate defaults, under any other agreement, including any Franchise Agreement, with us or any of our affiliates or suppliers and does not cure such default within the time period provided in such other agreement; or terminate the Multi-Unit Development Agreement without cause. Termination of the Multi-Unit Development Agreement will not terminate a single-unit Franchise Agreement.
i.	Franchisee’s obligations on termination/ non-renewal	Section 7.4	Upon termination, you must: cease all development operations and comply with the non-disclosure and non-competition covenants.
j.	Assignment of contract by franchisor	Section 6.1	No restrictions on our right to assign.
k.	“Transfer” by franchisee defined	Section 6.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Multi-Unit Development Agreement or Development Rights.
l.	Franchisor approval of transfer by franchisee	Sections 6.2, 6.3	No transfer is allowed without our consent, which we will not unreasonably withhold.

	Provision	Section in Multi-Unit Development Agreement	Summary
m.	Conditions for franchisor approval of a transfer	Sections 6.3 and 6.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying developers; you have paid us all amounts owed; transferee signs our then-current form of Multi-Unit Development Agreement, which may have materially different terms from your Multi-Unit Development Agreement; you and the transferee sign a General Release; you shall subordinate any claims you have against the transferee to us; you will indemnify us for misrepresentations in the transfer process (excluding our representations in the FDD); our approval of the material terms and conditions of the transfer; payment of a transfer fee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 6.5	You must promptly notify us of any written offer to purchase your Development Rights. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b).we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p.	Death or disability of franchisee	Section 6.6	The executor of your estate or other personal representative must transfer the Development Rights within 6 months to a replacement developer that we approve.
q.	Non-competition covenants during the term of the franchise	Section 8.3.1	You may not: divert, or attempt to divert, customers of any Houzpital outlet (including yours) to any competitor; participate in any capacity, including, but not limited to as an owner, partner, officer, director, employee or agent, in any other capacity in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 8.3.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Houzpital business (including yours) to any competitor; participate in any capacity, including, but not limited to as an owner, partner, officer, director, employee or agent, in any other capacity in any competing business within 15 miles of your Development Area on or any other Houzpital outlet location; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Section 11.12	No oral modifications. No amendment of the provisions will be binding upon either party unless the amendment has been made in writing and executed by all interested parties.

	Provision	Section in Multi-Unit Development Agreement	Summary
t.	Integration/merger clause	Section 11.12	Only the terms of the Multi-Unit Development Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of Multi-Unit Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Multi-Unit Development Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 10.1, 10.2, 10.3, and 10.4	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters, and then to binding arbitration, excluding claims related to injunctive relief, anti-trust, the trademarks, possession of the Franchised Business premises and post-termination obligations. Subject to state law.
v.	Choice of forum	Section 10.5	Litigation takes place in Florida, subject to applicable state law.
w.	Choice of law	Section 10.5	Florida, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18: PUBLIC FIGURES

We do not currently use any public figures to promote our franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

As of the Issuance Date of this Disclosure Document, we have 1 affiliate-owned Houzpital business open and operating and no franchises. This financial performance representation is a historic representation based on the past performance of our affiliate-owned business. Our affiliate-owned businesses operate in substantially the same manner and offers the same goods and services that our franchised outlets offer; however, the market areas of our affiliate-owned businesses differ in size from the territory that a franchisee is granted.

The Table below represents the historical performance for years 2023 through 2025 of our affiliate-owned location in New Britain, Connecticut, that has been operating since 2011.

Financial Performance¹
Calendar Years 2023 - 2025

	2025	2024	2023
Income ² :			
Repairs	\$ 4,340,732	\$ 5,165,148	\$ 4,579,762
Asbestos	\$ 1,815,629	\$ 839,871	\$ 1,662,695
Water & Fire	\$ 1,857,879	\$ 2,082,384	\$ 1,962,429
Other	\$ 969,684	\$ 793,547	\$ 773,502
Total Income	\$ 8,983,924	\$ 8,880,950	\$ 8,978,388
Cost of Goods Sold ³	\$ 3,894,835	\$ 4,963,674	\$ 5,744,787
Gross Profit	\$ 5,089,089	\$ 3,917,276	\$ 3,233,601
Imputed Fees ⁴ :			
Royalties	\$ 628,875	\$ 621,667	\$ 628,487
Brand Fund Contributions	\$ 179,678	\$ 177,619	\$ 179,568
Adjusted Gross Profit	\$ 4,280,536	\$ 3,117,990	\$ 2,425,546
Owner's Draw	\$ 510,744	\$ 1,228,305	\$ 1,017,617

Notes:

¹ This information has not been audited.

² Income means all revenue less pass-through sales taxes and refunds to customers.

³ Cost of Goods Sold includes subcontractors, permits, disposal fees, materials and supplies, testing fees, and payroll.

⁴ Our affiliate's Houzpital business is not subject to the same fees that a franchisee will experience. Item 6 of this Disclosure Document outlines the fees to which a franchisee will be subject which differ from our affiliate's business.

Written substantiation of the data used in preparing these figures will be made available to you upon reasonable request.

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

Other than the preceding financial performance representation, 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, 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 Gregory Radin, 839 Newell Terrace, Marco Island, Florida, 34145 and (844) 696-1669, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company – Owned*	2023	1	1	0
	2024	1	1	0
	2025	1	1	0
Total Outlets	2023	1	1	0
	2024	1	1	0
	2025	1	1	0

* Company-owned business is operated by our affiliate.

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2023 to 2025

State	Year	Number of Transfers
None	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Table No. 3
Status of Franchised Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
None	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Total	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

Table No. 4
Status of Company Owned Outlets*
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Connecticut	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Total	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1

* Company-owned business is operated by our affiliate.

Table No. 5
Projected Openings as of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Connecticut	0	0	5
Florida	0	3	0
Massachusetts	0	0	3
Rhode Island	0	0	1
Total	0	3	9

Exhibit F lists the location of each Houzpital franchised outlet in our System and each franchisee during our last fiscal year who has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

HF System, LLC is a start-up franchisor that first began selling franchises in November 2025. Because we have not been in business for three years, we are not able to include the three prior years of audited financial statements normally required by this Item 21. Our audited balance opinion as of January 31, 2026, is included in Exhibit D.

Our fiscal year end is December 31st.

ITEM 22: CONTRACTS

A copy of all proposed agreements regarding the franchise offering are included in this Disclosure Document, as follows:

- Exhibit B – The Franchise Agreement
- Exhibit C – Multi-Unit Development Agreement
- Exhibit G – Form of Release
- Exhibit I – Franchisee Acknowledgement Statement, as permitted by state law.

ITEM 23: RECEIPT

A receipt in duplicate is attached to this Disclosure Document as Exhibit J. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Gregory Radin, 839 Newell Terrace, Marco Island, Florida, 34145.

EXHIBIT A

LIST OF STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492

State	State Agency	Agent for Service of Process
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, State Capitol, 14 th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Insurance – Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501 (360)-902-8731
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B
FRANCHISE AGREEMENT

HF SYSTEM, LLC
HOUZPITAL
FRANCHISE AGREEMENT



FRANCHISEE

EFFECTIVE DATE

HF SYSTEM, LLC
FRANCHISE AGREEMENT
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List of Attachments

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ATTACHMENT 2: TERRITORY
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ATTACHMENT 4: ACH AUTHORIZATION
ATTACHMENT 5: COLLATERAL ASSIGNMENT OF LEASE
ATTACHMENT 6: STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE ENTITY
ATTACHMENT 7: GUARANTY
ATTACHMENT 8: INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND
TELEPHONE ACCOUNT AGREEMENT
ATTACHMENT 9: PROVISIONS APPLICABLE TO SBA FINANCING
ATTACHMENT 10: CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into on _____, (the “Effective Date”) by and between HF System, LLC, a Florida limited liability company with its principal place of business at 839 Newell Terrace, Marco Island, Florida, 34145 (herein “Franchisor”) and _____, a(n) _____, with its principal place of business located at _____ and _____ ‘s principals _____, an individual residing at _____ and _____, an individual residing at _____ (“Principal(s)”). _____ and Principal(s) shall be individually and collectively referred to, and each is, the “Franchisee”.

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed a high quality property restoration business offering water, storm, fire, environmental abatement, mold, and water damage restoration, rebuilding and other specialized services, with the integration of smart home technologies, and using the Houzpital trademarks and Franchisor’s confidential operations manual (“Manual”) of business practices and policies, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the trademark “Houzpital”, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality and service and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. RECITATIONS.

The Recitations set out above form part of this Agreement.

2. GRANT OF FRANCHISE.

Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Houzpital franchise (the “Franchise” or “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved, and further developed by Franchisor from time to time. This grant applies only within a territory that is designated in Attachment 2 attached hereto and incorporated herein (the “Territory”).

3. PROTECTED TERRITORY; SOLICITATION AND SALES RESTRICTIONS

3.1 Territory. This Agreement grants Franchisee the right to operate the Franchised Business within the Territory only. Franchisee acknowledges that (i) the Territory was mutually agreed upon by Franchisor and Franchisee, (ii) prior to the Effective Date hereof, Franchisee conducted Franchisee's own due diligence with regard to potential customers and other matters relative to the operation of the Franchised Business in the Territory, and (iii) Franchisor's agreement to the Territory is permission only, does not constitute a representation, promise, warranty, or guarantee, express or implied, by Franchisor that the Franchised Business operated therein will be profitable or otherwise successful, and cannot, and does not, create any liability for Franchisor.

3.2 Protection Rights. Subject to Sections 3.3, 3.4 and 3.5 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not, and Franchisor will not permit any other franchisees in the System, to operate a Houzpital business in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee (i) meets the minimum performance standards ("Minimum Performance Standards") set forth in Attachment 3 and (ii) is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Houzpital franchises around, bordering and adjacent to the Territory and to use alternative methods of distribution, as more fully specified herein, within the Territory.

3.3 Minimum Performance Standards. Franchisee acknowledges the importance of actively developing the Territory for the benefit of Franchisee and the System, and, to that end, Franchisee agrees to use best efforts to market Franchisee's Franchised Business to meet Minimum Performance Standards. Franchisee's failure to meet Minimum Performance Standards is a material default of this Agreement, and upon such default, Franchisor is entitled to do one or more of the following: (i) require Franchisee to take remedial measures, which may include additional training and/or marketing efforts, at Franchisee's sole expense; (ii) reduce the size of the Territory, (iii) permit other franchisees to solicit customers and sell Houzpital goods and services in the Territory or (iv) terminate this Agreement.

3.4 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other services and products not offered under the Marks, (ii) other property restoration concepts under the Marks or other trademarks, and (iii) products or services through other channels of distribution in the Territory including, but not limited to, products or services offered through retail stores, the internet, catalog sales, telemarketing or direct marketing sales ("Alternate Channels of Distribution"). Franchisor further specifically reserves the right to solicit, negotiate rates with, and service businesses or other organizations that have recurring multiple bookings and/or property restoration needs across multiple geographic areas ("National Accounts"). Franchisee is required to service National Accounts in the Territory, provided that if Franchisee is incapable of servicing National Accounts in the Territory Franchisor may service the National Accounts either directly or permit another franchisee to provide such service. Franchisee will receive no compensation for Franchisor's sales made within the Territory pursuant to rights reserved in this Section 3.4, including sales through Alternate Distribution Channels. Franchisee further agrees that implementation of Franchisor's rights pursuant to this Section 3.4 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

3.5 Solicitation and Sales Restrictions. Franchisee must target Franchisee's advertising within the Territory and may only solicit sales from customers located within the Territory. Notwithstanding,

(a) Franchisee may solicit and/or service a client residing outside of the Territory, provided that (i) the client does not reside in an area serviced by Franchisor or another Houzpital franchisee, (ii) Franchisee

did not solicit the client in violation of this Agreement or the Manual, and (iii) no more than ten percent (10%) of Franchisee's Gross Revenue is derived from services rendered to clients who reside outside of the Territory; and

(b) Franchisee may service a client who resides in the territory of Franchisor or another Houzpital franchisee, without being in violation of this Agreement, provided that (i) such client either (x) is a former client of Franchisee or (y) was referred to Franchisee by a former client of Franchisee and (ii) such client initiated the solicitation of Franchisee's service.

Additionally, Franchisee is prohibited from selling and soliciting customers through Alternate Distribution Channels, provided that Franchisee may advertise the Franchised Business's services using the internet through Franchisor's approved platform(s).

4. TERM.

Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above, and terminate on the date that is seven (7) years following the Opening Date, as defined in Section 8 hereof (the "Term").

5. SUCCESSOR OPTION.

Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Successor Franchise Agreement") for up to two (2) additional terms of seven (7) years each. The term of each such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor agreement fee equal to ten percent (10%) of the initial franchise fee then being charged to new System franchisees (the "Successor Agreement Fee") for each Successor Franchise Agreement executed.

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than one hundred and eighty (180) days prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then-current Disclosure Document (including Franchisor's then-current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then-current Disclosure Document.

5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.

5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Article 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.

5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.

5.2 Conditions of Successor Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:

5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.

5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the Term of this Agreement, whether or not such defaults were cured.

5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.

5.2.4 Franchisee performs such repairs, upgrades and replacements as Franchisor may require to cause the Franchised Business's vehicles, equipment, computer systems and other assets to conform to the then-current specifications for franchised businesses on the Successor Agreement date.

5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against HF System, LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, members, agents, and employees, whether in their corporate and/or individual capacities, in Franchisor's then-current form. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.

5.2.6 Franchisee shall pay the required Successor Agreement Fee and sign the Successor Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Houzpital franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then-current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Section 5.1 hereof that Franchisee desires to enter into a new agreement, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then-current form of Successor Franchise Agreement. Any timeframes specified in this Section 5.3 shall be inclusive of any state mandated notice periods.

5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a Successor Franchise Agreement for this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

6. FEES

6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Fifty-Nine Thousand Five Hundred Dollars (\$59,500.00) (“Initial Franchise Fee”). **The Initial Franchise Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee’s execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, monthly and throughout the Term, a royalty fee equal to seven percent (7%) of the Gross Revenue, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor’s methods, operations and/or trade secrets (the “Royalty Fee”). The term “Gross Revenue” includes all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor’s methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit, or otherwise. Gross Revenue shall not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, or (iii) properly documented promotional discounts (i.e., coupons).

6.1.3 Gross Revenue Reports. Franchisee shall, by the fifth (5th) day of each calendar month, furnish Franchisor with a report showing Franchisee’s Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the immediately prior calendar month (the “Gross Revenue Report”). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. At Franchisor’s option, Franchisor may extract Franchisee’s Gross Revenue Report, at the times and interims then specified by Franchisor, by an electronic transfer of data via the computer system (“Computer System”) that Franchisor requires Franchisee to use in the operation of the Franchised Business.

6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report (or Franchisor’s extraction thereof from the Computer System), pay Franchisor the Royalty Fee, the Brand Fund Contribution (as defined and more particularly described in Article 13), and the System Technology Fee (as defined and more particularly described in Section 6.2), then due. At Franchisor’s request, Franchisee must execute documents, including but not limited to, the Authorization set forth in Attachment 4, that allow Franchisor to automatically take the Royalty Fee, Brand Fund Contribution and System Technology Fee due, as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House (“ACH”) payments. Franchisee’s failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.5 and 6.6 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Royalty Fee and Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Revenues are reported.

6.2 System Technology Fee. Franchisee shall pay Franchisor a monthly system technology fee, in an amount that Franchisor reasonably determines, for the development, adoption and/or use of new or improved internal systems technology for the benefit of the System and Franchised Business, including but not limited to, email addresses required for use in the Franchised Business, proprietary software applications, a franchise portal, benchmarking platform or other operations or communications systems (“System Technology Fee”). In Franchisor’s sole discretion, Franchisor may (i) incorporate different technology in the System or (ii) replace the technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Franchisee shall pay the System Technology Fee in the manner and frequency

as reasonably determined by Franchisor. At Franchisor's option, Franchisee shall pay third-party vendor(s) directly for internal systems technology provided or required pursuant to this Section 6.2.

6.3 Late Fee. If the Royalty Fee, Brand Fund Contribution, System Technology Fee, other fee payable hereunder, or any Gross Revenue Reports or other financial reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of One Hundred Fifty Dollars (\$150.00). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay fees due and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

6.4 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of eighteen percent (18%) per annum or at the highest rate permitted by law, whichever is lower.

6.5 Insufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, an insufficient funds fee of Two Hundred Fifty Dollars (\$250.00) per occurrence. This insufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

6.6 Taxes. If any withholding, sales, excise, use, privilege or other tax (excepting Franchisor's income tax obligation) ("Tax Charge") is imposed or levied by any government or governmental agency on Franchisor or Franchisee for any fee due and payable under this Agreement, including but not limited to, the Royalty Fee, System Technology Fee, Warranty Claims Fund Contribution and/or Brand Fund Contribution (for the purpose of this Section 6.8, such fees shall be referred to as a "Taxable Payment"), then Franchisee shall pay Franchisor a sum equal to the amount of the Tax Charge, together with the Taxable Payment, such that the net sum received by Franchisor equals the amount of the Taxable Payment without deduction, withholding, payment or application of the Tax Charge.

7. TRAINING

7.1 Initial Training Program. Franchisee (specifically including all Franchisee's principals) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial training program ("Initial Training Program") no later than sixty (60) days following the Effective Date hereof. The Initial Training Program consists of a course conducted virtually and/or in-person at Franchisor's headquarters or another site designated by Franchisor. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to three (3) individual(s) to attend the Initial Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.

7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Training Program. If the Initial Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Training Program cannot be satisfactorily completed by Franchisee or Franchisee's Principal(s), Franchisor may terminate this Agreement.

7.3 Opening Assistance. Within thirty (30) days of the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative(s) of Franchisor. The trainer(s) will provide on-site opening training, supervision, and assistance to Franchisee for up three (3) days at no charge to Franchisee. Franchisor reserves the right to delay Franchisee's opening of the Franchised Business to the public until Franchisor is satisfied that Franchisee's operation complies with brand standards.

7.4 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time and as may be set forth in the Manual. If required by Franchisor, Franchisee or Principal(s) shall participate in additional training, which includes on-going and refresher training for up to three (3) days per year and/or an annual national business meeting or convention for up to an additional three (3) days per year, at location(s) designated by Franchisor. Franchisor reserves the right to impose a reasonable fee for all additional training programs. **Franchisee hereby authorizes Franchisor to take payment of additional training program fees, at Franchisor's option, through electronic funds transfer or ACH payment.** Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual conference, including, without limitation, costs of travel, lodging, meals, and wages. If Franchisee fails to attend and/or complete mandatory additional training or fails to attend Franchisor's national business meeting or annual convention, Franchisee or Principal(s) shall be required to (i) pay the tuition or registration fee regardless, as a non-attendance fee, and (ii) obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such missed additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal, and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

7.5 In-Territory Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the Term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide in-Territory remedial training and assistance to Franchisee or Franchisee's personnel. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

7.6 Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided in-person pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, email or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding marketing, operational issues, bookkeeping, and System improvements.

8. OPENING REQUIREMENTS

8.1 Site Requirements.

8.1.1 Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing a location for the Franchised Business within the Territory and for securely storing the vehicle(s) and equipment at that site. Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business location or vehicle storage.

8.1.2 Franchisee shall secure a warehouse site in the Territory to operate the Franchised Business and to store Franchisee's inventory, equipment and, supplies, and the packed out property of customers (the

“Office Site”). The Office Site shall have (i) a minimum of two thousand five hundred (2,500) square feet of warehouse space, (ii) a minimum of one thousand five hundred (1,500) square feet of office space, and (iii) sufficient space for vehicle storage. The Office Site shall satisfy Franchisor’s site selection criteria, and Franchisee shall obtain Franchisor’s consent to the location of the Office Site prior to making a binding commitment therefor to lease or purchase. Franchisee assumes all cost, liability, expense and responsibility for obtaining and maintaining the Office Site and the inventory, equipment and other property stored thereon. Franchisee shall indemnify, defend and hold harmless Franchisor, in accordance with Article 15 hereof, for any incidents, accidents, code violations or any other matter whatsoever related to the Office Site.

8.1.3 Within fifteen (15) days after Franchisor has consented to the site for the Franchised Business, Franchisee shall submit to Franchisor a copy of the proposed lease therefor, together with a lease review fee of Five Hundred Dollars (\$500.00), for Franchisor’s review thereof prior to its execution. Any lease must include Franchisor’s Collateral Assignment of Lease Agreement, a copy of which is attached hereto as Attachment 5, and other brand protection provisions as may be required by Franchisor. Franchisor’s lease review and consent is limited to provisions for the benefit of the System and Franchisor only. Franchisor does not review and/or negotiate the proposed lease on Franchisee’s behalf or for Franchisee’s benefit. Within fifteen (15) days after Franchisor’s lease review and consent (or such longer period as Franchisor consents to in writing), Franchisee shall execute the lease and obtain physical possession of the premises. Failure by Franchisee to acquire the site for the Franchised Business within the time and in the manner required herein shall constitute a material event of default under this Agreement.

8.2 Construction. Franchisee shall be responsible for equipping and outfitting Franchisee’s Houzpital location and vehicle(s) as outlined in the Operations Manual. Franchisor will provide sample layout and specifications.

8.3 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee’s compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the “Opening Date”. Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor’s Initial Training Program, as further set forth in Article 7, (ii) secure and outfit an Office Site; (iii) obtain all required licenses and insurance to operate the Franchised Business, (iv) obtain all inventory and equipment the Franchisor requires, (v) acquire, brand, and equip at least two (2) service vehicle(s) in accordance with Franchisor’s specifications, and (vi) provide Franchisor with requested executed ACH Authorization and/or other documents as required by this Agreement and the Manual. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee’s failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within one hundred twenty (120) days following the date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

8.4 No Relocation. Franchisee’s rights to operate the Franchised Business shall be limited to the Territory set forth in Attachment 2, and no other. Franchisee shall not relocate the Office Site at any time without Franchisor’s written approval, which Franchisor will not unreasonably withhold. Any permitted relocation shall be at Franchisee’s sole expense. In the event such permission is granted, Franchisee shall (i) pay a relocation fee equal to forty percent (40%) of the then current initial franchise fee, (ii) secure and outfit the replacement Office Site in accordance with Sections 8.1 and 8.2 within one hundred eighty (180) days of Franchisor’s consent, (iii) if feasible, continue to operate at the original premises during the construction of the replacement premises, and (iv) upon relocation, remove any signs or other property from the original Office Site which identified the Office Site as part of the System. Failure to comply with the foregoing requirements shall be a material default of this Agreement. Franchisor shall revise Attachment 2 to reflect the address of the new Franchised Business Office Site and, in Franchisor’s sole discretion, any adjustment to the Territory.

9. FRANCHISOR'S OBLIGATIONS

Franchisor and/or its designated representative will provide the services described below:

9.1 Office Site Selection Guidelines. Criteria for the location and specifications of the Office Site, and approve, in Franchisor's reasonable discretion, Franchisee's proposed site therefor.

9.2 Manual. Access to the Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the internet, at Franchisor's sole and absolute discretion.

9.3 Pre-Opening Requirements. A list and specifications, as applicable, of vehicle(s), equipment, tools, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business. Franchisor will provide Franchisee with a computer system pre-loaded with certain software and applications, as Franchisor determines in its sole discretion;;

9.4 Inspection. Inspection of the Franchised Business and evaluations of the services rendered, and products sold thereby, whenever reasonably determined by Franchisor.

9.5 Advertising Materials. Templates, samples, or digital artwork of certain advertising and promotional materials and information that Franchisor may develop from time to time for use by Franchisee in local marketing and advertising of the Franchised Business.

9.6 List of Supplies/Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of required and/or recommended products and services for System franchisees and a list of approved and/or recommended suppliers of such items. Franchisee acknowledges that Franchisor or Franchisor's affiliate(s) may be the sole approved supplier(s) of certain products and services that Franchisee is required to purchase to operate the Franchised Business.

9.7 Training. The training programs specified in Article 7 herein.

9.8 On-Going Assistance. In-Territory and remote post-opening assistance in accordance with the provisions of Article 7.

9.9 Marketing Efforts. Administration of a Brand Fund in accordance with Section 12.3 and other marketing efforts in Franchisor's discretion, including but not limited to, marketing via the Website (as described in Section 11.3.6), direct mail marketing, and social media.

10. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

10.1 Best Efforts. Franchisee, including each Principal, covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

10.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

10.2.1 The Franchisee entity is duly organized and validly existing under the state law of its formation;

10.2.2 Attachment 6 of this Agreement accurately reflects all individuals with an ownership interest, whether direct or beneficial, in the Franchisee entity;

10.2.3 The Franchisee entity is duly qualified and is authorized to do business in the jurisdiction of the Territory;

10.2.4 The Franchisee entity's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion; and

10.2.5 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee.

10.2.6 Designated Principal. The Principal designated on Attachment 6 has full authority to communicate to Franchisor decision-making on behalf of Franchisee, notwithstanding any deadlock or tie-breaking mechanism set forth in the Franchisee entity's organizational documents ("Designated Principal"). All communications to Franchisor by the Designated Principal shall be binding upon the Franchisee entity and all Principals and such communications may be relied upon by Franchisor, without the need for independent verification. Franchisee and all Principals shall indemnify and hold harmless Franchisor from any claims arising from Franchisor's reliance on communications of the Designated Principal.

10.3 Financial Information. Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities.

10.4 Spouse Guaranty. If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 7 hereof.

10.5 Personal Management.

10.5.1 Franchisee and/or a Principal shall personally supervise and manage the operation of the Franchised Business; provided, however, with Franchisor's approval and no earlier than twenty-four (24) months following the Opening Date, Franchisee may appoint a non-owner manager ("General Manager") to direct the operation and management of the Franchised Business in accordance with Sections 10.5.2 and 10.5.3 below. Franchisee accepts full responsibility for, and shall be fully liable to, Franchisor for the acts and omissions of any and all agents, employees or third persons working for or with Franchisee. Franchisee shall ensure that its agents, employees and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and Principal(s), and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of Franchisee and/or Principal(s). Franchisee's agents, employees and third-party business affiliates shall further meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.

10.5.2 Franchisee may appoint a non-owner general manager (“General Manager”) to direct the day-to-day operation of the Franchised Business; provided, however, Franchisee shall remain at all times ultimately responsible for ensuring that the operation of the Franchise complies with Franchisor’s standards and all provisions of the Manual and this Agreement. The General Manager shall, during the entire period he or she serves as General Manager:

10.5.2.1 meet Franchisor’s standards and criteria for such individuals, as set forth in the Manual or otherwise in writing by Franchisor, and shall be an individual otherwise acceptable to Franchisor, in its sole discretion;

10.5.2.2 devote his or her full time and best efforts to the management of the Franchised Business and may not engage in any other competitive business activity without the Franchisor’s consent, which may be withheld in Franchisor’s sole discretion; and

10.5.2.3 satisfy all of the Initial Training Program, as determined by Franchisor, at Franchisee’s sole cost and expense, including but not limited to, payment of the then-current tuition therefor.

10.5.3 Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor’s proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.

10.5.4 If, at any time during this Agreement, Franchisee, Principal or a General Manager can no longer personally manage the Franchised Business in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate, with Franchisor’s prior approval, a general manager within thirty (30) days after Franchisee, Principal, or General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement. Franchisee’s replacement manager shall attend and satisfactorily complete Franchisor’s Initial Training Program, at Franchisee’s sole cost and expense, including the payment of the then-current tuition therefor. Franchisor, in Franchisor’s sole discretion, may provide interim management support and charge Franchisee an interim management support fee, at the then-current rate, until an approved replacement manager is properly trained or certified in accordance with Franchisor’s requirements. Payment of such interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, shall be withdrawn from Franchisee’s designated bank account in accordance with Section 6.1.4.

10.6 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, certificates or licenses required by any industry regulatory agency or association and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.

10.7 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business, including, but not limited to, the business operation and incidents and occurrences related to a client or employee, shall

be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

10.8 Assignment of Numbers and Listings. Franchisee shall execute such forms and documents, including the Internet Advertising, Social Media, Software, and Telephone Listing Agreement contained in Attachment 8 hereof, to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers, listings, and passwords and administrator rights for all email and social media accounts used or created by Franchisee. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

10.9 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.

10.10 Security Agreement. To secure payment of all sums owing to Franchisor from Franchisee, whether they be Royalty Fees, Brand Fund Contributions, and/or other fees, costs, damages, or reimbursements pursuant to this Agreement or any other agreement between Franchisor and Franchisee and/or Principal(s), Franchisee grants Franchisor a security interest in the Collateral (as hereafter defined) and further agrees:

10.10.1 The Collateral means all equipment, vehicles, tools, signage, inventory, and supplies of the Franchised Business, wherever located, that are now owned or hereafter acquired, and any additions, substitutions, replacements, or products thereof or proceeds therefor.

10.10.2 This Agreement shall be deemed a security agreement, and Franchisor, in Franchisor's discretion, may file with applicable state agencies or offices this Agreement and/or one or more financing statements indicating Franchisor's secured interest in the Collateral. Franchisee shall cooperate with Franchisor and shall execute such documents as may be necessary for Franchisor to perfect its security interests.

10.10.3 Upon a default of this Agreement by Franchisee, all sums owing to Franchisor from Franchisee shall be immediately due and payable, and Franchisor shall have the immediate right to possession and use of the Collateral, which includes Franchisor right to enter upon any premises, without legal process, where the Collateral may be found. Franchisor further shall have all rights, options, duties, and remedies of a secured party pursuant to the Uniform Commercial Code, as adopted by the State where the Collateral is located, including the right to dispose of the Collateral in accordance therewith.

10.10.4 Franchisor's exercise of its rights with regard to the Collateral are in addition to and not exclusive of any other rights or remedies that Franchisor may have pursuant to this Agreement, at law, or in equity for Franchisee's breach of this Agreement.

10.11 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties, and covenants set forth in this Article 10 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and

each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties, and covenants.

11. FRANCHISEE'S OPERATIONS

11.1 Operation of Franchised Business. To maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

11.1.1 Procure the necessary licenses or permits to allow the operation of the Franchised Business and otherwise comply with all applicable governmental laws, ordinances, rules and regulations;

11.1.2 Use only the equipment, tools, vehicles, products, and supplies that conform with Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor. Franchisee further shall maintain and make any and all repairs and upgrades to equipment, tools, and vehicles, as Franchisor requires. Franchisee acknowledges and agrees that: (i) Franchisor and/or Franchisor's affiliate may be a designated supplier or sole approved supplier of any product or service that Franchisee is required to lease or purchase, (ii) Franchisor and/or Franchisor's affiliate may receive payment from supplier(s) related to Franchisee's required purchases or leases, and (iii) any payments so received are for Franchisor's benefit only and may be used or applied in any manner determined by Franchisor in Franchisor's sole and absolute discretion;

11.1.3 Provide service in strict accordance with Franchisor's methods and specifications, and in compliance with industry best practices. Franchisee shall comply at all times with the Franchisor's warranty programs, including but not limited to the issuance of warranty cards to customers, registration of serviced properties through platforms maintained by Franchisor, and the honoring and resolution of customer claims that meet warranty terms. Franchisor has established a national Warranty Claims Fund (the "Warranty Claims Fund") on behalf of the System for covering the costs of customer warranty claims and related administrative costs and expenses. Franchisee is required to contribute one-quarter percent (0.25%) of Gross Revenues generated monthly by Franchisee's Franchised Business, not to exceed Twenty-Five Thousand Dollars (\$25,000.00) per year, to the Warranty Claims Fund ("Warranty Claims Fund Contribution"). Payments will be made in the same manner and time as the Royalty Fees. Franchisor reserves the right to require Franchisee to (i) reimburse Franchisor for any and all funds removed from the Warranty Claims Fund to satisfy warranty claims on Franchisee's behalf, (ii) pay to Franchisor the then-current service rate to resolve the warranty claims, plus associated costs and expenses, and (iii) contribute additional funds to the Warranty Claims Fund to cover excessive claims, as determined by Franchisor. Franchisor may change the terms of its warranty programs at any time, in Franchisor's sole discretion, and Franchisee shall comply with such programs at Franchisee's sole cost and expense, as revised;

11.1.4 Maintain in good working order, cleanliness and appearance, two (2) or more approved vehicle(s) for use in the Franchised Business which contain such racking systems, shelving and external branding graphics, as required by Franchisor. Franchisor may revise, from time to time, specifications and standards for vehicle condition, age and branding, as set forth in the Manual. Franchisee shall not use any vehicle, except those that strictly comply with Franchisor's specifications, in the operation of the Franchised Business;

11.1.5 Maintain the Office Site in good condition and repair, and ensure that such site is free of hazardous conditions and that all personal property stored thereon is properly secured;

11.1.6 Conduct sales in accordance with Franchisor's standards and specifications, which shall include offering all System products and services as may be added, deleted, or modified from time to time by Franchisor. Franchisee acknowledges and accepts that Franchisee may only engage in providing System products and services to end-customers. Franchisee is expressly prohibited from selling products or services using the Franchised Business operations, assets and/or vehicle (i) that are not a part of the Houzpital System or that are not approved by Franchisor (ii) on the internet (except as part of System services in strict accordance with Franchisor's specifications), or (iii) to dealers and/or distributors for subsequent re-sale. Engaging in such sales shall be a material default of this Agreement;

11.1.7 Timely make all required payments to suppliers and other contractors and creditors of the Franchised Business in accordance with the applicable agreements and provide documentation thereof, as requested by Franchisor;

11.1.8 Employ only qualified individuals, with license(s) and/or certification(s) required by the laws and regulations of the Territory, who Franchisee has trained to provide System goods and services in accordance with Franchisor's standards, which includes but is not limited to, the protection of Franchisor's confidential and proprietary information, and who will at all times enhance Franchisor's brand and conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall use its best efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to customers of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances, and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

11.1.9 Permit Franchisor or its agents, to inspect the Franchised Business and any services, products or equipment, through service job attendance or otherwise, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;

11.1.10 Display identifying elements of the System in such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to refrain from using any sign, advertising media or identifying element of any kind to which Franchisor reasonably objects or which has become outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon any location to remove any objectionable or non-approved sign, advertising media or identifying element and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort; and

11.1.11 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

11.1.12 Accept and honor all loyalty cards, referral or loyalty programs, promotional coupons, or other System-wide offers, on a uniform basis, as accepted by other franchisees in the System.

11.2 Bookkeeping and Reports.

11.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to purchase the Computer System and other computer systems specified in

Section 11.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's Proprietary Information, (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, (iv) may be accessed by authorized third party vendors and/or representatives of Franchisor, and (v) may be shared with other franchisees in the System.

11.2.2 Within fifteen (15) days after the close of each month and by April 15 following the close of each calendar year in the Term, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

11.2.3 The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate. Franchisee must maintain complete financial records for the Franchised Business for at least seven (7) years from their date of preparation.

11.2.4 Franchisee shall, at all times during the Term, engage the services of a third-party accounting services firm, designated and approved by Franchisor, to carry out Franchisee's bookkeeping and financial reporting obligations set forth in this Section 11.2.

11.2.5 Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds an understatement of any Gross Revenue Report, Franchisee shall pay Franchisor the amounts due together with interest thereon at the rate provided herein. Additionally, if Franchisee (i) had failed to timely submit Gross Revenue Reports twice or more within a twelve (12)-month period or (ii) understated Gross Revenue by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

11.3 Computer Systems.

11.3.1 Franchisee, at Franchisee's sole expense, shall install, maintain, update, and upgrade the Computer System and other computer hardware, software, applications and accounts Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

11.3.2 Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's Computer System and accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's Computer System, other systems and payment processing and bookkeeping accounts.

11.3.3 Franchisee may capture customer data only in strict accordance with Franchisor's specifications and only using those technologies and processes that are approved by Franchisor. Franchisee shall comply with Franchisor's data privacy policies, as well as industry standards, Payment Card Industry Data Security Standard, and applicable law regarding the collection, storage, disclosure, processing, and use of customer data, including, if and when required, providing privacy notices and obtaining customer consents. Notwithstanding, Franchisee is expressly prohibited from selling, sharing, or otherwise

disclosing any customer data to any third party for valuable consideration or for the purpose of performing cross-context behavioral advertising.

11.3.4 Any and all data, including customer data, collected or provided by Franchisee, retrieved from Franchisee's Computer System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

11.3.5 From time to time during the Term, Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops, acquires, or requires for use in the System.

11.3.6 Franchisee shall have and maintain adequate hardware and software to access the internet at the speed required by Franchisor from time to time. Franchisee shall use the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the internet except as provided and specifically permitted herein.

11.3.7 Franchisor has established a website that provides information about the System and the services and products offered by the Houzpital System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website with Franchisee's contact information, and may, at Franchisor's option, provide Franchisee with a linked webpage for the Franchised Business. Franchisee has no ownership or other proprietary rights to Franchisor's Website and Franchisee will lose all rights to such listing and/or webpage of Franchisee's outlet upon expiration or termination of this Agreement for any reason.

11.3.8 In addition to Franchisee's obligation pursuant to Section 6.2 hereof, Franchisee shall pay all other fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, regularly recurring fees for software and Internet access, license fees, help desk fees, and any other licensing or user-based fees for operations or communications hardware, software, programs and applications.

11.3.9 Franchisee is solely responsible for maintaining the security and integrity of the computer and payment processing systems used in the Franchised Business and the customer and other data stored therein. Franchisee, at Franchisee's sole cost and expense, shall implement all computer hardware, software, and internet security procedures, including required updates or upgrades thereto, that are reasonably necessary to protect Franchisee's computer and payment processing systems and the data stored therein from viruses, malware, privacy breaches, or other unauthorized access. Franchisee shall notify Franchisor immediately of any actual or suspected data breach of Franchisee's computer systems and shall, at Franchisee's sole expense, cooperate fully with Franchisor and Franchisor's counsel to investigate the data breach and implement remedial measures. Franchisee shall defend, indemnify, and hold harmless Franchisor for any and all costs, expenses, and/or attorney's fees incurred in connection with the data breach, including but not limited to, costs associated with legal notifications, credit monitoring, and crisis management services.

11.4 Safety and Security. Franchisee is solely responsible for the safe and secure operation of the

Franchised Business and the services provided thereby for Franchisee, Franchisee's personnel, customers, agents and the general public. Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle, employment and/or credit histories) that Franchisee determines to be necessary and appropriate, prior to hiring. Franchisee shall not hire any prospective employee for any position involving entrance to a client's residence if such prospective employee's background review indicates, in Franchisee's sole discretion, a propensity for violence, dishonesty, negligent, reckless or careless behavior, or a criminal conviction. Notwithstanding the foregoing, all matters of employment and the safety of Franchisee's customers are within Franchisee's discretion and control. Franchisor shall not be liable to Franchisee, any employee or prospective employee of Franchisee, or any third party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee's indemnification obligations set forth in Section 14.6 hereof shall apply to any claims, demands or actions against Franchisor arising from any act or omission of Franchisee or any employee or agent of Franchisee, including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee or agent of Franchisee.

11.5 Prices. Subject to applicable law, Franchisor may set advertised and/or maximum prices for System services and products. Franchisee shall have the right to provide services and sell products at any price through promotional discounts. If Franchisee elects to offer services and products at a price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such services or products at the recommended price will enhance Franchisee's sales or profits.

11.6 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost and expense for inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

11.7 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, mystery shop programs, satisfaction surveys and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

11.8 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee's level of success, superior performance and profitability.

11.9 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed

uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular territory or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

12. ADVERTISING, PROMOTIONS AND RELATED FEES

12.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs, at Franchisee's expense, in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

12.2 Local Advertising.

12.2.1 In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 12.2.3 below, Franchisee shall spend in the Territory no less than three percent (3%) of Gross Revenue monthly on marketing activities ("Local Advertising"). Franchisor reserves the right to increase Franchisee's minimum Local Advertising expenditure by up to five percent (5%) during the Term. Franchisor reserves the right to (i) require Franchisee to engage Franchisor's designated marketing vendor(s) to conduct any part of Franchisee's Local Advertising or (ii) collect some or all of Franchisee's Local Advertising expenditures and implement Local Advertising activities on Franchisee's behalf. Franchisor further may require Franchisee to allocate to an advertising cooperative, as described in Section 12.4, up to fifty percent (50%) Franchisee's required Local Advertising expenditures. Such allocation will be in partial satisfaction of Franchisee's obligations pursuant to this Section 12.2.1.

12.2.2 Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall **not** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

12.2.3 For at least sixty (60) days prior to, and for sixty (60) days following, the Opening Date, Franchisee shall spend in the Territory no less than Eight Thousand Dollars (\$8,000.00) and up to Ten Thousand Dollars (\$10,000.00), as determined by Franchisor, to promote the opening of the Franchised Business ("Grand Opening Campaign"). Franchisee shall conduct the Grand Opening Campaign in accordance with a grand opening plan approved by Franchisor. Franchisor reserves the right to (i) require Franchisee to engage Franchisor's designated marketing vendor(s) to conduct some or all of Franchisee's Grand Opening Campaign or (ii) collect some or all of Franchisee's Grand Opening Campaign expenditures and implement Grand Opening Campaign activities on Franchisee's behalf.

12.2.4 Notwithstanding any Local Advertising or Grand Opening Campaign activities conducted by Franchisor or Franchisor's designated marketing vendor(s) in the Territory on Franchisee's behalf, Franchisor makes no representation or warranty that such activities will be successful or will yield any particular level of sales for Franchisee, and Franchisee hereby waives any and all claims against Franchisor relating thereto.

12.3 Brand Fund.

12.3.1 Franchisor has established a national Brand Fund (the "Brand Fund") on behalf of the System for national advertising, marketing, and business system development and enhancements. Franchisee is required to contribute no less than two percent (2%) of the Gross Revenues generated monthly by Franchisee's Franchised Business to the Brand Fund ("Brand Fund Contribution"). Franchisor reserves the right to increase the Brand Fund Contribution to an amount not to exceed three percent (3%) of Gross Revenues. Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Revenues, then, in addition to a late fee and interest pursuant to Sections 6.4 and 6.5 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Revenues are reported.

12.3.2 Franchisor shall direct all advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

12.3.3 Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Houzpital outlets operated by Franchisor or Franchisor's affiliates.

12.3.4 Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; customer and franchise system surveys; System-wide franchisee development programs and activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website, social media platforms, apps, and other technology for the benefit of the Houzpital brand image and/or Systemwide improvements; and staff salaries and other personnel and departmental costs for advertising that Franchisor internally administers or prepares). While Franchisor does not intend that any part of the Brand Fund will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Fund for public relations, to explain the franchise system, and/or to include a notation in any advertisement indicating "Franchises Available."

12.3.5 The Brand Fund will be operated solely as a conduit for collecting and expending brand development contributions for the System. The Brand Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs, staff salaries of Brand Fund personnel and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 12.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor's benefit.

12.3.6 At Franchisee's request, Franchisor will provide the most recently unaudited annual statement available of the Brand Fund's operations to Franchisee. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or

proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

12.3.7 Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for brand development or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

12.4 Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts equal to Franchisee's share of the total cost of cooperative advertising, in addition to required Brand Fund Contributions.

12.5 Directory Listings and Social Media Accounts. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Instagram, Bluesky, X, LinkedIn, YouTube, Threads, Tik Tok, blogs, or any other social media and/or networking site without Franchisor's prior written approval, and use of any social media accounts shall be in strict accordance with Franchisor's requirements. Franchisee shall provide Franchisor with all passwords and administrative rights to any and all social media accounts for the Franchised Business, and Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking whatever action as is necessary for the best interest of the System, if Franchisee fails to maintain such accounts in accordance with Franchisor's standards.

12.6 Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for approval all proposed advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use in any form of media ("Proposed Local Advertising"), including, without limitation, any Proposed Local Advertising in digital, electronic, or computerized form and any Proposed Local Advertising based on a template provided by Franchisor. Franchisee's approval request shall also include the proposed media and duration in which Franchisee intends to broadcast the Proposed Local Advertising. Franchisor shall approve or disapprove such Proposed Local Advertising within ten (10) business days of receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such Proposed Local Advertising shall be deemed "disapproved". Franchisee shall not use such unapproved Proposed Local Advertising until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Franchisee acknowledges that any approved Local Advertising shall be limited to the specific form, color, content, media, and time period requested and/or set forth in Franchisor's approval notice. If Franchisee desires to (i) modify any aspect of approved Local Advertising, or the medium or duration of broadcast, or (ii) re-use previously approved Local Advertising, whether in the same or different media, after the expiration of the initially approved time period, Franchisee shall submit to Franchisor a new request for approval. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Houzpital brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

13. INTELLECTUAL PROPERTY

13.1 Ownership.

13.1.1 Franchisee expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s) are the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s) claims copyrights and other proprietary rights on certain material used in the System, including but not limited to the Website, documents, instructional materials, photographs, social media content, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary materials and systems are hereafter collectively referred to as the "Intellectual Property".

13.1.2 As between Franchisor and Franchisee, Franchisor and/or Franchisor's affiliate(s) are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

13.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor and/or Franchisor's affiliate(s)'s rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor and/or Franchisor's affiliate(s)'s service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only in the Territory or in approved advertising related to the Franchised Business.

13.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and/or Franchisor's affiliate(s), and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.

13.4 Validity. Franchisee shall not contest the validity of, or Franchisor and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property.

13.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor and/or Franchisor's affiliate(s)'s rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor and/or Franchisor's affiliate(s) with all assignments, affidavits, documents, information and assistance Franchisor and/or Franchisor's affiliate(s) reasonably requests to fully vest in Franchisor and/or Franchisor's affiliate(s) all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor and/or Franchisor's affiliate(s) to register, maintain and enforce such rights in the Intellectual Property.

13.6 Trade Dress Modifications.

13.6.1 Franchisee is aware that to maintain, protect, and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the

System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or trademarks (collectively, “Trade Dress Modifications”).

13.6.2 Franchisee shall, at Franchisee’s sole expense, modify identifying elements of the Franchised Business, as required by Franchisor, to conform to Trade Dress Modifications, and upon notice by Franchisor shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

13.6.3 Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

13.6.4 Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any Trade Dress Modifications required by this Section 13.6. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such expenses, losses or damages caused thereby or seeking compensation therefor. Further, Franchisee expressly waives any claims, demands or damages arising from or related to any Trade Dress Modifications, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

13.7 Franchisee’s Use of the Intellectual Property. With respect to Franchisee’s use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

13.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks “Houzpital” and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation “a franchisee of HF System, LLC”.

13.7.2 Franchisee shall identify itself as the owner of the Franchised Business and as an independent Houzpital franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, contracts, and receipts.

13.7.3 Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

13.7.4 Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor’s sole and absolute discretion.

13.7.5 Franchisee shall not use the Intellectual Property in association with the offer or sale of any product or service that is outside of the System or that is not approved by Franchisor.

13.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee’s use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee’s counsel in connection with any such infringement, challenge, or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect

and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

13.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

13.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity, or corporation.

14. INSURANCE AND INDEMNIFICATION

14.1 Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies, which shall be primary and non-contributory to any insurance that Franchisor may carry. Franchisee's insurance shall be provided by insurance companies with an A.M. Best rating of not less than A-VII, protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

14.1.1 General Liability. Commercial general liability insurance in the amounts of at least Two Million Dollars (\$2,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate, and which includes coverage for: damage to rented premises in the minimum amount of One Hundred Thousand Dollars (\$100,000); products liability/completed operation in the minimum amount of Two Million Dollars (\$2,000,000); personal and advertising injury in the minimum amount of One Million Dollars (\$1,000,000); and medical expense of at least Ten Thousand Dollars (\$10,000) for any one person;

14.1.2 Employment. Prior to hiring employees, worker's compensation coverage in the limits required by state law; employer's liability insurance in the amount of One Million Dollars (\$1,000,000) per accident shall be carried on all of Franchisee's employees, as well as such other employee insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

14.1.3 Automobile. Comprehensive automobile liability insurance in the amount of One Million Dollars (\$1,000,000) combined single limit for all owned, non-owned and hired vehicles used in the operation of the Franchised Business; and

14.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

14.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with an administrative fee of ten percent (10%) for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

14.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

14.5 Additional Insured. All required insurance policies shall name Franchisor and its affiliates and their members, officers, agents and employees as additional insureds as their interests may appear, on a primary, noncontributory basis, and shall contain a waiver of rights of subrogation against Franchisor. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.

14.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS HF SYSTEM, LLC AND ITS PARENT COMPANIES, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "FRANCHISOR PARTY INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO FRANCHISEE'S FRANCHISE AND/OR THE OPERATION THEREOF, INCLUDING BUT NOT LIMITED TO, ANY CLAIM IN CONNECTION WITH FRANCHISEE'S EMPLOYEES OR AGENTS; FRANCHISEE'S COMPUTER SYSTEMS; FRANCHISEE'S OFFICE SITE, OR FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL OF THE FRANCHISOR PARTY INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE FRANCHISOR PARTY INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE FRANCHISOR PARTY INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE FRANCHISOR PARTY INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE FRANCHISOR PARTY INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE FRANCHISOR PARTY INDEMNITEES.

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15. TRANSFERS

15.1 Transfers by Franchisor.

15.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and

privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

15.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' operators or facilities, and to operate, franchise or license those businesses, operators and/or facilities under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the operators or facilities (which Franchisee acknowledges may be within the Territory or proximate thereto). However, Franchisor represents that it will not convert any such acquired operators or facilities that are operating within the Territory to a Houzpital franchise during the Term of this Agreement.

15.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the property restoration business or to offer or sell any products or services to Franchisee.

15.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principal(s) of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee or Principal(s). Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

15.3 Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless Franchisee first obtains the written consent of Franchisor. A transfer of any stock in Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 15.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

15.3.1 The proposed transferee and all its principals must have the demeanor, and be individuals of good character, and otherwise meet Franchisor's then-applicable standards for franchisees.

15.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

15.3.3 The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;

15.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;

15.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;

15.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

15.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer; and

15.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor.

15.4 Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to seventy-five percent (75%) of the then-current initial franchise fee; provided however, for transfers (i) to an existing Houzpital franchisee, the transfer fee is fifty percent (50%) of the then-current initial franchise fee; and (ii) to add a business entity or new shareholder or member of the Franchisee entity and such transfer does not change management control of the Franchise, the transfer fee is One Thousand Five Hundred Dollars (\$1,500.00). Franchisee shall also pay, or reimburse Franchisor as the case may be, any applicable fees owed by Franchisor in the event that the proposed transferee had been referred by a third-party (e.g. broker) with whom Franchisor has a referral arrangement.

15.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 15; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

15.6 Franchisor's Right of First Refusal.

15.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in

writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

15.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 15.6.3.

15.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

15.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 15.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

15.7 Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any Principal, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. Failure to transfer in accordance with the foregoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 15.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 15 and unless transferred by gift, devise or inheritance, subject to the terms of Section 15.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current rates during the term of interim management, plus all travel related and other expenses, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

15.8 Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or Principal(s) nor waive its right to demand that the transferee comply strictly with this Agreement.

15.9 Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Franchised Business assets to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is

subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee seeks and/or obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any Collateral Franchisee uses to secure the SBA Financing, and Franchisor and Franchisee further agree that (i) the provisions of Attachment 9 are fully incorporated herein and applicable to Franchisor and Franchisee, (ii) Franchisor shall subordinate its security interest or other lien on Franchisee's Collateral to that of the lender of the SBA Financing and (iii) Franchisor waives the requirement of the written acknowledgement referenced in this Section.

16. DEFAULTS

16.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against any Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

16.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

16.2.1 has misrepresented or omitted material facts in applying for the Franchise;

16.2.2 fails to obtain all required licenses and permits before opening or fails to open the Franchised Business within the time and in the manner specified in Article 8.

16.2.3 ceases to operate the Franchised Business for a period of three (3) days or more;

16.2.4 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;

16.2.5 understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;

16.2.6 fails to comply with the covenants in Article 14;

16.2.7 permits a Transfer in violation of the provisions of Article 15 of this Agreement;

16.2.8 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 15.7;

16.2.9 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;

16.2.10 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

16.2.11 conceals revenues, maintains false books or records, submits any false report, fails to input all sales into the Computer System, or otherwise attempts to circumvent Franchisor's sales and data reporting requirements;

16.2.12 creates a threat or danger to public health or safety from operation of the Franchised Business;

16.2.13 refuses to permit Franchisor to inspect Franchise Business operations or to audit Franchisee's books or records;

16.2.14 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 18.2);

16.2.15 fails to comply with the non-competition covenants in Section 18.5;

16.2.16 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;

16.2.17 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;

16.2.18 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement with Franchisor or any of its affiliates or suppliers and does not cure such default within the time period provided in such other agreement;

16.2.19 offers or uses any unauthorized and unapproved products or services;

16.2.20 fails to meet Minimum Performance Standards;

16.2.21 terminates this Agreement without cause; or

16.2.22 fails to resolve warranty claims, reimburse Franchisor for warranty funds paid on Franchisee's behalf, or otherwise comply with the requirements in Section 11.3.

16.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 16.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

16.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 16.2.16 and/or 16.2.17;

16.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 16.1 and 16.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 16.2.16.

16.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

16.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

16.4.2 exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor at Franchisor's then-current rates for interim management, plus all travel related and other expenses, during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement. Franchisee further agrees that, notwithstanding Franchisor's exercise of control of the Franchised Business pursuant to this Section, Franchisee shall indemnify and hold harmless Franchisor and Franchisor's representatives for any and all claims arising during such period of Franchisor's control or otherwise arising therefrom.

16.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee, to direct suppliers to stop furnishing any and all products and supplies, including, but not limited to products sold under Franchisor's discounted pricing schedules, until such time as Franchisee's default is cured. Such right shall include Franchisor's right to deny Franchisee's access to customer management and payment processing systems. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

16.6 Principal's Default. Franchisee and each Principal acknowledge and agree that a default event described in this Article 16 that is committed by any Principal is deemed a default by the Franchisee entity and all Principals, such that Franchisor may exercise its rights pursuant to this Article 16, whether or not the Franchisee entity or any other Principal had or has involvement or knowledge of the default event.

16.7 Indemnification of Costs. Franchisee shall indemnify Franchisor for all costs and expenses, including but not limited to attorney's fees, incurred by Franchisor as a result of Franchisee's default, specifically including all costs, expenses, and/or attorney's fees incurred in connection with (i) collection of any amounts owed to Franchisor, (ii) performing Franchisee's obligations on Franchisee's behalf, and/or (iii) enforcement of Franchisee's obligations under this Agreement.

17. POST-TERMINATION

17.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:

17.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current or past Houzpital owner, franchisee or licensee;

17.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests an association with Franchisor and/or Franchisor's affiliate(s), or the System. In particular, Franchisee shall cease to use, without limitation, all vehicles, signs, displays, stationery, forms, and any other articles which display the Marks and immediately return to Franchisor any business cards, marketing materials, or any other items containing Marks;

17.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

17.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, equipment, and inventory owned by Franchisee at the time of default;

17.1.5 pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation or early termination of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

17.1.6 immediately deliver to Franchisor, at Franchisee's sole cost and expense, the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and software, and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;

17.1.7 comply with the non-disclosure and non-competition covenants contained in Article 18; and

17.1.8 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average monthly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 17.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

17.2 Right to Purchase.

17.2.1 Franchisor shall have the option, to be exercised within sixty (60) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of vehicles, equipment (including the Computer System), supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less, and assume any and all contracts, specifically including any and all client contracts, related to the operation of the Franchised Business. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within sixty (60) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

17.2.2 With respect to the option described in Section 17.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

17.2.3 Franchisor shall be entitled to assign any and all of its option in Section 17.2.1 to any other party, without the consent of Franchisee.

17.3 Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 10.8, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This

power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

17.4 Survival. The rights and obligations of the parties contained in this Article 17 shall survive the expiration or sooner termination of this Agreement.

18. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

18.1 Operations Manual.

18.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

18.1.2 Franchisee and Principal(s) shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Principal(s) shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms, and conditions under which it is permitted to use Franchisor's intellectual, proprietary, and confidential information; and shall ensure its employees' compliance with such restrictions, terms, and conditions. Franchisee, Principal(s), and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

18.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies, and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

18.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

18.2 Confidential Information. Franchisee along with its Principals acknowledge and accept that during the term of this Agreement, Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, pricing formulae, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Franchisee and Principal(s) covenant and agree that Franchisee and Principal(s) shall not, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or Principal(s) or of which Franchisee or Principal(s) may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and Principal(s) shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 18.11 hereof. Franchisee and Principal(s) shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenants in this Section 18.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

18.3 Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

18.4 New Concepts. If Franchisee or any Principal develops any new concept, process, product, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, design or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and Principal(s) acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate. Franchisee acknowledges and agrees that nothing in this Section 18.4 permits Franchisee to test, introduce, provide, or otherwise offer any Improvement to customers, or use any Improvement in the operation of the Franchised Business, unless and until Franchisor consents to the use of the Improvement for such purpose.

18.5 Noncompetition Covenants. Franchisee and Principal(s) specifically acknowledge that, pursuant to this Agreement, Franchisee and Principal(s) will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee's managers and employees. Franchisee and Principal(s) acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and Principal(s) are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and Principal(s) covenant and agree that, except as otherwise approved in writing by Franchisor:

18.5.1 During the term of this Agreement, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any property restoration or reconstruction business (collectively “Competitive Business”); or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of Franchisor or any Houzpital franchisees.

18.5.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any Competitive Business within fifteen (15) miles of the Territory or of the territory of any Houzpital business (whether operated by Franchisor or a System franchisee); or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Houzpital franchisees.

18.6 Reasonableness of Restrictions. Franchisee and Principal(s) acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s) since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.

18.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 18 or any portion thereof, without Franchisee’s consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

18.8 Injunctive Relief. Franchisee and Principal(s) acknowledge that a violation of the covenants of confidentiality and non-competition contained in this Agreement would result in immediate and irreparable injury to Franchisor for which monetary damages cannot fully remedy. Accordingly, Franchisee and Principal(s) hereby consent to the entry of a temporary and permanent injunction prohibiting any conduct by Franchisee or Principal(s) in violation of the terms of the covenants set forth in this Article 18 and hereby agree to waive any and all defenses to the entry of such injunction(s). Notwithstanding, Franchisee and Principal(s) acknowledge and agree that the foregoing injunctive relief is in addition to, and does not restrict Franchisor from pursuing, any and all claims for monetary damages resulting from a breach by Franchisee or Principal(s) of the covenants contained herein.

18.9 Liquidated Damages – Violation of Confidentiality or Non-Competition Covenants. In the event Franchisee and/or Principal(s) violate the covenants of confidentiality and/or non-competition set forth herein, Franchisee and/or Principal(s) shall pay Franchisor a lump sum payment (as liquidated damages and

not as a penalty) an amount equal to One Hundred Thousand Dollars (\$100,000.00), plus Franchisor's attorney's fees, for each such violation. Franchisee and Principal(s) acknowledge that a precise calculation of the full extent of the damages that Franchisor will incur in the event of Franchisee's and/or Principal(s)' violation of the covenants of confidentiality and/or non-competition is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.9 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision hereof.

18.10 No Defense. Franchisee and Principal(s) expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

18.11 Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Article 18 (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's Confidential Information, and Franchisee shall provide Franchisor with executed versions thereof. Such covenants shall be substantially in the forms set forth in Attachment 10 as revised and updated from time to time and contained in the Manual. Franchisee shall indemnify and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of Franchisee's failure to obtain executed restricted covenants by employees, agents and third persons as required by this Section.

19. DISPUTE RESOLUTION

19.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 20.6 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

19.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 19.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorney's fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

19.3 Arbitration

19.3.1 Except disputes not subject to alternative dispute resolution as set forth in Section 19.4, any dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Attachments hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with

Sections 19.1 or 19.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

19.3.2 All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 19 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq.*) and the federal common law of arbitration. All hearings and other proceedings will take place in Collier County, Florida, or, if Franchisor so elects, at the offices of the American Arbitration Association or in the county where the principal place of business of Franchisee is then located.

19.3.3 This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

19.3.4 The provisions of this Section 19.3 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

19.3.5 In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request, or demand for arbitration shall stay, postpone, or rescind the effectiveness of any termination of this Agreement.

19.3.6 Except as expressly required by law, Franchisor, Franchisee and Principal(s) shall keep all aspects of any mediation and/or arbitration proceeding in confidence, and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

19.4 Exceptions. Notwithstanding the requirements of Sections 19.2 or 19.3, the following claims shall not be subject to mediation or arbitration:

19.4.1 Franchisor's claims for injunctive or other extraordinary relief;

19.4.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

19.4.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks; and

19.4.4 enforcement of Franchisee's post-termination obligations, including but not limited to, Franchisee's non-competition covenants.

19.5 Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of Florida. Any claims, controversies, disputes, or actions arising out of this Agreement shall be governed, enforced, and interpreted pursuant to the laws of the State of Florida. Franchisee and its

Principal(s), except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Florida. Franchisee and its Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

19.6 Mutual Benefit. Franchisee, Principal(s), and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.5 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principal(s), and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.7 Waiver of Certain Damages. Franchisee and Principal(s) hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.

19.8 Limitations of Claims. Any and all claims asserted by Franchisee and Principal(s) arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee or Principal(s) knew or should have known of the facts giving rise to such claims.

19.9 Survival. The provisions of this Article 19 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

20. GENERAL

20.1 Relationship of the Parties

20.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

20.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees,

and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in the Manual or otherwise, does not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising control of the day-to-day operations of the Franchised Business.

20.1.3 Franchisee's Employees. Franchisor has no authority to control, either directly or indirectly, the essential terms and conditions of employment of Franchisee's employees. Franchisee acknowledges and agrees that Franchisee, in Franchisee's sole and absolute discretion, shall determine all such essential terms and conditions of employment, which are defined in the Manual or otherwise defined by law. Franchisee specifically agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a Houzpital Franchise and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf, participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

20.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principal(s) in this Agreement or the Franchised Business, except in accordance with Article 15 hereof.

20.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

20.4 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed, and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and Principal(s) shall be deemed to be joint and several covenants, agreements, and obligations of each of the persons named as Franchisee, if more than one person is so named.

20.5 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

20.6 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

20.7 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than in the Territory shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Territory.

20.8 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Articles 16 and 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

20.9 Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Florida, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement, and by attaching their electronic signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature, including a DocuSign signature, as the respective party's signature.

20.10 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

20.11 Survival. Any obligation of Franchisee or Principal(s) that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or Principal(s) therein shall be deemed to survive such termination, expiration or transfer.

20.12 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing herein is intended to disclaim any representations made to Franchisee in Franchisor's Franchise Disclosure Document provided to Franchisee prior to the Effective Date hereof. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

-Remainder of Page Intentionally Blank-

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:
HF SYSTEM, LLC

By: _____
Name: Gregory Radin
Title: Managing Member

FRANCHISEE (Entity):

By: _____
Name: _____
Title: _____

FRANCHISEE (Principal):

Name: _____

FRANCHISEE (Principal):

Name: _____

ATTACHMENT 1

TRADEMARKS

HOUZPITAL



ATTACHMENT 2

TERRITORY

Territory (insert map and/or define by zip codes):

Franchised Business Office Site Address:

ATTACHMENT 3

MINIMUM PERFORMANCE STANDARDS

	Minimum Annual Gross Revenue
Year 1	\$900,000
Year 2	\$1,300,000
Year 3	\$1,700,000
Year 4	\$2,200,000
Year 5+ (and Successor Term)	\$2,700,000

ATTACHMENT 4

ACH AUTHORIZATION

Franchisor Name: **HF System, LLC**

I (We) hereby authorize HF System, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: _____ Branch: _____

City: _____ State: _____ Zip: _____ Phone: _____

ACH/Routing Number: _____ Account Number: _____
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

Print Franchisee / Account Holder Name

Print Franchisee/Co-Account Holder Name

Franchisee/ Account Holder Signature-Date

Franchisee/Co-Account Holder Signature-Date

Daytime Phone Number

Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

**Please Return Form to:
HF System, LLC
839 Newell Terrace
Marco Island, Florida, 34145**

ATTACHMENT 5

COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE AGREEMENT (this or the "Agreement") made this __ day of _____, 20__ by and between _____ (hereinafter referred to as "Landlord"), _____ (hereinafter referred to as "Tenant"); and HF SYSTEM, LLC, a Florida limited liability company (hereinafter referred to as "Franchisor").

Landlord has leased to Tenant certain premises known as _____ (the "Premises"), under the terms of a Lease executed concurrently herewith, (the "Lease"), for Tenant's use of the same as a Houzpital location pursuant to a franchise agreement between Franchisor and Tenant, as franchisee (the "Franchise Agreement").

This Agreement is entered into in consideration of and in connection with Franchisor's approval of the Premises as a Houzpital location and the grant of a franchise to Tenant. This Agreement is intended to provide Franchisor and with the opportunity to preserve the continued use of the Premises as a Houzpital location under circumstances hereinafter set forth. In consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

SECTION I GRANT OF OPTION

1.1. Landlord grants to Franchisor the options to lease the Premises pursuant to the terms, covenants and conditions hereinafter set forth (each an "Option" and collectively the "Options"). Tenant recognizes the Options and acknowledges that its rights as tenant under and pursuant to the Lease are under and subject to the Options.

1.2. Upon default of Tenant under Lease. Landlord shall send Franchisor copies of all default notices, warning and termination letters and notices it gives to Tenant concurrently with giving such notices to Tenant. If Tenant fails to cure any defaults within the period specified in the Lease and Landlord intends to terminate the Lease and/or Tenant's right of possession of the Premises, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults Tenant has failed to cure and shall offer Franchisor, without any conditions other than those set forth in this Collateral Assignment of Lease, the Option to assume the Tenant's interests, or former interests, in the Lease. Franchisor shall exercise the Option, if at all, by written notice to Landlord and Tenant within thirty (30) days after receipt of Landlord's notice.

1.3. Upon Termination of the Franchise Agreement. If the Franchise Agreement is terminated for any reason during the term of the Lease, or any extension or removal thereof, Franchisor shall have the Option to assume the Tenant's interest in the Lease. Franchisor shall exercise the Option, if at all, by Franchisor's written notice thereof to Landlord and Tenant, whereupon Tenant shall be deemed to have assigned its interest to Franchisor.

1.4. Upon Non-Renewal of the Lease Term. If the Lease contains term renewal or extension rights and the term is allowed to expire by Tenant without exercising said rights, Landlord shall promptly give written notice thereof to Franchisor, but in no event later than thirty (30) days following expiration of the renewal or extension option and Franchisor shall have an Option, for an additional thirty (30) days after receipt thereof, to exercise the Tenant's renewal rights on the same terms and conditions as contained in the Lease. If Franchisor elects to exercise such right to renew or extend the term of the Lease, Franchisor shall so

notify Landlord in writing, whereupon Landlord shall promptly execute and deliver to Franchisor an acceptance of Franchisor as successor to Tenant and shall deliver possession of the Premises to Franchisor at the commencement of the extended or renewed term of the Lease. Any restriction or prohibition on the exercise of any such term renewal or extension rights shall not be applicable as to Franchisor. In the event the term of the Lease is renewed or extended by Franchisor pursuant hereto, the Tenant shall not be liable in connection with the extended or renewed term of the Lease.

SECTION II TENANT'S COVENANTS

2.1. Upon the exercise by Franchisor of any Option provided for herein, Tenant shall, within ten (10) days after written demand by Franchisor, execute and deliver to Franchisor a written assignment prepared by Franchisor of all of its right, title and interest in and to the Lease to Franchisor. If Tenant fails to do so within said ten (10) days, Tenant hereby designates Franchisor as its agent to execute any and all documents, agreements and to take all action as may be necessary or desirable to effectuate the assignment of the Lease and the relinquishment of any and all of Tenant's rights thereunder. Landlord hereby consents to such assignment without regard to any prohibitions, conditions, terms, covenants or provisions relating to the same as provided in the Lease. Tenant further agrees to immediately and peaceably vacate the Premises and remove its personal property, excluding trade furniture, fixtures, equipment, supplies and inventory, upon the receipt of any notice that Franchisor's has exercised any Option hereunder. Any property not so removed by Tenant within ten (10) days following receipt of such written notice shall be deemed abandoned by Tenant.

2.2. Tenant agrees that termination of the Franchise Agreement and/or failure of Tenant to assign its interests in the Lease to Franchisor as set forth herein, shall be a non-curable default under the Lease which will entitle Landlord or Franchisor to employ legal remedies available in summary process or otherwise, to evict Tenant from the Premises.

2.3. Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment thereof to Franchisor.

SECTION III DELIVERY OF POSSESSION OF THE PREMISES

3.1. Upon receipt of any notice that Franchisor's has exercised any Option hereunder, Tenant shall vacate the Premises prior to the date that Franchisor shall assume the Lease and failing to do, as soon as possible, Landlord shall evict Tenant from the Premises by diligent pursuit of summary process or by other and appropriate legal remedies, and shall deliver possession of the Premises to Franchisor free and clear of the possessory rights of Tenant or any third party.

3.2. Franchisor shall not be required to begin paying rent until Landlord delivers valid possession of the Premises to Franchisor. If Landlord is unable to deliver valid possession to Franchisor within six (6) full calendar months after the date Landlord receives Franchisor's written exercise of an Option, Franchisor shall thereupon have the right at any time until Landlord delivers valid possession of the Premises to rescind the Option exercise by written notice to Landlord.

SECTION IV
FRANCHISOR'S LEASE RIGHTS AND OBLIGATIONS

4.1. Franchisor, upon taking possession, shall execute and deliver to Landlord its assumption of the Tenant's rights and obligations under the Lease effective as of the date of such possession. Franchisor shall cure any non-monetary defaults of Tenant within thirty (30) days (or such longer time if reasonably required) of taking possession. Franchisor shall pay, perform and be bound by all of the duties and obligations of the Lease applicable to Tenant, effective as of the date of such Possession except that Franchisor shall not be required (a) to cure any monetary defaults of Tenant or (b) to assume or be bound by the terms of any amendment to the Lease executed by Tenant without obtaining Franchisor prior written approval thereof.

4.2. After Franchisor assumes Tenant's interests under the Lease, Franchisor may, at any time, and without the necessity of obtaining Landlord's prior consent, assign such interests or sublet the Premises to a franchisee of Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee franchisee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of the Tenant to be performed under the Lease, Franchisor shall have no further liability to Landlord as assignee, tenant or otherwise. Any and all conditions, prohibitions, restrictions, fees or requirements for consent or approval shall not be applicable with respect to any assignment or subleasing by Franchisor to any franchisee of Franchisor. Without limiting the generality of any provision hereof, under no circumstances shall there be any restriction on, nor shall Landlord have any right to share in, the amount of rent or any other charge which Franchisor may charge to any franchisee of Franchisor with respect to any sublease or any assignment of the Lease and no provision of the Lease prohibiting the sale or transfer of any stock in the tenant under the Lease shall apply to Franchisor in the event either succeeds to the Tenant's interest in the Lease.

SECTION V
DE-IDENTIFICATION AS A FRANCHISED BUSINESS

5.1. If the Lease or Franchise Agreement is terminated and Franchisor fails to exercise the Option herein contained, Tenant agrees to de-identify the Premises as a Franchised Business and to promptly remove signs, décor and other items which Franchisor reasonably requests be removed as being distinctive and indicative of a Houzpital location. Franchisor may enter upon the Premises without being guilty of trespass or any other crime or tort to effect such de-identification if Tenant fails to effect de-identification within ten (10) days after receipt of written demand from Franchisor, following termination of the Franchise Agreement or Lease. Tenant shall pay Franchisor for its reasonable costs and expenses in effecting de-identification.

SECTION VI
ADDITIONAL PROVISIONS

6.1. This Agreement shall run with the land and be binding upon the parties hereto and their heirs, successors, assigns, executors and administrators and representatives. The rights and obligations herein contained shall continue, notwithstanding changes in the persons or entity that may hold any leasehold or ownership in the land or building of which the Premises forms a part.

6.2. Franchisor may assign its rights under this Agreement, without the consent of Landlord, in connection with any transfer of its rights as franchisor of the Houzpital franchise system.

6.3. Franchisor or its designee may (but is not required to) enter the Premises to make any modification or alteration necessary to protect its system and the proprietary trademarks (including, but not limited to,

removal of signs and materials which contain the proprietary trademarks or the name, logos or colors of Franchisor) or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort.

6.4. Tenant shall not assign the Lease or renew or extend the term of the Lease without Franchisor' prior written consent.

6.5. The terms of this Collateral Assignment of Lease Agreement will supersede any conflicting terms of the Lease.

6.6. Landlord and Tenant shall not amend or otherwise modify the Lease without Franchisor's prior written consent.

6.7. At the request of Landlord or Tenant, Franchisor's rights hereunder may be subordinated to the lien of any mortgage or deed of trust hereinafter placed upon the Premises, provided that the mortgagee or trustee shall agree in writing not to disturb Franchisor's right to exercise any of the Options and assume the Lease as set forth herein.

6.8. Any party hereto may seek equitable relief or injunctive relief including, without limitation, specific performance for actual or threatened violation or non-performance of this Agreement by any other party. Such remedies shall be in addition to all other rights provided for in this Agreement or by law.

6.9. Any notice which any party hereto may desire or may be required to give to any other party hereto shall be in writing, and shall be deemed to have been given for all purposes when presented personally to such party or upon receipt or rejection after having been sent by a nationally recognized commercial overnight, next business day delivery service, addressed to such party at its address set forth below:

To: Tenant:

To: Landlord:

To: Franchisor:

HF SYSTEM, LLC

Attention:

6.10. This Agreement may be executed by the parties hereto in separate counterpart signature pages. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Premises are located.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE CAUSED THIS COLLATERAL ASSIGNMENT OF LEASE AGREEMENT TO BE EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN.

LANDLORD:

By: _____
Name: _____
Title: _____

TENANT:

By: _____
Name: _____
Title: _____

FRANCHISOR: HF SYSTEM, LLC

By: _____
Name: _____
Title: _____

ATTACHMENT 6

**STATEMENT OF OWNERSHIP INTERESTS IN
FRANCHISEE ENTITY**

Name

Percentage of Ownership

Pursuant to Section 10.2.6 of the Franchise Agreement, the Designated Principal is:

_____.

ATTACHMENT 7

SPOUSE GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on _____ (the “Effective Date”) to HF System, LLC, a Florida limited liability company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the “Franchisee Agreement”) with _____, a(n) _____ and _____ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-disclosure and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 18.2, 18.5, 18.6, 18.8 and 18.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor’s rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name: _____
Address: _____

ATTACHMENT 8

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”) by and between HF System, LLC a Florida limited liability company (the “Franchisor”), and _____ a(n) _____, with its principal place of business located at _____ and _____’s principal(s) _____, an individual residing at _____ and _____, an individual residing at _____ (“Principal(s)”). _____ and Principal(s) shall be individually and collectively referred to, and each is, the “Franchisee”.

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Houzpital business (“Franchise Agreement”) which will allow Franchisee, among other things, to conduct internet-based advertising, maintain social media accounts, software accounts, and use telephone listings linked to the Houzpital brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Accounts

2.1 Interest in Websites, Social Media, and Software Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, software accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media and software companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising and Telephone Listings: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Telephone Listings, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising and Telephone Listings or will take such other actions with respect to the Electronic Advertising and Telephone Listings as Franchisor directs; and

2.3.1 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

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

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising and Telephone Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising and Telephone Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will

remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

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

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

3.3 **No Duty.** The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

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

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

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

3.7 **Survival.** This Agreement shall survive the Termination of the Franchise Agreement.

3.8 **Governing Law.** This Agreement shall be governed by and construed under the laws of the State of Florida, without regard to the application of Florida conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:
HF SYSTEM, LLC

By: _____
Name: Gregory Radin
Title: Managing Member

FRANCHISEE (Entity):

By: _____
Name: _____
Title: _____

FRANCHISEE (Principal):

Name: _____

FRANCHISEE (Principal):

Name: _____

ATTACHMENT 9

PROVISIONS APPLICABLE TO SBA FINANCING

For the purpose of Franchisee's application for funding from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (the "SBA"), and at all times that the SBA has an interest in any SBA-assisted financing provided to Franchisee, Franchisor and Franchisee agree as follows:

1. With respect to a partial interest in the Franchised Business, Franchisor may exercise its option to purchase or its right of first refusal only if the proposed transferee is not a current owner or family member of a current owner of Franchisee.

2. If Franchisor's consent is required for any transfer (full or partial) of the Franchised Business, Franchisor will not unreasonably withhold such consent.

3. If Franchisee owns the real estate where the Franchised Business operates, Franchisee will not be required to sell the real estate upon default or termination of the Franchise Agreement, but Franchisee may be required to lease the real estate for the remainder of the Term (excluding additional renewals) for fair market value.

4. If Franchisee owns the real estate where the Franchised Business operates, Franchisor has not and will not during the Term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental indemnification, control or use restrictions. If any such restrictions are currently recorded against Franchisee's real estate, they must be removed in order for Franchisee to obtain SBA financial assistance.

5. If Franchisee owns the real estate where the Franchised Business operates, the right of Franchisor to assume Franchisee's lease has not and will not during the Term of the Franchise Agreement be recorded against the real estate and may not include any attornment language unless it is subordinated to any SBA financial assistance.

6. For other than regularly scheduled payments and payments otherwise authorized in the Franchise Agreement, Franchisor does not have the authority to unilaterally share, commingle, or withdraw funds from Franchisee's bank account.

7. The Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business. Meaningful oversight includes the authority to:

- i. Approve the annual budget of the Franchised Business;
- ii. Have control over the bank accounts of the Franchised Business; AND
- iii. Have oversight over the employees operating the Franchised Business (who must be employees of Franchisee).

Franchisee agrees that the Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business by requiring Franchisee to comply with quality, marketing, and operations standards that govern Franchisee's use of Franchisor's System.

ATTACHMENT 10

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this day of _____, by _____, a(n) _____ (“Franchisee”), a franchisee of HF System, LLC a Florida limited liability company (“Franchisor”), and _____, an individual (“Covenantor”).

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _____ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain of Franchisor’s trademarks and copyrights, including but not limited to, the Houzpital trademarks and logo, website, documents, advertisements, photographs, social media content, promotional materials and operations manual (collectively referred to as the “Intellectual Property”) for the establishment and operation of a Houzpital franchised business;

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Intellectual Property and other confidential information, knowledge, know-how, techniques, training, and other materials used in or related to the Houzpital brand and/or concerning the methods of operation of a Houzpital franchised business (collectively referred to as “Confidential Information”);

WHEREAS, the Intellectual Property and Confidential Information provide economic advantages to Franchisor and licensed users of Franchisor, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Intellectual Property and Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Intellectual Property and Confidential Information and further protecting the Houzpital brand against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Intellectual Property and Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

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

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use the Intellectual Property and such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Houzpital franchised business under the Franchise Agreement and in accordance with the requirements thereof.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Intellectual Property or Confidential Information, and shall not reproduce, in whole or in part, any of the Intellectual Property or Confidential Information, without Franchisor’s express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of Franchisee's Houzpital franchised business.

d. Covenantor shall surrender any material containing some or all of the Intellectual Property or Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Houzpital brand.

f. Upon termination of employment or association with Franchisee, Covenantor shall immediately lose all rights to access and/or use the Intellectual Property and Confidential Information for any purpose whatsoever.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the Houzpital brand, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of Franchisee's Houzpital franchised business or of other franchisees in the Houzpital system to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any property damage restoration business ("Competitive Business") other than Franchisee's Houzpital franchised business.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the Houzpital system, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of Franchisee's Houzpital franchised business or of other franchisees in the Houzpital system to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational, or supervisory capacity in any Competitive Business within fifteen (15) miles of Franchisee's Territory or of the territory of any other Houzpital affiliate-owned or franchised business.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months

or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure by Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE FRANCHISEE'S HOUZPITAL FRANCHISED BUSINESS IS LOCATED, WITHOUT REFERENCE TO SUCH STATE'S CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF SUCH STATE. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY SUCH STATE OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN SUCH STATE; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing, and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

If directed to Covenantor:

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

By: _____

Name: _____

Title: _____

COVENANTOR:

Name: _____

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

HF SYSTEM, LLC

HOUZPITAL

MULTI-UNIT DEVELOPMENT AGREEMENT



DEVELOPER

EFFECTIVE DATE

HF SYSTEM, LLC

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ATTACHMENTS:

ATTACHMENT 1:	DEVELOPMENT AREA
ATTACHMENT 2:	MANDATORY DEVELOPMENT SCHEDULE

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (this "Agreement") is being entered into this day of _____, (the "Effective Date") by and between HF System, LLC, a Florida limited liability company, with a principal place of business at 839 Newell Terrace, Marco Island, Florida, 34145 (herein "Franchisor") and _____, an individual residing at _____ and _____, an individual residing at _____ (herein "Developer").

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has established a high quality property restoration business offering water, storm, fire, environmental abatement, mold, and water damage restoration, rebuilding and other specialized services, with the integration of smart home technologies, using the Houzpital trademarks and Franchisor's confidential operations manual of business practices and policies (the "Manual"), and Franchisor's distinctive, décor, fixtures and furnishings, operations methods, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the "System").

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the Houzpital service marks, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the "Marks").

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System's high standards of quality, appearance, and service.

Pursuant to franchise agreements, Franchisor licenses to others the right to operate Houzpital outlets, using the Marks and System, in strict conformity therewith, which may be changed, improved and further developed by Franchisor from time to time (each a "Franchise Agreement").

Developer understands and acknowledges the importance of Franchisor's high and uniform standards of quality, service, and appearance, and the necessity of operating franchised businesses of the System in conformity with Franchisor's standards and specifications.

Developer desires to obtain the right to further develop and expand the System in accordance with the development schedule described in Section 5.2 and Attachment 2 hereof (the "Mandatory Development Schedule") within the development area described in Attachment 1 (the "Development Area"), under the System and Marks, on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. RECITATIONS. The Recitations set out above form part of this Agreement.

2. GRANT OF DEVELOPMENT RIGHTS.

2.1 Grant. Franchisor hereby grants to Developer, and the Developer hereby accepts from the Franchisor, on the terms and conditions set forth in this Agreement, which includes, but is not limited to, the execution of a Franchise Agreement pursuant to Section 4.2 hereof, the right to develop, construct, open and operate one

(1) Houzpital outlet within the Development Area set forth in Attachment 1. Developer shall be granted rights to establish additional Houzpital outlets in the Development Area, up to the total number of outlets set forth in the Mandatory Development Schedule set forth in Attachment 2 hereof, subject to Developer's full compliance with all conditions precedent to the grant of such rights outlined below, which rights shall be exercised in accordance with Sections 5.1 and 5.4 hereof.

2.2 Reservation of Rights. Notwithstanding the provisions of Section 2.1 above, Developer understands and agrees Franchisor fully reserves all other rights, other than as specified in this Agreement, for sales, solicitation and distribution of Houzpital products and services within or outside of the Development Area. This reservation of Franchisor's rights includes, but is not limited to, Franchisor's right to the rights to (i) offer and sell other products or services not offered under the Marks; (ii) offer and sell other property restoration concepts under the Marks or other trademarks; (iii) offer and sell Houzpital products or services at retail, or through co-branding with other businesses; and (iv) engage in solicitation and sales through the Internet, catalog sales, telemarketing and direct marketing.

2.3 No License to System and Marks. Developer expressly acknowledges that this Agreement is not a Franchise Agreement and does not grant to Developer any right or license to operate a Houzpital outlet, distribute any product or service, or use the Marks. This Agreement sets forth conditions which, if fully satisfied, confer upon Developer the rights to enter a Franchise Agreement with Franchisor to establish one or more Houzpital outlets in the Development Area only. Developer's rights to open and operate a Houzpital outlet and use the System and Marks shall be derived only through the execution of a Franchise Agreement for each Houzpital outlet to be established in the Development Area.

3. TERM. Unless sooner terminated in accordance with this Agreement, the term of this Agreement and all rights granted by Franchisor under this Agreement shall expire on the date on which Developer successfully and in a timely manner has complied with all of Developer's obligations hereunder and has completed the development obligations in accordance with the Development Schedule.

4. DEVELOPMENT AND FRANCHISE FEES.

4.1 Multi-Unit Development Fee. In consideration of the rights granted under this Agreement, Developer shall pay Franchisor a development fee equal to One Hundred Four Thousand One Hundred Twenty-Five Dollars (\$104,125.00) for three (3) Houzpital outlets, plus an additional Twenty-Two Thousand Three Hundred Twelve Dollars and Fifty Cents (\$22,312.50) for each additional Houzpital outlet Developer agrees to develop as set forth on the Mandatory Development Schedule (the "Development Fee"). The Development Fee is fully earned at the time this Multi-Unit Development Agreement is signed and is not refundable under any circumstances. Developer shall pay the full amount of the Development Fee to Franchisor upon Developer's execution of this Agreement.

4.2 Application of Development Fee. Contemporaneous with the execution of this Agreement, Developer shall execute the initial Franchise Agreement for the first Houzpital outlet to be established pursuant to the Mandatory Development Schedule. Developer shall receive a Fifty-Nine Thousand Five Hundred Dollar (\$59,500.00) credit from the Development Fee, which shall be payment in full of the Initial Franchise Fee due under the initial Franchise Agreement. Upon the execution of the second Franchise Agreement, Developer shall receive a Twenty-Two Thousand Three Hundred Twelve Dollar and Fifty Cent (\$22,312.50) credit from the Development Fee, which shall be applied to the Initial Franchise Fee of Forty-Four Thousand Six Hundred Twenty-Five Dollars (\$44,625.00) then due, and Developer shall pay Franchisor the remaining balance of Twenty-Two Thousand Three Hundred Twelve Dollars and Fifty Cents (\$22,312.50). Upon the execution of the third and each additional Franchise Agreement pursuant to the Mandatory Development Schedule, Developer shall receive a Twenty-Two Thousand Three Hundred Twelve Dollar and Fifty Cent (\$22,312.50) credit from the Development Fee, which shall be applied to the Initial

Franchise Fee of Forty-Four Thousand Six Hundred Twenty-Five Dollars (\$44,625.00) then due, and Developer shall pay Franchisor the remaining balance of Twenty-Two Thousand Three Hundred Twelve Dollars and Fifty Cents (\$22,312.50). Upon Franchisor's approval, Developer may enter into the initial Franchise Agreement or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as a limited liability company, corporation or partnership, for the sole purpose of entering into a Franchise Agreement and operating the Houzpital outlet pursuant thereto, provided that Developer shall also personally sign such Franchise Agreement as a principal.

5. EXERCISE OF DEVELOPMENT RIGHTS.

5.1 Valid Exercise. Developer shall exercise the development rights granted hereunder only by entering into a separate Franchise Agreement with Franchisor for each Houzpital outlet for which a development right is granted. Developer shall execute and deliver to Franchisor, concurrently with the execution and delivery of this Agreement, Franchisor's current form of Franchise Agreement for the first Houzpital outlet to be established by Developer pursuant to the Mandatory Development Schedule. For each subsequent Houzpital outlet to be established hereunder, Developer shall execute and deliver to Franchisor Franchisor's then-current form of Franchise Agreement, which shall be presented to Developer together with Franchisor's then-current Franchise Disclosure Document. The then-current form of Franchise Agreement may differ from the current form of Franchise Agreement; provided however, the initial franchise fee for each additional outlet shall be the applicable amount set forth in in Section 4.2 hereof. Further, Developer acknowledges and agrees that Developer shall not receive any initial training related to the second and each additional Houzpital outlet that Developer develops. Developer hereby waives all obligations by Franchisor to provide any training to Developer contained in each Franchise Agreement, other than the initial Franchise Agreement executed concurrently with this Agreement, by and between Franchisor and Developer. Developer hereby acknowledges and agrees that the training Developer receives pursuant to the initial Franchise Agreement executed concurrently with this Agreement is sufficient to allow Developer to construct, equip, open and operate each of Developer's Houzpital outlets in the Development Area.

5.2 Mandatory Development Schedule. Subsequent to Developer's signing of this Agreement and the initial Franchise Agreement, and provided that all conditions in Section 5.4 hereof are satisfied or waived, Developer shall execute an additional Franchise Agreement for the development of the second Houzpital outlet to be opened under the Mandatory Development Schedule set forth in Attachment 2 no later than ____ (____) months following the Effective Date hereof. Provided that all conditions in Section 5.4 hereof are satisfied or waived, Developer shall execute an additional Franchise Agreement for the development of the third Houzpital outlet to be opened under the Mandatory Development Schedule no later than ____ (____) months following the Effective Date hereof. Notwithstanding the foregoing, Developer shall open the Houzpital outlets by the Mandatory Open Date set forth in Attachment 2. Developer acknowledges and agrees that the terms of the Mandatory Development Schedule are reasonable and viable based upon Developer's independent investigation and analysis. Failure by Developer to adhere to the Mandatory Development Schedule (including any extensions thereof approved by Franchisor in writing pursuant to Section 5.3 below) shall constitute a material event of default under this Agreement.

5.3 Extension of Mandatory Development Schedule. If Developer is unable to meet the Mandatory Development Schedule for any outlet, Developer may seek a reasonable extension from Franchisor. Any request for an extension must be in writing and submitted to Franchisor at least sixty (60) days prior to the Mandatory Open Date for such outlet. Franchisor shall not unreasonably withhold consent for such reasonable extension provided that Developer has (i) submitted its extension request in a timely manner; (ii) demonstrated diligent efforts to meet the original Mandatory Open Date; and (iii) has at all times acted in good faith and is otherwise fulfilling its obligations under this Agreement.

5.4 Conditions to Exercise Developer's Rights. All of the following conditions must be satisfied or waived, in Franchisor's sole discretion, before Franchisor grants Developer the right to develop an additional Houzpital outlet in accordance with Section 4.2 hereof and pursuant to a Franchise Agreement:

5.4.1 Developer shall (i) request Franchisor's then-current Franchise Disclosure Document, (ii) submit to Franchisor all information and other documents requested by Franchisor prior to and as a basis for the issuance of Franchise Agreements in the System, (iii) submit to Franchisor all financial statements reasonably requested by Franchisor, and (iv) satisfy Franchisor's then-current financial criteria.

5.4.2 Developer shall be in full compliance with this Agreement, the Mandatory Development Schedule, and all Franchise Agreements with Franchisor and any other agreement with Franchisor or Franchisor's affiliates;

5.4.3 Developer has demonstrated the management skills necessary for competent operation, organization, customer service and record keeping of an additional Houzpital outlet as determined by Franchisor, in Franchisor's sole discretion.

5.5 Termination for Failure of Condition. Notwithstanding anything to the contrary contained herein, in the event that Franchisor determines, in Franchisor's sole and absolute discretion, that any condition set forth in Section 5.4 hereof cannot be satisfied, Franchisor may terminate this Agreement upon written notice to Developer. Termination of this Agreement in accordance with this Section 5.5 shall have no effect on the validity of any other agreement between Franchisor and Developer, provided that Developer is in full compliance therewith.

6. TRANSFER

6.1. Transfers by Franchisor.

6.1.1. Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Developer's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Developer expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other business entities, or be acquired by another business entity, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor.

6.1.2. Developer agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Developer acknowledges may be within the Development Area, proximate thereto, or proximate to any of Developer's Houzpital outlets).

6.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor or any of its affiliates to remain in any line of business or to offer or sell any products or services to Developer.

6.2 Restrictions on Transfers by Developer. Developer's rights and duties under this Agreement are personal to Developer, and Franchisor has made this Agreement with Developer in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Developer. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

6.3 Transfers by Developer. Developer shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right granted or interest herein or hereunder (a "Transfer") or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless Developer first obtains the written consent of Franchisor, which Franchisor may or may not grant in Franchisor's sole discretion, and subject to the following:

6.3.1 The proposed transferee must be an individual of good moral character and otherwise meet Franchisor's then-applicable standards for multi-unit franchisees.

6.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate multiple Houzpital outlets and to comply with this Agreement;

6.3.3 The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;

6.3.4 Developer has paid all amounts owed to (i) Franchisor pursuant to this Agreement and all Franchise Agreements and other agreements between Franchisor and/or Franchisor's affiliates and Developer and (ii) third-party creditors;

6.3.5 The transferee has executed Franchisor's then-standard form of Multi-Unit Development Agreement, which may have terms and conditions different from this Agreement, for a term no less than the unexpired term of future development obligations due pursuant to the Mandatory Development Schedule of this Agreement;

6.3.6 Developer and the transferee shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Developer agrees to subordinate any claims Developer may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

6.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the transferee's development obligations. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Developer's development rights on such terms and conditions. Developer shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer; and

6.3.8 If Developer, through Developer or any entity, finances any part of the sale price of the Transfer, Developer agrees that all obligations of the transferee under any notes, agreements or security interests to Developer or Developer's entity will be subordinate to the transferee's obligations to Franchisor.

6.4 Transfer Fee. As a condition to any Transfer, Developer shall pay Franchisor a transfer fee equal to Forty Thousand Dollars (\$40,000.00) multiplied by the number of remaining Houzpital outlets to be

developed hereunder; provided however, for transfers among the individuals named as Developer in the introductory paragraph of this Agreement, no transfer fee is payable.

6.5 Franchisor's Right of First Refusal.

6.5.1 If Developer wishes to transfer all or part of his or her interest in this Agreement pursuant to any bona fide offer received from a third party to purchase such interest, then Developer shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

6.5.2 Franchisor has the right, exercisable by written notice to Developer within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement for the price and on the terms and conditions contained in the offer.

6.5.3 Developer further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the third-party offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from Developer all customary representations and warranties given by a seller of franchise development rights.

6.5.4 If Franchisor does not exercise its right to buy within thirty (30) days, Developer may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 6.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

6.6 Death or Permanent Disability. The grant of rights under this Agreement is personal to Developer, and on the death or permanent disability of Developer, the executor, administrator, conservator or other personal representative of Developer shall transfer Developer's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. A transfer under this Section 6.6, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 6 and unless transferred by gift, devise or inheritance, subject to the terms of Section 6.5 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Developer from supervising the development and operation of Developer's Houzpital outlets continuously for six (6) months from its onset.

7. **DEFAULT AND TERMINATION.**

7.1 Default and Automatic Termination. Developer shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Developer, if Developer shall become insolvent or makes a general assignment for the benefit of creditors; or if Developer files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing his or her inability to pay debts when due; or if Developer is adjudicated a bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for

Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer's business or property; or if suit to foreclose any lien or mortgage against any of Developer's Houzpital outlet premises or equipment is instituted against Developer and not dismissed within thirty (30) days.

7.2 Defaults With No Opportunity to Cure. Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon notice to Developer, if Developer:

7.2.1 has misrepresented or omitted material facts in applying for the development rights granted hereunder;

7.2.2 falsifies any report required to be furnished Franchisor under this Agreement or any Franchise Agreement;

7.2.3 fails to comply with any federal, state or local law, rule or regulation, applicable to the development and operations of Developer's Houzpital outlets;

7.2.4 fails to develop the Houzpital outlets in accordance with the Mandatory Development Schedule, as may be extended by Franchisor pursuant to Section 5.3 hereof;

7.2.5 attempts a Transfer in violation of the provisions of Article 6 of this Agreement;

7.2.6 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything that may harm the reputation of the System or the goodwill associated with the Marks;

7.2.7 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

7.2.8 fails to comply with the non-disclosure and non-competition covenants in Article 8 hereof;

7.2.9 defaults, or an affiliate of Developer defaults, under any other agreement, including any Franchise Agreement, with Franchisor or any of its affiliates or suppliers and does not cure such default within the time period provided in such other agreement; or

7.2.10 terminates this Agreement without cause.

7.3 Curable Defaults. Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Developer fails to cure the default within the time period set forth in this Section 7.3, effective immediately upon notice to Developer, if Developer:

7.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any Franchise Agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Section 7.2;

7.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 7.1 and 7.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Developer proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 7.2.

7.4. Post-Termination Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Developer shall immediately terminate and Developer shall (i) immediately cease all development operations pursuant to this Agreement; and (ii) comply with the non-disclosure and non-competition covenants contained in Article 8.

8. NON-DISCLOSURE AND NON-COMPETITION COVENANTS.

8.1 Confidential Information. Developer acknowledges and accepts that during the term of this Agreement, Developer will have access to Franchisor's trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, pricing formulae, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Developer shall not, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for Developer's own benefit, any Confidential Information that may be communicated to Developer or of which Developer may be apprised in connection with the development of Houzpital outlets under the terms of this Agreement. Developer shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person, without Franchisor's prior written consent. The covenant in this Section 8.1 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Developer.

8.2 Protection of Information. Developer shall take all steps necessary, at Developer's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Developer finds that any Confidential Information has been divulged in violation of this Agreement.

8.3 Noncompetition Covenants. Developer acknowledges that, pursuant to this Agreement and the Franchise Agreement(s), Developer will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Developer. Developer acknowledges that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to him or her in the development and operation of Houzpital outlets, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Developer is entering into this Agreement. In consideration for such

specialized training, trade secrets, Confidential Information and rights, Developer covenants that, except as otherwise approved in writing by Franchisor:

8.3.1 During the term of this Agreement, Developer shall not, either directly or indirectly, for himself or herself or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Developer's Houzpital outlets or of other developers or franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any property restoration or reconstruction business (collectively "Competitive Business"); or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor, Franchisor's affiliate-owned outlets, or any Houzpital developers or franchisees.

8.3.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Developer shall not, either directly or indirectly, for himself or herself or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of Developer's Houzpital outlets or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any Competitive Business within fifteen (15) miles of the Development Area or of any Houzpital outlet; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor, Franchisor's affiliate-owned outlets, or any Houzpital developers or franchisees.

8.4 Reasonableness of Restrictions. Developer acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Developer since Developer has other considerable skills, experience and education which afford Developer the opportunity to derive income from other endeavors.

8.5 Reduction of Time or Scope. If the period of time or the geographic scope specified above is either beyond applicable law or is adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as permitted by applicable law and/or as adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 8 or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees to forthwith comply with any covenant as so modified.

8.6 Injunctive Relief. Developer acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Developer hereby consents to the entry of an injunction prohibiting any conduct by Developer in violation of the terms of the covenants not to compete set forth in this Agreement.

8.7 No Defense. Developer expressly agrees that the existence of any claims he or she may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

9. INDEMNIFICATION. TO THE FULLEST EXTENT PERMITTED BY LAW, DEVELOPER AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS HF SYSTEM, LLC, AND ANY OF ITS PARENT COMPANIES, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS,

ASSIGNS AND DESIGNEES, AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE “FRANCHISOR PARTY INDEMNITEES”), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE DEVELOPMENT, OPERATION, CONDITION, OR ANY PART OF ANY OF DEVELOPER’S HOUZPITAL OUTLETS TO BE DEVELOPED HEREUNDER, INCLUDING BUT NOT LIMITED TO, CLAIMS RELATED TO DEVELOPER’S CONTRACTORS, EMPLOYEES OR AGENTS OR CONSTRUCTION, ADVERTISING OR OTHER BUSINESS PRACTICES. DEVELOPER AGREES TO PAY FOR ALL THE FRANCHISOR PARTY INDEMNITEES’ LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS’ FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY DEVELOPER HEREUNDER. THE FRANCHISOR PARTY INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE FRANCHISOR PARTY INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. DEVELOPER AGREES THAT TO HOLD THE FRANCHISOR PARTY INDEMNITEES HARMLESS, DEVELOPER WILL REIMBURSE THE FRANCHISOR PARTY INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE FRANCHISOR PARTY INDEMNITEES.

Initial

10. DISPUTE RESOLUTION

10.1 Internal Dispute Resolution. Developer shall first bring any claim, controversy or dispute arising out of or relating to this Agreement or the relationship created by this Agreement to Franchisor’s president and/or chief executive officer for resolution. After providing notice as set forth in Section 11.6 below. Developer must exhaust this internal dispute resolution procedure before Developer may bring Developer’s dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

10.2 Mediation. At Franchisor’s option, any claim, controversy or dispute that is not resolved pursuant to Section 10.1 hereof shall be submitted to non-binding mediation. Developer shall provide Franchisor with written notice of Developer’s intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Developer’s notice to exercise Franchisor’s option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor’s corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys’ fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor’s rights to mediation, as set forth herein.

10.3 Arbitration.

10.3.1 Except disputes not subject to alternative dispute resolution as set forth in Section 10.4, any dispute between Franchisor and Developer arising out of or relating to this Agreement, or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Sections 10.1 or 10.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single

arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

10.3.2 All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 10 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq.*) and the federal common law of arbitration. All hearings and other proceedings will take place in Collier County, Florida, or, if Franchisor so elects, at the offices of the American Arbitration Association or in the county where the principal place of business of Developer is then located.

10.3.3 This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Developer, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

10.3.4 The provisions of this Section 10.3 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

10.3.5 In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request or demand for arbitration shall stay, postpone or rescind the effectiveness of any termination of this Agreement.

10.3.6 Except as expressly required by law, Franchisor and Developer shall keep all aspects of any mediation and/or arbitration proceeding in confidence and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

10.4 Exceptions. Notwithstanding the requirements of Sections 10.2 or 10.3, the following claims shall not be subject to mediation or arbitration:

10.4.1 Franchisor's claims for injunctive or other extraordinary relief;

10.4.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

10.4.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks; and

10.4.4 enforcement of Developer's post-termination obligations, including but not limited to, Developer's non-competition covenants.

10.5 Governing Law and Venue. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Florida. Developer, except where specifically prohibited by law, hereby irrevocably submit himself and/or herself to the sole and

exclusive jurisdiction of the state and federal courts in Collier County, Florida. Developer hereby waives all questions of personal jurisdiction for the purpose of carrying out this provision.

10.6 Mutual benefit. Developer and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 10.5 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Developer and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

10.7 Waiver of Jury Trial and Certain Damages. Developer hereby waives, to the fullest extent permitted by law, any right to or claim for (i) a trial by jury in any action, proceeding or counterclaim brought by or against Franchisor, and (ii) any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Developer agrees that in the event of a dispute, Developer shall be limited to the recovery of any actual damages sustained.

10.8 Limitations of Claims. Any and all claims asserted by Developer arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Developer knew or should have known of the facts giving rise to such claims.

10.9 Attorneys' Fees. In the event of any action in law or equity by and between Franchisor and Developer concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees and court costs incurred.

10.10 Survival. The provisions of this Article 10 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Developer of his/her respective interests in this Agreement.

11. GENERAL

11.1 Independent Licensee. Developer is and shall be an independent licensee under this Agreement, and no partnership shall exist between Developer and Franchisor. This Agreement does not constitute Developer as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Developer is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Developer agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other developers or franchisees of Franchisor. Pursuant to the above, Developer agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of the relationship hereby established which specifically, but not exclusively, includes costs, losses, expenses, attorneys fees relative to assignment or the transfer of right to develop and transactional costs relative thereto, defaults under any leases, subleases, notes, receipt of revenues or any other relationships arising directly or indirectly out of the development and operation of the Houzpital outlets.

11.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Developer and his or her respective

heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Developer in this Agreement, except in accordance with Article 6 hereof.

11.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

11.4 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Developer shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Developer, if more than one person is so named.

11.5 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

11.6 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as first above written, or at such other address or addresses as the parties may from time to time designate in writing.

11.7 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Developer shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind.

11.8 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 7 shall not discharge or release Developer from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

11.9 Consent to Do Business Electronically. The parties to this Multi-Unit Development Agreement hereby consent to do business electronically. Pursuant to the Electronic Signatures and Records Act as adopted by the State of Florida, the parties hereby affirm to each other that they agree with the terms of this Multi-Unit Development Agreement, and by attaching their signature electronically to this Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to this Agreement can rely on an electronic signature as the respective party's signature.

11.10 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

11.11 Survival. Any obligation of Developer that contemplates performance of such obligation after termination, expiration or transfer of this Agreement shall be deemed to survive such termination, expiration or transfer.

11.12 Entire Agreement. This Agreement is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Developer, provided that nothing in this Agreement is intended to disclaim the representations made to Developer in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

The parties hereto have executed this Multi-Unit Development Agreement on the day and year first above written.

FRANCHISOR:

HF SYSTEM, LLC

By: _____

(Print Name, Title)

DEVELOPER:

(Print Name)

DEVELOPER:

(Print Name)

ATTACHMENT 1

DEVELOPMENT AREA

(insert map and/or define by zip codes):

ATTACHMENT 2

MANDATORY DEVELOPMENT SCHEDULE

Outlet for Development	Mandatory Open Date
1	__ months following the Effective Date
2	__ months following the Effective Date
3	__ months following the Effective Date
4 (if applicable)	__ months following the Effective Date

EXHIBIT D
FINANCIAL STATEMENTS

HF SYSTEM, LLC
FINANCIAL STATEMENT
JANUARY 31, 2026

HF SYSTEM, LLC

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INDEPENDENT AUDITORS' REPORT

To the Members of
HF System, LLC

Opinion

We have audited the accompanying balance sheet of HF System, LLC (a Florida Limited Liability Company), as of January 31, 2026, and the related notes to the financial statement.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of HF System, LLC as of January 31, 2026, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of HF System, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

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

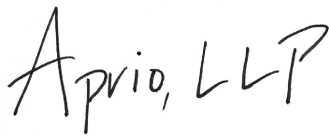
Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HF System, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HF System, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Apris, LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia
April 24, 2026

HF SYSTEM, LLC
BALANCE SHEET
JANUARY 31, 2026

ASSETS

Current assets

Cash	\$ 1,994
Prepaid expenses	<u>3,500</u>
Total assets	\$ <u>5,494</u>

LIABILITIES AND

Current liabilities

Current portion of note payable - related party	\$ 2,293
Accounts payable	<u>15,435</u>
Total current liabilities	<u>17,728</u>

Long-term liabilities

Note payable - related party, net	<u>997,127</u>
Total long-term liabilities	<u>997,127</u>

Members' deficit

	<u>(1,009,361)</u>
Total liabilities and members' deficit	\$ <u>5,494</u>

See accompanying notes to the financial statement

HF SYSTEM, LLC
NOTES TO FINANCIAL STATEMENT
JANUARY 31, 2026

Note 1

Summary of Significant Accounting Policies

Nature of Operations:

Atlantic Restorations of Collier County, LLC, (the "Company"), a limited liability company, was formed on December 31, 2020 in the state of Florida. On November 26, 2024, the Company amended the name of the Company to HF System, LLC. The Company's principle purpose is to offer and sell franchises throughout the United States, operating as Houzpital, property restoration business that provides water, storm, fire, environmental abatement, mold, and water damage restoration, rebuilding, and other specialized services. On January 26, 2026, the Owner contributed \$2,000 to the Company.

Basis of Accounting:

The financial statement of the Company has been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates:

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 statement. Actual results could differ from these estimates.

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Company maintains cash balances at one commercial bank and this balance can exceed the FDIC insured deposit limit of \$250,000 per financial institution. The Company has not experienced any losses in this account through the date when the financial statement was available to be issued.

Income Taxes:

No provision has been made for income taxes because each member's proportionate share of the Company's income or loss is passed through to be included in the individual tax return of the member. The Company applies the guidance on accounting for uncertain tax provisions in FASB ASC 740 Income Taxes.

Fair Value of Financial Instruments:

The Company's financial instruments, including cash, are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments.

HF SYSTEM, LLC
NOTES TO FINANCIAL STATEMENT
JANUARY 31, 2026

Note 1

Summary of Significant Accounting Policies (Continued)

Variable Interest Entities:

The Company has evaluated its involvement with Houzpital, LLC to determine whether they meet the criteria of a Variable Interest Entity ("VIE") under Accounting Standards Codification (ASC) Topic 810, *Consolidation*. The Company has elected to apply the accounting alternative for entities under common control as permitted by ASC 810-10-15-17AD and, as a result, did not apply the VIE guidance for entities under common control. The Company will continue to monitor its involvement with this entity and reassess the need for consolidation if the VIE alternative is no longer applicable.

Note 2

Related Party Transactions - Note Payable

On January 31, 2026, the Company entered into a note agreement with Houzpital, LLC, a related party under common ownership, with a maturity date of January 31, 2037. The note is non-interest bearing and has no principal payments due through December 31, 2026, after which interest will begin accruing at a rate of 5% per annum. Monthly principal and interest payments will begin January 1, 2027, with a principal payment of \$628,500 on January 31, 2037.

As of January 31, 2026, the outstanding balance on the note was \$999,420.

Aggregate future principal payments are as follows at January 31, 2026:

<u>Year Ending January 31,</u>	<u>Amount</u>
2027	\$ 2,293
2028	29,283
2029	30,663
2030	32,393
2031	34,074
Thereafter	<u>870,714</u>
	<u>\$ 999,420</u>

Note 3

Subsequent Events

The Company evaluated subsequent events through April 24, 2026, when the financial statement was available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date but prior to the filing of this report that would have a material impact on the financial statement.

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EXHIBIT F

LIST OF CURRENT FRANCHISEES AND FORMER FRANCHISEES

CURRENT FRANCHISEES

(as of December 31, 2025)

NONE

FORMER FRANCHISEES

(as of December 31, 2025)

that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with the franchisor within the 10 weeks preceding the Issuance Date of this Disclosure Document:

NONE

EXHIBIT G
FORM OF RELEASE

GENERAL RELEASE

This release (the "Release") is given this day of _____ by _____, a(n) _____, with its principal place of business located at _____ ("Franchisee") and _____'s principals _____, an individual residing at _____ and ("Principal(s)").

Franchisee and Principal(s), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless HF System, LLC ("Franchisor") and Franchisor's parent company, affiliates, officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Release given this day of _____ by:

FRANCHISEE (Entity):

FRANCHISEE (Principal):

By: _____

(Print Name)

(Print Name, Title)

FRANCHISEE (Principal):

(Print Name)

EXHIBIT H
STATE-SPECIFIC ADDENDA

NONE

EXHIBIT I

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

****NOT FOR USE IN CALIFORNIA, WASHINGTON, AND MARYLAND****

'Do not sign if the franchisee is a Maryland resident or if the franchised business will be located within the State of Maryland.'

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's mutual agreement to Franchisee's Territory does not constitute a warranty, recommendation or endorsement of the Territory for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business in the Territory will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the HF System, LLC, Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S

HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE HF SYSTEM, LLC, AND ANY OF ITS PARENT COMPANIES, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

Initial

FRANCHISEE (Entity):

By: _____

_____,
(Print Name, Title)

Date: _____

FRANCHISEE (Principal):

(Print Name)

Date: _____

FRANCHISEE (Principal):

(Print Name)

Date: _____

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:

State	Effective Date
Not Applicable	Not Applicable

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J

RECEIPTS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If HF System, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If HF System, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Gregory Radin 839 Newell Terrace Marco Island, Florida, 34145 (844) 696-1669	Brian Zaccagnino 839 Newell Terrace Marco Island, Florida, 34145 (844) 696-1669
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Issuance Date: April 29, 2026

I received a Disclosure Document dated April 29, 2026, that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT B: Franchise Agreement
EXHIBIT C: Multi-Unit Development Agreement
EXHIBIT D: Financial Statements
EXHIBIT E: Operations Manual Table of Contents
EXHIBIT F: List of Current Franchisees and Former Franchisees
EXHIBIT G: Form of Release
EXHIBIT H: State-Specific Addenda
EXHIBIT I: Franchisee Acknowledgement Statement

Date Received: _____
(If other than date signed)

DATE: _____

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

KEEP FOR YOUR RECORDS

RECEIPT

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EXHIBIT I: Franchisee Acknowledgement Statement

Date Received: _____ DATE: _____
(If other than date signed)

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

Please return signed receipt to HF System, LLC
839 Newell Terrace, Marco Island, Florida, 34145