FRANCHISE DISCLOSURE DOCUMENT

	Mr. Duct Cleaner Franchise Systems, Inc. A Texas Corporation Mr. Duct Cleaner 190 East Stacy Road. Suite 306-224 Allen, TX 75002 844-444-DUCT 469-260-6500 les@mrductcleaner.com www.mrductcleaner.com

You will primarily provide professional cleaning services for air duct systems and HVAC systems, as well as other products and services designed to improve indoor air quality under the name of "Mr. Duct Cleaner."

The total investment necessary to begin operation of a new Mr. Duct Cleaner franchise is from $96,600 - $141,055. This includes franchise fee of $59,500 One (1) Franchised Unit that must be paid to the franchisor. The total investment and franchisee fee due to franchisor increases if additional Franchised Units are acquired.

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

You may wish to receive Your disclosure document in another format that is more convenient for You. To discuss the availability of disclosures in different formats, contact Mr. Duct Cleaner, at 190 East Stacy Road. Suite 306-224, Allen, TX 75002, 844-444-DUCT or 469-260-6500.

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

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

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

Issuance date of this Franchise Disclosure Document: March 28, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give You information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C.
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 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 Mr. Duct Cleaner business in my area?	Item 12 and the "territory" provisions in the franchise agreement and Appendix A thereto 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 Mr. Duct Cleaner franchisee?	Item 20 or Exhibits C & D 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 G.

Your state also may have laws that require special disclosures or amendments be made to Your franchise agreement. If so, You should check the State Specific Addenda at Exhibit E.

Special Risks to Consider About *This* Franchise

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

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

2. **Emerging Franchise System.** This franchise is a relatively new and emerging franchise system that started new in February 2021 which may have more regular system changes and improvements than a more established franchise system.

3. **License requirements vary**. States vary with regard to laws and regulation of the HVAC industry. These laws impact the type of work that can be completed on HVAC systems. This may impact Your revenue and expenses. Your eligibility to perform some services and service offerings by You and Your costs to perform such services may be impacted.

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

5. **Sales Performance Required**. You must maintain sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and/or loss of your investment.

6. **Minimum Royalty and Other Payment**. You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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EXHIBITS

Exhibits to this Franchise Disclosure Document:

Exhibit A:	Our Franchise License Agreement and Appendices
Exhibit B:	Audited Financial Statements
Exhibit C:	List of Our Current Franchisees
Exhibit D:	List of Our Franchisees Who Have Left the System
Exhibit E:	State-Specific Addenda
Exhibit F:	State Effective Dates
Exhibit G:	State Administrators and Agents for Service of Process
Exhibit H:	Table of Contents - Operations Manual
Exhibit I:	Receipts

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

In this disclosure document, "We," "Us" or "Our" means Mr. Duct Cleaner Franchise Systems, Inc. "You" means the persons who buy the franchise and their spouses. If You are a legal entity, "You" includes the owners of the entity, their spouses or domestic partners, and the franchise.

The Franchisor, Parent and Affiliates

We conduct business under the name of Mr. Duct Cleaner Franchise Systems, Inc. We are a Texas corporation formed on August 7, 2020, with Our principal place of business at 190 East Stacy Road. Suite 306-224, Allen, TX 75002. We do business primarily under Our company name and the name Mr. Duct Cleaner. We have no affiliates.

Our franchise company was formed in 2020 with the name of Mr. Duct Cleaner Franchise Systems, Inc. There are no parent companies or entities. Our prior experience and predecessors are listed below.

Predecessors.

We have no predecessors.

We have offered franchises since January 1, 2021. We have never offered franchises under any other name or brand and have no other business activities.

The Business We Offer

You will operate a Franchise business offering (the "Franchise" or "Franchised Business") and selling professional residential and commercial cleaning services for air duct systems, and HVAC systems, as well as other products and services designed to improve indoor air quality (the "Services") and as designated in the Operations Manual, Bulletins, operational best practice materials, and training materials and videos, computer software applications and platforms, discussion forum information, and any other manuals or materials distributed by Us or Our suppliers, Distributors, or other franchisees (collectively the "Manuals"). You will use the concepts, business techniques, marketing systems, methods, processes, standards, specifications, policies, procedures, and methods of operation developed by Us and Our suppliers for the Franchise (the "System") within a specified nonexclusive geographical area (the "Marketing Territory") under the trade name Mr. Duct Cleaner and design, and the additional principal service marks, trademarks, trade names, trade dress, logos, emblems, slogans or indicia of origin which are or may be designated by Us in the future (the "Marks"). A list of Our current principal Marks is in Item 13. Our standard form of Franchise License Agreement is attached to this disclosure document as Exhibit A.

The Franchise's services and products are used by customers and clients in their homes, businesses and governmental establishments. The residential and commercial markets are well developed for

these services. We provide You with access to advertising and promotional products and information to aid You in marketing and promoting Your Franchise.

Using the Mr. Duct Cleaner systems, You will market Your Mr. Duct Cleaner services directly to general contractors of remodeling and/or re-construction services, HVAC contractors, homeowners, condominium associations, apartment complex owners, business owners, restoration companies, school systems, the general public and other similar customers.

Your competitors are HVAC contractors and indoor air pollution control specialists, and other businesses that offer HVAC cleaning and restoration services. These competitors may offer similar services with a wide variety of options. You may also compete with large chains, franchise businesses and other companies with substantial resources.

You may have the opportunity to bid and propose on larger construction and restoration work. In these situations, You may perform work in some instances as a subcontractor to another company. These situations require, among others management skills and sufficient funds to accomplish the project without immediate payment. We also promote air duct and HVAC cleaning services for commercial clients, which may include business premises of all types and sizes, warehouses, offices, factories, governmental entities, and educational institutions.

You will compete with other franchise systems and local establishments offering similar services, licensed contractors, and individuals.

We may continue to develop new Services. We are not obligated to develop or offer You the right to provide new Services, but if they are offered, we may impose requirements in addition to those described in this Disclosure Document, which may include, among others, completion of additional training, the purchase of additional equipment, payment of additional fees and the execution of additional agreements. You will not be required to participate in these new Services. We may also discontinue Services in our sole discretion.

Applicable Regulations

You must obtain any permits or licenses required by federal law, Your state, or locality for performing the work of the Franchise. The Franchise is subject to federal, state, and local occupational health and safety regulations (OSHA), licensing requirements for performing certain HVAC, mold remediation, hazardous material handling (HazMat), and environmental laws. For example, in order to perform or subcontract certain of the activities We permit You to perform under a Franchise some states may require that You hold a state HVAC license. Other states, counties or local governments may also have requirements. You should contact Your own state, county or local governments contractor's license board to inquire whether Your state has requirements for mold and/or contractor's licenses. Federal, state and local labor laws and regulations, including minimum age, minimum wage, and other types of laws and regulations apply to businesses generally.

Some states require air duct cleaners to hold special licenses. You should investigate these laws and regulations and keep appraised of changes that are made in areas that You service. You are

solely responsible to investigate and determine licensing requirements in the area You would like to service before signing the Franchise Agreement. It is Your sole responsibility to investigate and comply with these laws and regulations.

You must comply with all federal, state and local regulations regarding disposal of waste products and unused cleaning products. Some states may require specific licensing or certification for applying disinfectants, sanitizers and other anti-microbials that are Environmental Protection Agency (EPA) registered. Some localities may require Your Franchise to be bonded for certain work.

The details of these state and local laws and regulations vary from place to place. These federal, state and local laws and regulations may affect Your operation of the Franchise. Certain companies who may refer work to You require that no one perform work who has been convicted of, or pleaded guilty to, a felony involving dishonesty or breach of trust, theft, or any type of violence against a person whether misdemeanor or felony, subject to applicable law. Background checks will be required for verification. You may not own a Franchise if You are or ever were convicted of, or pleaded guilty to, a felony involving dishonesty or breach of trust, theft, or any type of violence against a person, and You may not employ anyone who has been so convicted, subject to applicable law.

ITEM 2 - BUSINESS EXPERIENCE

Les Clow, Chief Executive Officer, Founder and Chief Duct Cleaning Officer: Les founded Mr. Duct Cleaner after a career as a general contractor serving as owner, partner, Vice President for several local and national restoration and reconstruction companies. As the owner of our affiliate Mr. Duct Cleaner Collin County, he and his crews have completed over twenty thousand (20,000) jobs, and counting, of residential and commercial projects.

Joseph D. Rei, PhD, Director of Training and Coaching: Dr. Rei has his PHD in education from Kansas State University. He is an independent leadership and franchise Coach located in Dallas, Texas, from September 2000 until present. He is a retired Colonel from the Army Reserve and has over 25 years of strategic development, training and operations, design theory, planning and leadership coaching. Dr. Rei also served as Dean of the School of Franchising, a franchise development company located in DeSoto, Kansas, from May 2014 to March 2017. Joe joined Mr. Duct Cleaner Franchise Systems, Inc., in 2020.

Georgia Rei, Director of Marketing, serves as a Texas area franchise financial, marketing and customer service officer since October 2019. Georgia opened the first Mr. Duct Cleaner franchise in Arlington Texas in 2020, which she later sold. She is the current owner of Gencon LLC, a business development consulting business since 2011. Georgia joined Mr. Duct Cleaner Franchise Systems, Inc., in 2020.

Russell Kruse, General Counsel. Mr. Kruse has served as General Counsel for Mr. Duct Cleaner Franchise Systems, Inc. since January 2025. Prior to that, Mr. Kruse served as General Counsel for Propelled Brands Franchising, LLC, FASTSIGNS International, Inc., GTN Capital Group, LLC, Suite Management Franchising, LLC, and Camp Bow Wow Franchising, Inc., each located

in Carrollton, Texas, from April 2023 to January 2025. Prior to that, Mr. Kruse was the Chief Legal Officer of Premium Service Brands, LLC and its subsidiaries from February 2021 to April 2023, located in Charlottesville, Virginia. From January 2019 to February 2021, Mr. Kruse was a Partner in the law firm of Royer Caramanis PLC in Charlottesville, Virginia.

ITEM 3 - LITIGATION

Mr. Duct Cleaner Franchise Systems, Inc., has no litigation 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

The initial franchise license fee is listed below:

Number of Units	Franchise Fee
1	$59,500
2	$99,500
3	$134,500
4	$164,500
5	$194,500

The initial franchise license fee is non-refundable. We did not award any new franchises in 2024, so our range of initial franchise license fees is $0.

The initial franchise fee is the same for all franchisees under this offering, except as described below. In the event you are using funds from your 401(k), IRA or other qualified retirement accounts to purchase your business, we may allow you to pay a deposit of $20,000 toward your initial franchise license fee when you sign the Franchise License Agreement and pay the balance when you receive your rollover money, which payment will be due no later than 30 days from the effective date of the Franchise License Agreement. This does not apply if you are establishing an additional Mr. Duct Cleaner franchise business.

We offer a ten percent (10%) discount on our initial franchise fee for qualifying veterans of the U.S. Armed Forces and first responders, defined for this purpose as a person with specialized training who is among the first to arrive and provide aid and assistance at the scene of an emergency, such as an accident, natural disaster, or other catastrophic events. First responders include paramedics, emergency medical technicians, police officers, sheriffs, and firefighters.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fees	6% of Gross Volume	Payable weekly.	Gross Volume includes all revenue from the franchise location. Gross Volume does not include sales tax or use tax. (See Note 1 and 2). You are subject to minimum royalty fees as outlined in Note 1 below. Starts upon first revenue.
Call Center Fee (Inbound and Dispatch)	Our then current fee, which is presently $100/week (subject to change)	Payable weekly	This fee pays for the toll-free number and lead dispatch.
Marketing Fee	2% of Gross Volume	Payable weekly.	Gross Volume include all revenue from the franchise location. Gross Volume do not include sales tax or use tax. (See Note 1 and 2). Starts upon first revenue.
Technology Fee	Our then current fee, which is presently $105 per week (subject to change).	Payable weekly.	We reserve the right to change this fee in the event the technology changes. The "merchant services" fee (e.g., credit/debit card processing) established by our CRM provider or other such systems is NOT covered by the technology fee and is a cost borne by You. Starts upon your receipt of any of the technology tools.
Encroachment Fee	$1,000 per violation	Within 5 days of notice of violation	If You solicit work or operate in the territory of another Franchisee without approval.
Transfer (Note 1)	Greater of: $15,000 or 5% of the sale of the purchase price	Before the transfer (sale or gift to a third party)	Payable when You sell Your Franchise. No charge if

	paid for the franchise business		franchise transferred to a corporation that You control.
Renewal Fee	$5,000	Before renewal of term	Payable if You extend the term of the Franchise Agreement. NOTE: You will sign our then current Franchise Agreement for the renewal term, which may include materially different terms, including the Royalty rate and/or Territory.
Additional Training Fee	$500 per day	Before commencement of additional training.	Fee if You require additional personnel trained by us. Mr. Duct Cleaner Franchise Systems, Inc, trains two persons in the initial training program for free. See Item 11.
Additional Assistance including Unscheduled Emergency Management Visit	$500/day	Within five (5) days of the completion of the Emergency visit.	Mr. Duct Cleaner Franchise Systems, Inc., provides opening assistance free. We charge this fee if we must visit and operate Your business because You are unable to do so in an emergency.
Alternative Source Review Fee	$500 for each item reviewed	Payment before commencement of review	You must pay us a fee if You want us to review alternative resources.
Audit (Note 3)	Cost of audit plus 10% interest on underpayment (Note 3)	Thirty days after billing	Payable only if audit shows an understatement of at least 2% of Gross Volume for any week.
Transfer to Legal Entity Fee	$500	Due upon signing transfer documents	Due if You change the legal entity that owns the Franchise more than once. This fee is waived if the transfer is done within 60 days of signing franchise agreement.
Outstanding Royalties, Support Fees, and other fees of Transferor	Will vary under circumstances	Due 6 weeks from the transferee's execution of Franchise Agreement	In a transfer, the transferee promises to pay us at the time of closing the following fees if they are not timely paid by the transferor: Royalties,

			Referral Fees, amounts owed for purchases from us, Late Payment Fees, Interest Fees, NSF Fees, and any other fees owed, plus interest, as well as any applicable broker fees.
Late Payment Fee	5% of amount due per week, or $50 per week, whichever is greater.	Due on the Friday following the due date for each late payment.	Due for any payment that is not paid when due.
Insufficient Funds (NSF) Fee	Our then current fee, which is presently $50 per NSF.	Due on the Friday after the NSF occurs	Due if and when we debit Your account for monies owed and there are insufficient funds available.
Insurance	Cost of insurance; If You fail to maintain the required insurance, we have the right to procure insurance on Your behalf and You must pay us, on demand, for the costs and premiums we incur.	As invoiced	You are required to maintain the types and amounts of insurance specified in item 8 and, as more detailed, the Franchise Agreement
Interest Fee	18% per annum or the maximum permitted by law	Due by automatic debit each Friday	Due on all overdue amounts from the date the amounts were originally due. Note 3.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims directly or indirectly arising out of Your Mr. Duct Cleaner's Business operation.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	See Note 4
Accounting Fees	The then current fee, which is currently $65/week (subject to change)	Weekly	You must use our approved contracted bookkeeper. [t] Our approved bookkeeper may, from time to time, adjust their fee structure which will cause this weekly fee to be adjusted. See Note 5.
Outbound Calling (Smart Start)	$200/week for the 1st six months (subject to change)	Weekly for the first six months.	This is our Smart Start program to help you build business by conducting initial

			outreach and education to referral partners in Your Territory. This fee covers outbound calls to build your business.
Non-Compliance Fee	2% of Gross Sales	On-demand, following Your failure to cure a default.	If you are in default of Your Franchise License Agreement and fail to timely cure the default, we may, in our sole discretion, charge a non-compliance fee in the amount of 2% of Gross Sales payable to us in the same manner as Royalties.

Note 1. All fees are imposed by and paid to Mr. Duct Cleaner Franchise Systems, Inc. All fees are non-refundable.

Our minimum Royalty payments are as follows:

Minimum Royalty Fee Schedule:

# of Units of Territories	Months 1-6	Months 7-12	Months 13-24	Months 25-36	Months 37-48	Months 49-60	Months 60-72	Months 73-End
1 Unit	$0	$250	$500	$550	$600	$650	$700	$750
2 Units or less	$0	$500	$1,000	$1,100	$1,200	$1,300	$1,400	$1,500
3 Units	$0	$750	$1,250	$1,350	$1,450	$1,550	$1,650	$1,750
4 Units	$0	$1,000	$1,500	$1,600	$1,700	$1,800	$1,900	$2,000
5 Units or more	$0	1,250	$1,750	$1,850	$1,950	$2,050	$2,150	$2,250

Note 2: Contract labor fees between franchisees are not subject to the Royalty.

Note 3. Interest begins from the date of the underpayment.

Note 4. If You are in breach or default of any monetary or non-monetary material obligation under the franchise Agreement or any related agreement between You and Us or our suppliers or suppliers, and we engage an attorney or incur other costs to enforce our rights (whether or not formal judicial proceedings are initiated), You must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If You institute any legal action to interpret or enforce the terms of the Franchise Agreement, and Your claim in such action is substantially denied or the action is dismissed, we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

All fees are imposed by and payable to Us, unless otherwise noted. Any interest owed begins to accrue from the date of underpayment. No other fees or payments are to be paid to Us, nor do we impose or collect any other fees or payments for any third party. Any fees paid to Us are non-refundable unless otherwise noted.

Note 5. This bookkeeping includes reconciling transactions, producing monthly financial reports including a Profit and Loss statement, Balance sheet and bank reconciliation. This may include meetings with the franchise FRANCHISEE, your coach, and the bookkeeper. The bookkeeper will set up new franchisees chart of accounts, monitor banking transactions, and insure HCP to QBs transactions. This fee includes monitoring of up to two (2) bank accounts (includes one merchant credit card account and one company account). Additional bank accounts will incur higher fees. This fee does not include the subscription fee to QuickBooks and/or a payroll service.

ITEM 7: ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low	High	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Notes 1, 6, 18)	$59,500	$59,500	Lump Sum	At Signing	Us
Equipment (Notes 1, 8, 9, and 19)	$17,700	$38,955	As Arranged	Before Opening.	Supplier
Vehicle Down Payment (Notes 1, 7, and 19). Van (mandatory) and sales car (optional).	$5,000	$15,000	As Arranged	Before Opening	Supplier Sales car is optional but if You use a sales car, it must be in an approved MDCFS wrap.
Business Licenses & Permits, Deposits and Other Prepaid Expenses (Notes 2 and 17) **We require You to join NADCA**	$2,000	$5,000	As Incurred	As Incurred	Suppliers

and pass their certification test within 90 days of signing Your FDD.					
Insurance Notes 3, 10 **(General Liability and Vehicle Insurance)**	$800 first 3 months.	$1,500 first 3 months.	As Incurred	Before Opening	Insurance Carrier
Travel and Accommodations during training (Notes 4, 12, and 15)	$1,500	$3,500	As Incurred	As Incurred	Transportation, Hotels and Restaurants
Additional Funds – 3 months (Notes 5, 11, 12, 13, and 16)	$7,500	$15,000	As Incurred	As Incurred	Retained by You (Paid to Suppliers and Employees)
Smart Start (required for six months) 3 months of cost is reflected here. (Note 20)	$2,600 (13 of the 26 weeks of out-bound calling)	$2,600 (13 of the 26 weeks of out-bound calling)	Weekly	Weekly @ $200 per territory	Us After six months if you go 2 months in a row paying minimums Royalites, then this requirement will be reinstituted for three (3) months.
TOTALS	**$96,600**	**$141,055**			

Note 1: The equipment necessary to conduct cleaning services for air duct systems, HVAC systems and dryer vents, as well as other products and services designed to improve indoor air quality are *not* included in Your franchise fee. You must provide a vehicle as prescribed by Us with an approved Mr. Duct Cleaner wrap. In order to meet minimum Gross Revenue

Requirements, You will need to purchase additional sets of equipment including vehicles to accommodate the growth of Your Mr. Duct Cleaner business over the term of the agreement.

You may also need a vehicle to make sales calls. This vehicle will be wrapped with the Mr. Duct Cleaner wrap. This vehicle must be approved by Us. The base color will be white.

Note 2:
You must obtain all proper business licenses and permits from various state and local agencies before engaging in business. It is Your obligation to determine the actual amount of these fees. Security deposits and other expenses which must be prepaid will also vary substantially. This estimate does not include any costs related to obtaining an HVAC license should Your state have this requirement. We require You to be a member of NADCA and purchase Your annual membership that is approximately $2,000 for the first year. This does not include training or costs related to an HVAC license. It also does not include taking the exam for the ASCS Certification. NADCA certification is an additional requirement and fee that generally costs $1000. See NADCA.com for current fees and possible discounts.

Note 3.
Before commencing operations, You must purchase comprehensive liability insurance, including property, bodily injury, product, and automotive coverage. The cost of this coverage varies, depending on the factors that include the charges established by the carrier, terms of payment, and Your prior history. You must adhere to the guidelines for purchasing insurance.

Note 4:
You must pay any expenses incurred to receive Your initial training at our corporate training center in the Dallas/Fort Worth Metropolitan area and/or at one of our Franchisee's offices. Actual costs will depend on the distance traveled, the lodging secured, meals and the type of transportation used. If We so chose, we may include certain training at Your location. In this case You will pay the travel, lodging and associated costs for this training.

Note 5:
You must have access to monies for additional funds in the approximate amount of $7,500 to $15,000 for operational expenses during the initial 3 months of operation. The actual amount of Your initial expenses will vary, based on geographic and economic conditions. This amount is an estimate, and we cannot guarantee that You will not have additional costs in operating Your Franchise business. Your costs will depend upon Your management skill, experience and business acumen, local economic conditions, the prevailing wage rate, competition, and Your Gross Monthly Revenue during this period.

There are no other direct or indirect payments in conjunction with the purchase of the Franchise.

Note 6:
Franchise Fee is not refundable. A Territory will contain a minimum population of at least 250,000.

Note 7:

Initially, You need at least one (1) vehicle for the operations (e.g., duct cleaning) and may need one (1) vehicle as a sales vehicle for the Franchise. To accommodate the growth of Your business over the life of this agreement, we anticipate You needing to purchase 2, 3, or more operational vehicles (vans). You may, but are not required to, purchase Your vehicles from Our supplier. Each vehicle must be of the type that meets Our standards, be in good condition, be painted (wrapped) according to Our color and design specifications and have the Marks professionally applied before the vehicle is put into service. The cost for a vehicle wrap for one (1) vehicle is included in the Standard Equipment List required for start-up. An existing vehicle can be converted for use in the Franchise, or You may purchase or lease a new or used vehicle, in both cases meeting Our specifications. The estimated "low" estimate reflects the cost of a used van which otherwise meets Our standards. The estimated "high" estimate reflects purchase of a new vehicle with built-in negative air systems meeting Our standards.

Note 8:
You must purchase Our approved duct and dryer vent equipment from Our approved supplier. All other equipment may be purchased from Our recommended list or any provider You identify if the products meet our standards and specifications. (See Item 11 for further information about computer hardware and software applications and platforms.) We encourage You to maintain at least 1 month's supply of cleaning products. The products in the Standard Equipment and Standard Supplies list will last from as little as 1 month to 2 years depending upon the product and the type of work You perform. Your products and equipment must meet Our standards.

Note 9: You must equip a small office. The cost of the equipment in this office is NOT included in the amount listed in Item 5, 6 or 7. We encourage this to be a home office. At a minimum, You need a desk, chairs, filing cabinets, bookshelves, telephone and telephone service, the latest available iPad (or similar) with a minimum of 32GB, latest version of iOS and the latest version of Safari® or Google Chrome®, with updates as available. Wi-fi and cellular service is required. Your choice of carrier (requires recurring monthly fee), software applications and platforms, Internet access provider (bandwidth greater than 4mbps download, 2mbps upload), cellular phone and service, locking cabinet, uniforms, general office supplies and storage shelves. You also must purchase appropriate OSHA and governmental wage and hour notices, any State and local governmental notices, various tools, and utility supplies.

Note 10: You must purchase the insurance coverage described in Item 8. Insurance costs will vary depending on the insurer You choose, Your location, the number of vehicles to be insured, Your driving record (or Your employees' driving records), the number of employees You have, the size of Your business and other factors bearing on risk expense practices which apply to Your particular locality. Our estimate is for the first 3 months of general liability insurance, property casualty insurance, data/cyber security liability insurance, and Limited Service and Repair Liability. Franchisees usually pay a full year premium in advance or in some cases make monthly payments. This general liability insurance does not include vehicle insurance coverage or workers' compensation insurance. If You have employees, You may also incur expenses for workers' compensation insurance. We are unable to estimate amounts for vehicle coverage and workers' compensation insurance because the requirements and rates vary widely from place to place. Depending on the situation, in sub-contract situations the owner and/or prime contractor may have additional insurance requirements.

You will also be required to purchase vehicle insurance for all the vehicles you use in your business. The auto insurance policy must meet, at a minimum, those specified by your state.

Note 11: You will need to sell, market, promote, and advertise locally in the start-up phase and afterward to help establish Your business in Your locality and generate customer leads. You will receive a Web page at no additional charge along with a Franchise Locator listing from MrDuctCleaner.com.

Note 12: We do not provide You with a "training allowance" for any of our training services. The training estimates may vary widely based on training delivery methods, Your location as a franchisee, and the location of the training.

Note 13: We do not require any prepaid deposits, permits or licenses before You begin operation of Your Franchise, but Your state(s) or locality may have licensing requirements. You must obtain any permits or licenses required in Your state and/or locality for performing the services of the Franchise, which may include HVAC license, mold remediator licenses and/or contractors licenses or other licenses and certifications.

Note 14: You must work with our bookkeeping service to set up Your initial financial statements in QuickBooks® Online, and subscribe to Intuit's On-Line Tax Tables, prior to attending New Franchisee Training Program (NFTP). You must demonstrate proficiency in QuickBooks© On-Line during NFTP.

Note 15: We retain the right to host regularly scheduled meetings, seminars and/or conventions. You may be charged a registration fee to help defray a portion of Our cost of hosting such events.

Note 16: We recommend that You have additional funds available during the start-up phase of Your Franchise. These amounts are Our estimates of the amount needed to cover Your expenses for a 3-month period from the date You open for business based on an owner operated business. The estimate does not include any wages or salaries or benefits for employees or any allowance for an owner's draw. These figures are only estimates. We cannot assure You that You will not have additional expenses starting Your Franchise.

Your actual costs will vary according to Your approach to the Franchise; Your management skill, experience and business acumen; local economic conditions; the local market for the Franchise's services; the prevailing wage rate in Your market; competition and the rate of growth of Your Franchise. We recommend that You obtain independent estimates from third-party suppliers of the costs that would apply to Your establishment and operation of a Franchise or discuss the economic experience of opening and operating a Franchise with Our current and past franchisees and/or licensees. The estimated initial investment and other estimates in this disclosure document do not consider Your personal living expenses, any personal debt service, ongoing working capital requirements, accounts receivable financing or other costs. Depending on your circumstances, You may need to invest additional cash into the business during the first 3 to 7 months, and sometimes longer, but We cannot estimate or promise when, or whether, You will achieve positive cash flow or profits. We have not provided for capital or other reserve funds necessary for You to reach

"break-even," "positive cash flow," or any other financial position. We do not furnish or authorize Our salespersons or anyone else to furnish estimates as to those amounts. We recommend that You review these amounts carefully with Your business advisors.

Note 17: The purchase of real property is not necessary. As a new franchisee, you may operate from Your home if local regulations allow. If You rent or own a place of business, You may expect additional investment requirements. FRANCHISEEs must maintain an address within your Marketing territory. If your home is not located within the Marketing territory, you may enter into leases or purchase business locations within the Marketing Territory.

Note 18: All of the fees listed as payable to Us, or Our supplier(s), are non-refundable. The other fees or payments may be refundable depending on the supplier's terms of sale. We relied on Our experience to compile these estimates of the range of initial start-up expenses You may incur. The actual amount of additional funds You will need depends on a variety of factors, such as whether You extend credit terms to customers, the time of year You start Your business, Your own management skill, economic conditions, competition in Your area and other factors. The amounts given may be subject to increases based on changes in market conditions, cost of providing services and future policy changes.

Note 19: Additional sets of equipment will be necessary to support the required growth of Your business in Your territory. This could be an additional set of equipment or two, or more, depending on Your growth.

Note 20: This $200/week/territory is charged for the first 26 weeks (6 months). The total paid, per territory, during that time is $5,200. This provides you with a Smart Start to get your business up and running.

ITEM 8 – RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We will provide You with a list of approved suppliers for the purchase of equipment and supplies that You will need to operate Your business.

Supplier approval and revocation will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our suppliers for the right to do business with our system.

You may contract with alternative suppliers who meet our criteria. In order to determine if they meet our criteria, You first must send us enough information, specifications, and samples so that we can determine whether the item or service complies with our System Standards, or the supplier meets approved supplier criteria. We will charge You a fee for the evaluation. We will decide within 30 days whether to accept or reject Your alterative product or supplier.

We may revoke our previous approval of a product or supplier if it or they fail to maintain our quality and standards, or we decide to replace it with a different product or revoke a supplier's

previous approval if it fails to properly conduct its transactions with us or other Franchisees. We may inspect a supplier's facilities after the approval process to make sure that the supplier maintains our standards; if the supplier does not, we may revoke our approval by notifying the supplier and You in writing.

To help protect and enhance the integrity of the brand and the franchise system, and as good business practice, We expect Our franchisees to provide quality, uniform, and consistent service to their customers. You must maintain the highest standards of quality and work and provide the highest quality service to Our customers. We may specify, and modify as necessary, performance, appearance, operations, and other standards in Our Manuals, by Bulletin or otherwise in writing. We may, in Our sole discretion, require equipment, professional cleaning products and other products and materials to be purchased exclusively from Us, or other approved suppliers or distributors.

All advertising and promotional materials, signs, equipment, and other items We designate must bear the Marks in the form, color, location, and manner We specify. Your advertising and promotion must meet Our standards. You may prepare and use Your own advertising or promotional materials subject to Our written guidelines and must receive prior approval before doing so. You must follow Our Territorial Policy in Your promotion and solicitation on behalf of Your Franchise and Your distribution of advertising.

1. Call Center. The Mr. Duct Cleaner Call Center will dispatch jobs to Mr. Duct Cleaner franchisees nationwide, if You qualify. However, You should not rely on the Mr. Duct Cleaner Call Center for revenue. You should rely on Your own sales and marketing efforts and develop a fine reputation for performing quality cost-effective work as Your main source of business and repeat business. You may become eligible to receive job leads from the Call center.

2. Approved Suppliers.

2.1 When You purchase a Franchise, You must purchase from our approved suppliers those items listed in the Mr. Duct Cleaner Standard Equipment List and Standard Supplies List. You must purchase or lease Your vehicles, equipment, uniforms, certain computer hardware and software applications, office supplies and trademarked items under specifications. Our specifications include standards for performance and appearance, including color and trademarks.

2.2 While Our recommended suppliers sell vehicles meeting Our specifications, You are not required to purchase a vehicle from Our recommended supplier. You must purchase or lease Your equipment, professional cleaning products and equipment, inventory, supplies and other products and materials required for the operation of the Franchise from Our approved suppliers, generally the types listed in the Mr. Duct Cleaner Standard Equipment List and Standard Supplies List. From time to time, we will notify You in writing of the approved suppliers. Some terms may only be available if You purchase from Our suppliers. This is also a condition for renewal and granting of additional franchise license.

3. Purchasing and Distribution Cooperatives. There are no purchasing or distribution cooperatives. If You want to purchase any item from an unapproved supplier, You must submit a

written request for approval to Us, which may be approved or denied. We do not maintain written criteria for approving suppliers; therefore, criteria are not available if You wish to propose a supplier. To obtain Our review for the alternative supplier, You must submit a written request for approval of the proposed supplier, and the supplier must meet Our then-current criteria and specifications, which may include quality of goods or services, general reputation, financial strength of the proposed supplier, indemnification, warranty, and designated types and amounts of insurance, including product liability and product recall insurance. We may have the proposed product or service tested at Your or Your proposed supplier's expense. Notice of approval or disapproval will be given to You usually within 3 to 6 weeks, depending on the nature of the product or service. The cost to You of testing could range from $50 to $1,000 depending on the nature and complexity of the testing for the product or service. If approval of any supplier is revoked, You will receive written notice. We may require that We or Our suppliers or other representatives be allowed to inspect the proposed supplier's facilities, insurance and warranty policies at Your or the proposed supplier's expense. We or Our suppliers r other representatives may reinspect the facilities and product of any previously approved supplier; approval of the supplier may be revoked at any time. We will require indemnification and additional insured status from any such approved supplier.

4. Estimates of Start Up vs. Sustainment Costs. We estimate that the required purchases described above are 85% to 90% of the cost in the first 90 days to establish a Franchise and approximately 10% to 15% of ongoing operating expenses.

5. Required Suppliers. Except as otherwise provided in this Item 8, the Franchise License Agreement and Manuals, during the franchise term You are not obligated to purchase or lease from any designated source. You must generate job invoices that meet Our criteria through our current systems. This includes the merchant services provided by our current CRM (e.g., credit/debit card processing.). We reserve the right to change or discontinue use of any of these systems. There is no alternate source. We are the only approved supplier for Our internet access package to MrDuctCleaner.com which must be used.

You must use our bookkeeper for the entirety of this franchise licensing agreement. The bookkeeper will integrate QuickBooks Online with our then current CRM and will set up Your bookkeeping chart of accounts and other required financial documents/processes.
You must attend Our training to learn the Mr. Duct Cleaner System and methods of providing cleaning services for air duct systems, HVAC systems and dryer vents, as well as other products and services designed to improve indoor air quality.

You must use and post Internet advertising templates and a web site developed solely by Us or Our supplier, unless otherwise approved in writing. You must solely use the web site program developed and offered through Us or Our approved supplier. The value of the Mr. Duct Cleaner trademark and brand are important assets that benefit the entire Mr. Duct Cleaner franchise system. Accordingly, all postings on the Internet must portray the Mr. Duct Cleaner franchise system in a positive, dignified, and business-like manner; You must remove or modify, at Mr. Duct Cleaner's election, any material deemed by Mr. Duct Cleaner to violate this provision.

ITEM 9 – FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise License Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	None	None
b. Pre-opening purchases/leases.	None	Item 7
c. Site development and other pre-opening requirements	None	None
d. Initial and ongoing training	7.2-7.3	Item 11
e. Opening	7	Item 11
f. Fees	3	Items 5 and 6
g. Compliance with standards and policies, operating manuals	4, 7.1	Item 11
h. Trademarks and proprietary information	6	Items 13 and 14
i. Restrictions on products, services offered	7	Items 8 and 16
j. Warranty and customer service requirements	7.9	None
k. Territorial development and sales quotas	2.4 Exhibit A, Appendices A & E	Item 12
l. Ongoing product/service purchases	7.1	Item 8
m. Maintenance, appearance, and remodeling requirements	7	None
n. Insurance	7.8	None
o. Advertising	7.6	Item 11
p. Indemnification	9.2	None
q. Owner's participation/management/staffing	2.5/7.11	Item 15
r. Records and reports	4, 7	None
s. Inspections and audits	4.4	None
t. Transfer	5	Item 17
u. Renewal	1.2, 11	Item 17
v. Post-termination obligations	11	Item 17
w. Non-competition covenants	6.5, 6.6 Exhibit A, Appendices F & G	Item 17

x. Dispute resolution	12, 14	Item 17
y. Other: Guarantee of franchisee obligations (Note 1)	Exhibit A, Appendix F	None
Note 1. Each individual who owns a greater than 5% interest in a franchise that is a corporation or other business entity must sign an agreement not to compete. This agreement requires this owner to guaranty, assume, and agree to discharge all obligations of the "franchisee" under the Franchise Agreement.		

ITEM 10 - FINANCING

The initial Franchise fee is due and payable in full when You sign the Franchise Agreement and is non-refundable. We do not provide financing.

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

Except as listed below, We are not required to provide You with any assistance.

Pre-Opening Assistance. Before You open for business:

You must be proficient in Office 365 products (e.g., Word, Excel, etc.) prior to opening your franchise.

Prior to opening We will assign you a Franchise Business Coach who will assist you in the start-up phase, training, and post-training start-up.

We will designate Your non-exclusive territory (the "Marketing Territory"). (Franchise License Agreement, Section 2.3, and Appendix A to Franchise License Agreement). You will select Your business location (address) for the Franchise. Your business location is Your office and must be located within Your Marketing Territory. You may operate the Franchise from Your home provided Your home is within Your Marketing Territory and if local zoning allows, or You may operate from existing or new business locations if within Your Marketing Territory. We do not own or lease any premises for You. We are not responsible for selecting or obtaining Your business location or for ensuring that it complies with local zoning laws.

You may only use business telephone numbers with prefixes and area codes, and may only use geographic terms in internet advertising, which are within Your Marketing Territory. Internet advertising must follow Our guidelines. (Franchise License Agreement, Section 7.5 and 7.6).

All training is mandatory and must be successfully completed prior to Your commencing operation. All training will occur in an online or classroom-based, instructor-led format at Our corporate headquarters in the Dallas/Fort Worth metro area and locations otherwise directed by Us. We will provide You with digital access to Our Manuals and access to Our training resources, which contain both mandatory and suggested specifications, standards, procedures, and best practices.

The Manuals and online content are confidential and remain Our property. We will modify the Manuals and online content periodically. (Franchise License Agreement, Section 8.1)

Prior to training You must also have successfully loaded to Your smartphone, tablet/iPad and/or computers.

We will give You written specifications for opening inventory, equipment, supplies, professional cleaning products, software applications, forms and marketing materials required to be used in the Franchise. Most of these You will purchase from approved Third Party providers or Our suppliers. (Franchise License Agreement, Section 7.1)

Post-Opening Assistance:

We will provide You with Our New Franchise Business Coaching (FBC) program after You have signed the FDD and Exhibits and paid your fees related to the franchise. You will receive review materials with designated Manuals and online training resources and videos and have meetings with Your assigned Trainer/FBC at Your location or through a virtual meeting. Visits or consultations may be conducted in-person or virtually, with virtual visits and consultations involving video meeting, screen-sharing, webcast, or similar type of remote communication method. Your Assigned Trainer/FBC customarily provides business consultation meetings at Your business location or through a virtual meeting. These meetings start off with daily meetings and progress to a minimum of once per month. Business Consultations will reinforce the key objectives of building a Mr. Duct Cleaner business based on Our recommended business model.

Ongoing Trainer/FBC support will be provided through a combination of phone and personal meetings at the Franchise's business location and local Area Meetings or through virtual meetings. You are responsible for all costs of travel, lodging, and meals while attending required training provided by Us or a third party when necessary.

Additional Post-Opening Assistance:

We or Our suppliers will provide You on-going advice and assistance as needed. This assistance will include information about the products and services You offer to Your customers, improvements, and developments in the Franchise, pricing Your products and services, training employees, administrative, bookkeeping, accounting and inventory control procedures, advice about operating problems You may encounter and written materials as they are made available to all franchisees. (Franchise License Agreement, Section 8)

We may assign the services of a Franchise Business Coach. Franchise Business Coaches may provide training curricula assignments as necessary, business consulting, and other assistance and services with a goal to help facilitate Your development of Your Franchise.

We reserve the right to and will update the Manuals as We deem appropriate. (Franchise License Agreement, Section 8)

We may hold an annual convention (the "Convention") or other group meetings to share best practices, promote enhancements to the operating systems and recognize individual franchisee accomplishments with the Franchises and the System. These meetings may be held at different locations. We select the date and location. You must pay Your travel and living expenses along with a fee to help defray the overall cost of these meetings.

Additional or “refresher” training programs, as well as seminars and related activities regarding the operation of Your Franchise and the System, will be provided as We deem appropriate.

Corporate-sponsored events are mandatory for Franchise Owners. In addition, all Area Meetings and Business Coaching Reviews are mandatory for Franchise Owners. These events may be conducted at Our headquarters, virtual/on-line, or at any other location We select. You must pay Your personal expenses, including costs and expenses of transportation, lodging, meals, and wages. We may charge a reasonable fee for training materials for additional training courses. We will notify You of any charges before You enroll in a course or attend a meeting.

Advertising Assistance:

We may develop certain promotional programs and sales campaigns to assist You in marketing Your services. You must maintain a telephone line listing for the Franchise. You must follow the then-current Mr. Duct Cleaner Brand Identity Guide in our Operations and Training Manual. (Franchise License Agreement, Sections 7.5 and 7.6)

We prepare an unaudited statement of the Marketing Fund’s contributions and disbursements that is made available to You annually upon request. During the last fiscal year (ending December 31, 2024), the Marketing Fund collected $49,643.77 which was spent as follows: 41.4% of Marketing Personnel, 0.1% on video production, and 57.5% Data Analytics and Online Advertising.

You must have any and all of Your advertising and other promotional materials approved by Mr. Duct Cleaner prior to posting or use of any advertising.

We and Our suppliers will periodically develop marketing and advertising programs and campaigns to promote the services of the Mr. Duct Cleaner Franchise System.

Computer Requirements:

Our current minimum computer hardware specifications are set forth below. We may upgrade Our minimum requirements at any time in order to keep pace with technology. We will advise You in writing of any required upgrades to Your computer hardware and software applications and platforms and give You a reasonable amount of time to comply. For any component of computer hardware not included in the Mr. Duct Cleaner Equipment and Products Package, You may use any brand of computer hardware that meets these specifications and may acquire this computer hardware from any source.

You must connect to Our MrDuctCleaner.com website, which is licensed to and operated by Us. You must follow these rules and policies in order to receive and maintain Your access privileges. We may modify these rules and policies periodically at Our discretion.

Mr. Duct Cleaner currently uses and requires You to exclusively use a Franchisor-provided email dedicated exclusively for your Mr. Duct Cleaner franchised business. All messages and data stored on or transmitted through Your Mr. Duct Cleaner Gmail system are Our property and must be surrendered or destroyed at Our request. No contractual limitations exist on Our right to access the information and data on MrDuctCleaner.com, or on Your Mr. Duct Cleaner Gmail. Our current rules and policies are set forth in the Manuals and/or Apps and Computer Systems Policies and Procedures Agreement, a copy of which is attached hereto as Exhibit A, Appendix B.

You must acquire Internet (bandwidth greater than 4MBPS download, 2 MBPS upload) access rights through an independent Internet Service Provider (ISP). You may use any local ISP of Your choice as long as the access path complies with the MrDuctCleaner.com specifications. Internet access generally costs between $70 and $150 per month. All e-mail addresses must comply with Your Franchise License Agreement, the Territorial Policy, the MrDuctCleaner.com Policies and Procedure Agreement and any Bulletins We have issued.

You must purchase the following hardware and software.

We and Our Suppliers do not provide support or warranties for hardware or third-party software; any support or warranties are provided solely by the manufacturer.

- 1 Desktop or laptop computer (Note 1) - Intel i5 3.20 GHz or higher processor clock speed; 8 gigabytes (GB) of Random Access Memory (RAM) or higher; 500 gigabytes (GB) or higher hard disk space; CDRW (Read/ Write CD drive) or alternative; and 10/100/1000 Megabit Ethernet card. (This cannot be a Apple/MAC as it does not run some of our software.)
- 1 Wireless router (Note 1)- broadband gigabyte wireless router with DSL compatibility
- 1 "Multi-function" Printer/Copier/Scanner (Note 1)
- 1 Operating systems (Note 2) - Windows 10 – 64-bit, current service pack.
- 1 Anti-virus programs (Note 2) - Must install and apply latest update, with Anti-Spyware.
- 1 Office automation (Note 2)- Office 365 Small Business Editions (including Word, Excel and PowerPoint).

Notes:

1. This computer or equipment and components are not proprietary to Our system.
2. This software is not proprietary to Our system. Other software packages are available which provide the same or similar functions.

We recommend you purchase an iPad or Android tablet with a minimum of 128GB of memory, the latest version of iOS and the latest version of Safari® or Google Chrome®, with updates as available. Wi-Fi and cellular service is required for each iPad and can be obtained from Your choice of mobile carrier: it requires a recurring monthly fee. You must bring the iPad with You to Your NFTP training in Dallas/Fort Worth metro area. Each person coming to training, i.e., owner, spouse, and employee, should have a separate iPad to use during NFTP. All mobile devices used

in Your business or to access Our Systems, including "smartphones," whether owned by You or Your individual employees, are subject to Our use policies.

New franchisees will receive and must sign a software license agreement for our current CRM and must use this on all jobs. This is paid as a portion of Your Technology Fee.

You must also use, at Your own expense, the merchant services portion of our then current CRM and pay the fees for this processing (e.g., credit/debit card processing). Merchant service from our then current CRM is required but not paid in the Technology fee. The merchant services fees are paid as credit/debit card transactions are processed. We have designated Our CRM as a mandatory computer program. No other software packages are available which provide the same functions as Our CRM. You may not substitute a comparable software package for these functions.

You must use Our CRM or other recommended applications on all jobs regardless of source, whether You solicit locally or receive Call Center leads.

We and Our suppliers do not otherwise train You on the use of any computer software applications. We and Our suppliers do not provide technical support for hardware or software problems unless by mutual written agreement. We and Our suppliers do not maintain, upgrade, or support any other computer software programs. You must ensure that Your software and hardware meet or exceed Our minimum requirements, which We may upgrade at any time in order to keep pace with technology.

Data/cyber-security is critical in today's business environment. You must implement, install, and maintain an effective, comprehensive and up-to-date computer system, including effective data and cyber-security measures sufficient to protect Your business. Measures are those required by business prudence and necessity, and those we designate from time to time, including unique ID passwords established for each employee's assigned roles; antivirus software set to run a scan daily; install and maintain firewall around Your office private network; mobile devices need passwords; make backup copies of important business data and information; use a secure payment method if processing credit cards, such as the Square or other approved 4G/5G/LTE third party processor. Franchises who host their systems on a third-party network must provide proof of security controls, upgrade to the latest release of the computers' operating system and keep Internet browsers current; install the latest updates and patches; install other key software upgrades and updates as available; password protect wireless internet access; and maintain effective data/cyber-security.

You must comply with applicable law and Mr. Duct Cleaner policy if confidential/sensitive information or customer personal information or data is disclosed without authorization or is stolen either electronically or physically. We provide support for Our systems via telephone, text or email. We recommend that You engage a local IT professional as needed to assist You with other needs, such as cyber-security.

We provide web hosting to franchisees pursuant to third-party contracts with other third-party providers. Such goods and services are provided to franchisees under the terms and conditions We receive, generally "as is" and "as available" pursuant to these third-party contracts.

A copy of Our current table of contents for the Mr. Duct Cleaner Operations and Training Manual is attached hereto as Exhibit H.

Training:

We expect Franchisees to generally open (e.g., the ability to do duct cleaning work) their businesses within 30 to 90 days after signing their Franchise License Agreement. Our training is provided by Les Clow, Joseph Rei, and Georgia Rei, who respectively have 20, 55, 30 years of training experience. Unless agreed to in writing, if you do not open within 90 days, you are subject to have this franchise license/agreement revoked for abandonment. You and each Owner actively involved in operating the Franchise must complete to Our satisfaction our 5-step Business Development Program:

- Step 1: Prerequisite Progress (preparing Your business prior to classroom attendance/On-The-Job training)
    - You will receive a list of tasks that must be accomplished prior to attending the NFTP

- Step 2: Prerequisite Consultation (Virtual and/or on-site Franchise Business Coach meeting)
    - A Mr. Duct Cleaner Franchise Systems, Inc., staff member will be assigned to assist You in completion of Your pre-requisites and prepare You for the NFTP.

- Step 3: New Franchise Training Program ("NFTP") (5-day of online and classroom-based training)
    - You and a designee will attend the NFTP

- Step 4: Business Set-up (5-9 days following the NFTP)
    - A Mr. Duct Cleaner Franchise Systems staff or another franchisee will be assigned to assist You in getting ready to open Your business.

- Step 5: Business Consultations (on-going)
    - A Mr. Duct Cleaner Franchise Systems, Inc., Business Coach (FBC) will provide coaching/training with You.

At least one (1) Owner/Operating Principal actively involved in day-to-day operation of the franchise must attend and complete Business Development Program Step 3, New Franchise Training Program, within 30 days after You sign the Franchise License Agreement. We may require that each individual franchisee, all shareholders, partners or members, their spouses, or other principals or employees of the Franchise actively involved in the operation of the Franchise attend in person or virtual and complete Our Business Development Program to Our satisfaction. Two Owners will receive the Business Development Program materials. Training and manuals will be only in the English language.

You must be fluent in the English language to qualify to own and operate a Mr. Duct Cleaner franchise and complete Our training program effectively. We may, but have no obligation to,

translate some of Our written materials into other languages from time to time. The NFTP fee is waived for 2 Owners or an Owner and Operating Principal of a new franchise.

TRAINING PROGRAM - New Franchise Training Program (NFTP)

Our NFTP is a "competency based" training program, so times may vary depending upon achieving satisfactory performance on competency tasks.

Topic	Hours of Classroom Training	Hours of On-The-Job Training	Location
Welcome, Mr. Duct Cleaner Culture, Value of Mr. Duct Cleaner Franchise, and Key Result Areas	1		Dallas-Ft. Worth (DFW) or virtual
Introduction of Training Program	.5		DFW or virtual
Marketing • Call Center Overview • Marketing Fundamentals • Residential and Commercial Marketing • Referral Partners • Marketing Software and Applications • Customer Service	9		DFW or virtual
Operations • Van set-up • Scoping and Estimating • Work Force Planning • Introduction to commercial duct and HVAC cleaning • Safety • Basic work production and project management • Use of chemical cleaners, foggers and deodorization • CRM (and merchant services) • National Accounts • Sub-contractor relationships	4	14	DFW or virtual
Professional Development and Training • NADCA • On-going training @ Mr. Duct Cleaner • Business Development Program	2		DFW or virtual

• OSHA 30			
Office Management Basics • Financial Management, Accounting Transactions, Bookkeeping and Payroll • Human Resources Management • QuickBooks® Online Review • Office and Job Procedures Review	4		DFW or virtual
Information Technology Systems • Our current CRM • Our current accounting software • Mr. Duct Cleaner website • Our current CRM system • Others	6		DFW or virtual
Summary & Review	1.5		DFW or virtual
Total by Training	**26**	**14**	

Total Hours Spent in Training: 40.0[1]

You will receive review materials with designated Manuals, Bulletins, and online training resources and videos. You will have meetings with Your assigned Franchise Business Coach on-site at Your location or through virtual meetings, i.e., either in-person or with virtual visits and consultations involving video chat, screen-sharing, webcast, or similar type of remote communication method

Set-up Training. Set-up training includes consultation, instruction and self-paced work targeted to be completed over the course of 5 days. During this time, we expect Your franchise business to be set up and opened for business; plus, a review of selected principles discussed in NFTP. It is performed at Your Franchise site or via virtual accommodation immediately after You complete NFTP and includes the following: equipment and supplies procurement, training (getting Your team ready), marketing, estimating, finance, and operations.

Set-up training is provided by Franchise Business Coaches.

ITEM 12 – TERRITORY

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

[1] This total does not include does not include optional training programs, such as that offered for duct sealant services, which is a three-day training program composed of classroom and practical training applications, with a travel day before and after.

We may establish other franchised, or company owned locations that may compete with or have an economic impact on Your Franchise location. We may license others to offer or perform the same or similar services in Your Marketing Territory and may include all or a portion of Your Marketing Territory in the Marketing territory of other franchisees of Ours (overlap).

A designated Franchise Marketing territory generally consists of a minimum of 250,000 in population. A larger territory may be allowed under exceptional circumstances. The population in Your Territory is determined by using census tracts information from the U.S. Census Bureau projections. You will not receive options, rights of first refusal or similar rights to acquire additional franchises within or near any particular area. You are not permitted to relocate Your franchise Marketing Territory.

We publish a Territorial Policy, which is attached to this disclosure document as Exhibit A, Appendix E, which limits the geographical area and manner in which You may offer, solicit, advertise, and perform the services of the Franchise and Your business location. You may only offer, solicit, advertise, and perform services inside or outside of Your designated Marketing Territory in accordance with Our Territorial Policy. Your business location and mailing address must be located in Your Marketing Territory. You may only use a business telephone with prefixes and exchanges that are within, and service a substantial portion, of Your Marketing Territory. All telephone numbers remain Our property.

Under Our Territorial Policy, in certain circumstances You may be required to pay a fee to another franchisee based on a percentage of the gross billed price of the job if You perform work in another franchisee's Marketing Territory. Under certain conditions, You may be allowed to perform work in other franchisees' territories without paying any commission or referral fee. You may qualify to receive leads from the Mr. Duct Cleaner Call Center outside of Your Marketing Territory. We may impose conditions for receiving such assignments, on a temporary basis, although We have no obligation to refer such leads. We may modify Our Territorial Policy from time to time in Our sole discretion. We may make modifications that apply only to specific situations or specific franchisees when We deem it necessary to promote the goals of the System or Territorial Policy. We could choose to discontinue Our Territorial Policy. We will modify and amend the Territorial Policy in Our sole discretion, usually annually. We advise that each Franchise should concentrate its efforts on developing and performing work within its Marketing Territory. You must abide by Our Territorial Policy.

You do not have the right to purchase, and We do not have the obligation to sell You, additional new Mr. Duct Cleaner franchises; in addition, You do not have the right to purchase, and We do not have the obligation to permit You to purchase, existing franchises being sold by other existing franchisees (resales). We will apply Our then-current criteria in a consistent manner in the event You wish to do either, which criteria We establish, modify and revise from time to time in Our sole discretion. The acquisition of second and subsequent Mr. Duct Cleaner franchises or any ownership interest in such franchises is subject to volume requirements, equipment, personnel, and other requirements as set forth in Our then-current qualification guides. We have resale guides for existing franchisees purchasing additional license resales and for reselling Mr. Duct Cleaner franchises first-time Mr. Duct Cleaner owners. The renewal of any such approved additional

acquisitions is also subject to the Addendum to Franchise License Agreement – volume renewal requirements for additional acquisitions.

Our process for assigning zip codes, including zip codes in Open Territories (outside the Marketing Territory of any Mr. Duct Cleaner franchisee), and the determination of which franchises are eligible for assignment of zip codes may be modified from time to time in Our sole discretion.

ITEM 13 – TRADEMARKS

We grant You the right to operate a Franchise using the authorized trade name "Mr. Duct Cleaner (then, a designated non-exclusive Marketing Territory)." You may also use the Mr. Duct Cleaner logo and other designated current or future Marks to operate Your Franchise. By "Marks," We mean trade names, trademarks, service marks, trade dress, symbols, emblems, logos, and other indicia of origin designated by Us to identify Your Franchise and services.

Mark (Texas)	Registration No.	Date of First Use	Registration Date
	803659788	**February 27, 2015**	**November 12, 2020**
Mark (USPTO)	**Serial No.**	**Date of First Use**	**Registration Date**
"Mr. Duct Cleaner"	**90725294**	**February 27, 2015**	**May 20, 2021**

There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; nor any pending interference, opposition or cancellation, proceedings, nor any pending material litigation involving the Proprietary Marks. All required affidavits have been filed. There are no infringing or prior superior uses actually known to us that could materially affect Your use of the Proprietary Marks in the state in which You will operate. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks in a manner material to the Franchise.

You are granted the right and privilege to use the Proprietary Marks and associated logos and other Proprietary Marks connected to the franchised business in the manner and as provided in the Franchise Agreement. You must notify us immediately if You learn about an infringement of or challenge to Your use of our Proprietary Marks. We will take the action we deem appropriate. We make no warranty, expressed, or implied as to the use, validity or enforceability of the Proprietary Marks.

We are not currently aware of any infringing uses that could materially affect Your use of these Marks. You must notify Us immediately if You learn about an infringement of or challenge to Your use of the Marks. We and Our suppliers will take the action We and they deem appropriate. We are not required to defend or indemnify You against any claims of infringement or unfair competition from Your use of the Marks. (However, certain states may require that We indemnify

franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the trademarks infringes trademark rights of the third party.). We do not indemnify You against the consequences of Your use of the trademarks except in accordance with the requirements of the Franchise License Agreement. As a condition to indemnification, You must promptly notify Us of any such claim and tender the defense of the claim to Us. If We accept the tender of defense, We have the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

You must follow the System, Our rules, standards and requirements designated from time to time when You use the Marks. You must only use the Marks and Your authorized trade name to operate Your Franchise in Your Marketing Territory. You cannot register any of the Marks that are now or in the future used by Us or any abbreviation, acronym or variation of the marks, or any other name that could be deemed confusingly similar, as domain names. You must comply with Our instructions in filing and maintaining trade name or fictitious name registrations. You cannot use the Marks as part of a corporate or other legal entity name. You must modify or discontinue Your use of any of the Marks if We modify or discontinue the Mark. If We modify or discontinue the Marks, You are responsible for Your costs associated with such modification (for example, costs incurred for changing signage), and You have no right to compensation or otherwise under the Franchise Agreement relating to the costs incurred.

You must execute any documents We or Our suppliers require to protect the Marks or to maintain their continued validity and enforceability. You may not directly or indirectly contest the validity of Our ownership of the Marks or Our right to use or license Our Marks, trade secrets, and confidential or proprietary information or business techniques.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You will use our confidential information in the operation of Your franchised business. We will disclose confidential information to You in the Manuals and other communications, as described in this Item 14 of this Disclosure Document. We have not registered these materials with the U.S. Registrar of Copyrights but need not do so to protect them and preserve common law rights.

Except as described above, no patents or copyrights are material to the Franchise. You must promptly notify us when You learn of an unauthorized use of the confidential information or the Manuals. We are not obligated to take any action against any unauthorized user of the confidential information or the Manuals but will respond to this information as we think appropriate. We will control any litigation involving the confidential information and the Manuals. We are not obligated to participate in Your defense or to indemnify You for losses You incur in a proceeding brought by a third party involving Your use of the confidential information.

We are not currently aware of any infringing use which would materially affect Your use of any proprietary or copyrighted materials.

The Manuals are confidential and proprietary and will be made available to You on-line along with other proprietary documents. This document is kept current and updated on a regular basis. You

may access this document but not copy or edit it. At the termination of this Agreement, we will rescind Your access to this and other proprietary documents.

Any proprietary printed materials belong to Us, and You must return them to Us upon the expiration or termination of Your Franchise Agreement.

You must not make any disclosure, duplication, or other unauthorized use of any portion of the Manuals.

You must maintain the confidentiality of the confidential information and You may not disclose any of this information to anyone unless authorized in writing. You must not divulge confidential information to anyone other than employees who must know it to operate the Franchised Business. All information, knowledge and know-how which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement, except information which You can demonstrate lawfully came to Your attention before we disclosed it; or which, at the time of disclosure, had lawfully become a part of the public domain, through publication or communication by others; or which, after disclosure to You, lawfully becomes a part of the public domain, through publication or communication by others. Any of Your employees having access to confidential information must sign a confidentiality and non-disclosure agreement. (Section 18 of the Franchise Agreement).

During the term of Your Franchise License Agreement, you can use the proprietary information in Our Manuals and systems, which are described in Item 11. We have not filed an application for a copyright registration for the Manuals or software, but We claim a common-law copyright in Our Manuals and systems and treat and consider the information in the Manuals and software as confidential and proprietary. You must treat the Manuals and the information contained therein and in related materials as confidential and proprietary.

"Confidential Information" is all materials, information, knowledge, know-how and techniques received from or communicated by Us designated or treated as confidential. Included within Confidential Information are all Manuals, Bulletins, franchise rosters, franchisee lists, operations and training materials and videos, computer software applications and platforms, discussion forum information, e-mail contact lists, price lists and any other manuals or materials distributed by Us or Our suppliers, Distributors, or other franchisees. You agree not to disclose, divulge, or use these materials for any purpose other than in performing under Your Franchise License Agreement without Our prior written consent. You and each of the Owners and their spouses or domestic partners, officers and directors may not communicate, divulge, or use for the benefit of anyone else any Confidential Information, knowledge or know-how concerning the methods of operation of the Franchise or the System. Upon request, You agree that each Owner and key employees and their respective spouses and domestic partners will execute a confidentiality agreement, in a form approved by Us, under which all such persons agree to abide by these confidentiality and non-disclosure provisions. You agree to divulge Confidential Information only to such employees who must have access to it in order to operate the Franchise. You may not, at any time during or after the term of the Franchise License Agreement, disclose, copy, or use any Confidential Information except as We specifically authorize. You must promptly tell Us when You learn about

unauthorized use of Our confidential or proprietary information. We will respond to this information as We deem appropriate.

All information, data (including customers and contacts), techniques and know-how developed or assembled or compiled by You or Your employees or agents during the term of Your Franchise License Agreement will be owned by Us and will constitute a part of the Confidential Information protected under the Franchise License Agreement.

You must have Your personnel who receive or will have access to confidential information sign covenants not to divulge the confidential information or use it for their own benefit. If You are a corporation or other legal entity, Your shareholders, members, or partners must also execute these covenants. Our computer programs are confidential and provided to You under a revocable license. Any of Your employees who has access to Your password and log-in name for any of our Systems or MrDuctCleaner.com must sign a confidentiality agreement.

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

If You are an individual or individuals, the Franchise is licensed in reliance on Your business skills, financial capacity, personal character, integrity, business and management experience. If You are a business entity, the Franchise is licensed in reliance on the business skills, financial capacity, and personal character of the principals and Owners. You or Your principals or Owners (if You are a business entity) must directly perform or directly supervise operation of the Franchise using your full and best undivided attention and efforts to grow your Business.

All Owners of the Franchise must personally complete the annual Franchise financial and operational business reviews and attend meetings as required. The Marketing Principal must participate in all other periodic business consultations, attend all area meetings as might from time-to-time be called, and view/participate in all training programs required by Us from time to time. You must provide a monthly financial statement, in the method prescribed by US, which includes such reports as Profit & Loss Operating Statement, and Balance Sheet.

An employee may not attend training or perform these duties in Your place. Any employee attending training must sign a written agreement to maintain confidentiality of the proprietary information and trade secrets described in Item 14 and to conform to the covenants not to compete described in Item 17. These agreements must be in a form satisfactory to Us and must provide that We are a third-party beneficiary of and have the independent right but not the obligation to enforce, the covenants.

If You are a legal entity, direct, on-site supervision must be performed by a designated Owner/Operating Principal, a shareholder, partner, or member who has successfully completed the Mr. Duct Cleaner training program.

If You are a legal entity, each individual shareholder, partner or member, and their spouses (even if You later marry or remarry), must sign a guaranty assuming and agreeing to pay all obligations

under the Franchise License Agreement and sign an agreement to comply with its provisions, including accounting, recordkeeping, transfer, confidential information and noncompetition.

In addition, spouses of Owners must sign an agreement to be bound by the terms and conditions of the Franchise License Agreement. While You operate a Franchise under Our Franchise License Agreement, You cannot have an interest or business relationship with any of Our competitors. You may not share an office space, a primary place of business or employees with another franchisee. You may not own or dedicate an amount of time to any other business that would impede your ability to fully develop your Franchised Business.

ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only the goods and services which conform to Our standards and specifications (see Item 8). You must offer the goods and services that are designated as required for all franchisees. You must maintain in Your inventory the minimum required amount of professional cleaning products and equipment. You may elect to offer other services and products only upon Our written approval. We may change the authorized services and products that You must offer by either adding additional products and services or deleting products and services, or both.

You must comply with all applicable laws and regulations, including federal regulations, and obtain all appropriate governmental approvals for the Franchise. You must operate the Franchise in strict conformity with Our required methods, procedures, policies, standards and specifications of the System as outlined in the Manuals and Bulletins and as We may otherwise state in writing. You must not deviate from Our standards and specifications or industry guidelines without Our prior written consent.

You have the sole discretion as to the prices to be charged to Your customers, although We and Our suppliers will offer You guidelines and advice.

We have the right to add additional authorized services that a franchisee is required to offer.

If You do not meet the requirements of the National Accounts or Referral Partner programs, we may deny You the right to receive any further business referrals from us and may either keep the business referrals for ourselves or give them to another franchisee. Failure to meet Your annual sales quota or to pay minimum Royalties when due and owing is a default under Your franchisee agreement and grounds for termination of Your franchise. (See Item 17.)

You are limited in how You may engage in the business of the Franchise outside Your nonexclusive Marketing Territory.

Any services or businesses owned or operated, or offered in any manner whatsoever, by You that are similar, related or competitive to the Franchise, Franchise Services, or the System are subject to Royalty and all fee payments as set forth in this disclosure document and in the Franchise License Agreement. We will determine at Our discretion whether or not any such services or businesses are subject to these payments. If You have any question regarding whether or not particular services or businesses are subject to Royalty, You must obtain prior written

authorization from Our authorized officer in advance of operating such businesses or performing such services for them to be excluded from Royalty or other fee payments. If You transact other business which is not subject to the Franchise License Agreement, You must identify in writing its existence and function, keep that business completely separate from the Franchise, and make its records available for Our review.

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(s) in Franchise Agreement	Summary
a. Length of the Franchise term	Section 1	Initial term is 10 years
b. Renewal or extension of the term	Section 1	You must notify us in writing of Your intention to renew the Mr. Duct Cleaner Franchise not less than six (6) months prior to the scheduled expiration date of this agreement. That renewal is another ten-year agreement.
c. Requirements for You to renew or extend	Section 1	Your rights and obligations upon renewal shall be identical to Your rights and obligations as set forth in our then-current form of Franchise Agreement being offered to new Franchises at the time of the exercise of the option to renew, including, without limitation, the then current royalty and a renewal fee of 20% of the then required franchise fee. This will be paid 90 days before the commencement of the renewal period. Your options to renew shall not be exercisable if, at the time of notice or renewal, You are in default under any provision of this Agreement or any other agreement between us, or our suppliers, and You, or if You have not substantially complied with all other terms and conditions of such agreements during the previous terms thereof.
d. Termination by You	Section 10.2	If You are in full compliance with this Agreement and Mr. Duct Cleaner materially breaches this Agreement and fails to cure such breach within 30 days after written notice specifying the breach is delivered by You to Mr. Duct Cleaner, then You may terminate this Agreement and the Franchise,

		but You shall remain liable for all debts and amounts owing to Mr. Duct Cleaner, prior to the effective date of any such termination.
e. Termination by Us without cause	Section 10	We can terminate only for cause.
f. Termination by Us with cause	Section 10	We can terminate only if You commit a default, and we provide notice if required.
g. "**Cause"** defined – curable defaults	Section 10.5	Loss of any required licenses and permits, failure to complete initial training, understatement of payment due to us by 5% or more, lack of insurance coverage, failures to pay Mr. Duct Cleaner Franchise Systems, Inc, and/or any suppliers, unauthorized transfers, or if Your gross revenue annual revenue does not equal or exceed the minimum gross revenue in any two (2) consecutive years based on the size of Your territory. Limited Services: If you are in default under your Franchise Agreement and you fail to timely cure it, we may, at our option, rather than terminating your Franchise Agreement, elect to provide limited services to you. Such limited services include: (1) removal from MrDuctCleaner.com, (2) no access to Marketing Fund services, (3) removal of you or your personnel from the Mr. Duct Cleaner Google Workspace email platform and other Google Workspace functions or Outlook email, depending on which platform franchisee's email is on, no access to the Mr. Duct Cleaner resource site, (4) not eligible to receive Mr. Duct Cleaner National Accounts Program jobs, (5) not eligible to attend any Mr. Duct Cleaner events, (6) no access to Mr. Duct Cleaner online training, (7) not eligible to purchase or open additional Mr. Duct Cleaner franchise businesses, (8) visits limited to only what is required by this Agreement, and (9) not eligible to participate in Referral Partner Program. Non-Compliance Fee: If you are in default of your Franchise License Agreement and you fail to timely cure it, we may, at our option charge a non-compliance fee (See Item 6).
h. "**Cause**" defined – non-curable defaults	Section 10.3-10.4	Abandonment, conviction of a felony or misdemeanor including sex offenses, bankruptcy or

		insolvency, breach of non-competition covenant, disclosure of contents of manuals, material misrepresentations, repeated defaults. Abandonment is defined by us to be not opening within 90 days of signing this Franchise Agreement and/or not operating the business for any period of five (5) or more calendar days.
i. Your obligations on termination/non-renewal	Section 11	Obligations include complete de-identification and payment of amounts due.
j. Assignment of Contract by Us	Section 5.6	No restriction on our right to assign.
k. "Transfer" by You – defined	Section 5	Includes transfer of contract or assets or ownership change.
l. Our approval of transfer by You	Section 5	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for approval of transfer	Section 5	Transferee qualifies, transfer fee paid, training arranged, General Release in substantially the form attached to the Franchise Agreement as Exhibit A, Appendix H signed by You and then-current agreement signed by Transferee.
n. Our right of first refusal to acquire Your business	Section 5.8	We have the right to match any offer for Your Franchised Business if You offer it for sale.
o. Our option to purchase Your business	Section 5	Other than our right of first refusal, we have no right or obligation to purchase your business.
p. Death or disability of You	Section 5	Franchise must be assigned by estate to approved buyer within 6 months to a new owner who was previously approved by Us.
q. Non-competition covenants during the term of the Franchise	Section 6.6, Exhibit A, Appendices G & H	No participation in competing business anywhere
r. Modification of the agreement	Section 13.1	Only with mutual agreement
s. Integration/merger clause	Section 13.12	Only the terms of the Franchise Agreement are binding
t. Dispute resolution by mediation or arbitration	Section 12, 13, 14	We agree to try to resolve any dispute arising under the Franchise Agreement by mediation.
u. Choice of Forum	Section 13.11	Litigation must be in the county and state of our principal place of business, which is currently in Texas, subject to applicable state law.

v. Choice of Law	Section13.10	State in which our principal place of business is located, which is currently in Texas, subject to applicable state law.

Some states may have laws or legal precedent that may supersede the Franchise Agreement concerning Your relationship with us including the areas of termination and renewal of the Franchise.

ITEM 18 - PUBLIC FIGURES

We do not use any public figure to promote Our Franchise.

ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits us to provide information about the actual or potential financial performance of our Franchised Businesses, 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) we provide the actual records of an existing Franchised Business You are considering buying; or (2) we supplement the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Table 1 – AFFILIATE GROSS VOLUME - 2020-2024

Mr. Duct Cleaner's Affiliate's historical performance is provided here as a sole proprietor (e.g., not franchise). Mr. Duct Cleaner Affiliate has operated in the Dallas – Fort Worth, Texas, metro area for the past 15 years. During the past three years, Mr. Duct Cleaner's Affiliate has operated one of the franchise territories, Collin County, with two crews with vans to serve this area. There is no assurance You'll do as well. If You rely on our figures, You must accept the risk of not doing as well. We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize Our employees or representatives to make any such representations either orally or in writing.

This operation has had Annual Gross Sales as follows:

2024 - $549,161.79
2023 -- $595,869
2022 -- $766,531
2021 -- $644,009
2020 – $485,527

Note 1: "Annual Gross Sales" is defined as all revenue received from operating the Franchised Business.

Table 2 – AFFILIATE PROFIT & LOSS - 2024

The Profit and Loss for our affiliate, Mr. Duct Cleaner Collin County, for 2024 is provided below.

Job Income	
Duct Cleaning and Related Income	$548,036.57
Product and Other Income	$1,125.22
Total for Income	**$549,161.79**
Cost of Goods Sold	
Job Materials Purchased	$27,602.32
Referral Fees	$1,467.00
Subcontractors Expense	$24,729.56
Merchant Account Fees	$4,101.11
Total for Cost of Goods Sold	**$57,899.99**
Gross Profit	**$491,261.80**
Expenses	
Advertising and Promotion	
Advertising	$718.13
Business Meals	$1,131.59
Business Promotions	$113.79
Online Lead Companies	$4,830.21
Total Advertising and Promotion	**$6,793.72**
Office and Admin Expense	
Office supplies, license, and admin	$4,778.31
Dues and Subscriptions	$2,157.24
Telephone Expense	$3,510.13
Rent Expense	$2,700.00
Storage Fee	$2,412.63
Office and Admin Expense Total	**$15,558.31**
Insurance Expense	
Insurance (Key Man)	$1,211.12
General Liability Insurance	$15,430.66
Life and Disability Insurance	$519.07
Total Insurance Expense	**$17,160.85**
Fleet Expenses	
Auto Insurance	$20,013.90
Auto Repairs and Maintenance	$9,901.38
Gas & Fuel	$16,934.47
Tolls/Parking/Licenses	$4,420.27
Vehicle Registration	$211.50
Repairs and Maintenance	$2,000.00
Total for Fleet Related	**$53,481.52**

Payroll Expenses	
Payroll	$151,367.50
Payroll Taxes	$16,239.88
Total for Payroll Expenses	**$167,607.38**
Professional Services	
Legal & Accounting	$3,872.00
Total for Professional Services	**$3,872.00**
Total for Expenses	**$264,473.78**
EBITDA	**$226,788.02**

There is no assurance You'll do as well. If You rely on our figures, You must accept the risk of not doing as well. Our Affiliate does not pay all of the royalties and other fees that Franchisees are required to pay. We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize Our employees or representatives to make any such representations either orally or in writing.

Table 3 – FRANCHISE BUSINESS GROSS VOLUME - 2024

In 2024, Mr. Duct Cleaner had eleven (11) franchise territories that operated for the full fiscal year and reported Gross Volume for all periods in 2024. These 11 franchise territories were operated by six (6) franchisees. The average Gross Volume of these eleven (11) territories was $187,313.92 and the median Gross Volume was $157.139.76. The high territory was $504,790.25 and the low territory was $66,387.77.

Note 1: The Franchised Businesses included above operate under the same marks and offer the same services that you will offer. The FRANCHISEEs under the Mr. Duct Cleaner Franchise System are directly responsible for all costs and expenses associated with their independently owned and operated businesses.

Note 2: Territories vary in size across the Mr. Duct Cleaner franchise system. In situations, where a franchisee reports combined Gross Volume collectively across multiple territories, We have divided the reported Gross Volume by the number of territories producing that Gross Volume.

There is no assurance You'll do as well. If You rely on our figures, You must accept the risk of not doing as well. We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize Our employees or representatives to make any such representations either orally or in writing.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable written request. We strongly recommend that you conduct your own independent investigation to determine whether a Franchised Business may be profitable for you. The above information is only a reference point, and we strongly suggest that you make

your own analysis and prepare your own projections. We strongly encourage you to consult with your professional advisors regarding your financial projections and federal, state, and local tax and other laws that may impact the performance and operations of a Franchised Business.

If You are purchasing an existing outlet, however, We may provide You with the actual records of that outlet. If You receive any other financial performance information or projections of Your future income, You should report it to the franchisor's management by contacting Les Clow, CEO/Chief Duct Cleaner of Mr. Duct Cleaner Franchise Systems, Inc, 190 East Stacy Road. Suite 306-224, Allen, TX 75002, 844-444-DUCT or 469-260-6500, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 - OUTLETS AND FRANCHISEE INFORMATION

Systemwide Outlet Summary
For Years 2022 to 2024

Table No. 1
System-wide Outlet Summary
For Years 2022–2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	4	7	3
	2023	7	10	4
	2024	10	11	1
Company Owned	2022	2	2	0
	2023	2	3	1
	2024	3	2	-1
Total Outlets	2022	6	9	3
	2023	9	13	4
	2024	13	13	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than to Us)
For Years 2022–2024

State	Year	Number of Transfers
Texas	2022	0
	2023	1
	2024	1

Table No. 3

Status of Franchised Outlets
For Years 2022–2024

State	Year	Outlet at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Us	Ceased Operations for Other Reasons	Outlets at the End of the Year
Texas	2022	4	3	0	0	0	0	7
	2023	7	1	0	0	1	0	7
	2024	7	0	0	0	0	0	7
Florida	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Colorado	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Total	2022	4	3	0	0	0	0	7
	2023	7	4	0	0	1	0	10
	2024	10	1	0	0	0	0	11

Table No. 4
Status of Company-Owned Outlets
For Years 2022-2024

Col. 1: State	Col. 2: Year	Col. 3: Outlets at Start of the Year	Col. 4: Outlets Opened	Col. 5: Outlets Reacquired from Franchisees	Col. 6: Outlets Closed	Col. 7: Outlets Sold to Franchisees	Col. 8: Outlets at End of the Year
Texas	2022	2	0	0	0	0	2
	2023	2	0	1	0	0	3
	2024	3	0	0	0	1	2
Totals	2022	2	0	0	0	0	2
	2023	2	0	1	0	0	3
	2024	3	0	0	0	1	2

Table No. 5
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed but Business not Opened	Projected Franchised New Business in the Next Fiscal Year	Projected Company-Owned Openings in Next Fiscal Year
Texas	0	4	0
Florida	0	2	0
Georgia	0	1	0
Ohio	0	1	0
South Carolina	0	1	0
North Carolina	0	2	0
Arizona	0	1	0
Tennessee	0	1	0
Oklahoma	0	1	0
Missouri	0	1	0
Total	0	15	0

Contact information for former franchisees:

Exhibit C to this Franchise Disclosure Document includes the names, addresses, and telephone numbers of all Franchisees as of December 31, 2024.

Please see Exhibit D for last known contact information for our List of Our Franchisees Who Have Left the System between January 1, 2024, and December 31, 2024, and those who have not communicated with us within ten (10) weeks of the issuance date of this Franchise Disclosure Document. If You buy this franchise, Your contract information may be disclosed to other buyers when You leave the franchise system.

Confidentiality Clauses

As of the date of the issuance of this Franchise Disclosure Document, no Franchisees have entered any confidentiality agreements that restrict their ability to speak openly about their experience with our Franchise system.

Trademark-Specific Franchisee Organizations

There are no Trademark specific Franchisee organizations sponsored by Mr. Duct Cleaner at this time. Mr. Duct Cleaner does endorse and require You to become certified and maintain Your membership in the National Air Duct Cleaners Association (NADCA).

ITEM 21 - FINANCIAL STATEMENTS

See Exhibit B for our audited financial reports for our fiscal years 2022, 2023, and 2024. Our fiscal year-end is December 31.

ITEM 22 - CONTRACTS

Exhibit A, Appendix A:	Description of Protected Marketing Territory and Designation of Trade Name
Exhibit A, Appendix B:	Electronic Funds Transfer Authorization Form
Exhibit A, Appendix C:	Apps and Computer Systems Policies and Procedures
Exhibit A, Appendix D:	Code of Conduct
Exhibit A, Appendix E:	Personal Responsibility Statement
Exhibit A, Appendix F:	Personal Guaranty
Exhibit A, Appendix G:	Confidentiality and Non-Competition Agreement for Non-Owner Spouse
Exhibit A, Appendix H:	Confidentiality and Non-Competition Agreement for Resale Buyer
Exhibit A, Appendix I:	Transfer of Mr. Duct Cleaner Franchise and General Release

ITEM 23 - RECEIPTS

Two copies of an acknowledgement of Your receipt of this Disclosure Document are attached at the end of all the Exhibits as Exhibit I. The receipts are detachable, and one copy must be signed by You and given to us. You may retain the other copy for Your records. If the acknowledgement page or any other pages or exhibits are missing from Your copy, please contact the Company at the address or phone number noted in Item 1.

These receipts will be provided to You as a separate electronic signature document.

Exhibit A

FRANCHISE LICENSE AGREEMENT

FRANCHISE LICENSE AGREEMENT

THIS FRANCHISE LICENSE AGREEMENT (the "Agreement") is made and entered into as of the date executed and accepted by Mr. Duct Cleaner Franchise Systems, Inc., a Texas stock corporation ("FRANCHISOR") (the "Effective Date") having its principal place of business at 190 East Stacy Road. Suite 306-224, Allen, TX 75002 by and between FRANCHISOR and _____ ("FRANCHISEE").

WHEREAS, FRANCHISOR and its suppliers have developed, adapted and adopted certain skills, concepts, business techniques, marketing systems, methods, processes, standards, specifications, policies and procedures, and methods of operation (the "System") for a business to offer professional cleaning services for air duct systems and HVAC systems as well as other products and services designed to improve indoor air quality (the "Franchise"), and

WHEREAS, FRANCHISOR owns and identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and other indicia of origin filed for ownership by FRANCHISOR, including, without limitation, the mark Mr. Duct Cleaner and the stylized logo designs (the "Proprietary Marks,") and other identifying colors and paint schemes, trade dress, slogans, promotional campaigns, artistic creations, advertising formats and concepts (the "Trade Indicia,") and such Proprietary Marks and Trade Indicia as may hereafter periodically be designated by FRANCHISOR for use in connection with the System and the Franchise (collectively, the "Marks");

WHEREAS, FRANCHISEE, understanding and acknowledging the necessity of operating in conformity to the System in connection with the Marks, desires to acquire a license for a Franchise to be operated in and from a specified non-exclusive geographic territory more fully set forth in Section 2.3 and further identified in Appendix A, the Description of Marketing Territory and map (the non-exclusive "Marketing Territory"), and FRANCHISOR is willing and agrees to grant to FRANCHISEE such a non-exclusive license for a Franchise to be operated on a non-exclusive basis in and from the Marketing Territory under the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants, terms and conditions contained herein and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the parties hereto agree that the above recitals are incorporated as a material part of this Agreement, and further agree as follows:

1. *TERM RENEWAL*

1.1 Initial Term. This Agreement and the license granted herein shall have a term of ten (10) years from the date of FRANCHISOR's execution of this Agreement, unless terminated earlier in accordance with the terms set forth herein.

1.2 Renewal. Immediately prior to the expiration of the initial or any successive ten (10) year term, FRANCHISEE may renew the franchise for an additional ten (10) year term by giving one hundred eighty (180) days' written notice of renewal to FRANCHISOR prior to expiration, provided:

(a) FRANCHISEE's monetary obligations to FRANCHISOR and its suppliers, any Distributor and any subcontractors, suppliers and other creditors are current;
(b) FRANCHISEE is not in default of any provision of this Agreement or any other agreement between FRANCHISEE and FRANCHISOR (such as conditions agreed upon in writing) or between FRANCHISEE and any supplier of FRANCHISOR; and
(c) FRANCHISEE shall have fully complied with all terms and conditions of such agreements during the terms thereof.
(d) In addition, FRANCHISEE shall:

1. obtain such vehicles, equipment, supplies, cleaning products, uniforms, computer hardware and software applications and hire staff as FRANCHISOR may require for FRANCHISEE to meet FRANCHISOR's then-current standards, as reflected in FRANCHISOR's business model;
2. attend and successfully complete, to FRANCHISOR's satisfaction, any retraining program that FRANCHISOR may require of Operating Principals of FRANCHISEE and/or Owners, approved by FRANCHISOR;
3. execute FRANCHISOR's then-current standard form of Franchise License Agreement and associated documents, which may contain materially different terms and conditions;
4. execute a general release, in a form satisfactory to FRANCHISOR, of any and all known and unknown Claims against FRANCHISOR, its suppliers and their respective officers, directors, employees, shareholders, owners, agents, successors, assigns, Distributors and representatives through the renewal date;
5. provide proof of insurance evidencing compliance with all requirements of Section 7.8;
6. repaint and reapply decals to any business vehicle more than five (5) years old and provide proof that other newer business vehicles are properly painted and decaled and employees are uniformed according to the then-current vehicle and uniform appearance standards;
7. submit to FRANCHISOR the most recent year-end balance sheet and income statement compiled by a certified public accountant or licensed public accountant prepared on the accrual basis of accounting, if requested;
8. submit federal income tax returns for FRANCHISEE and individual tax returns for each Owner (as defined in Section 2.5(b) below) and each Owner's spouse or domestic partner; and federal income tax returns for any business in which FRANCHISEE or any Owners and/or their respective spouses or domestic partners have an ownership interest, excluding public companies for which any Owner owns less than a 5% interest; this information shall be provided for the most recent calendar year return for which the deadline for filing has occurred within 12 months of renewal date, if requested; and
9. pay FRANCHISOR its then-current renewal fee upon renewal. If FRANCHISEE does not complete the renewal requirements by the expiration date of this Agreement, FRANCHISEE shall pay an additional $1,000 to extend this Agreement to add an additional thirty (30) days.

2. *GRANT OF LICENSE; TRADE NAME; MARKETING TERRITORY; TERRITORIAL POLICY*

2.1 Grant of License. FRANCHISOR hereby grants to FRANCHISEE, and FRANCHISEE accepts:

(a) non-exclusive license, right, authority and obligation, subject to the terms and conditions of this Agreement, to establish and operate the Franchise in and for the Marketing Territory. FRANCHISOR may license others to offer or perform the same services in the Marketing Territory and may include all or a portion of FRANCHISEE's Marketing Territory in the Marketing territory of other franchisees of FRANCHISOR. FRANCHISOR and its suppliers may offer or perform the same services in the Marketing Territory. FRANCHISEE may operate a single Franchise under this Agreement. If FRANCHISEE wishes to operate more than one Franchise, FRANCHISEE must meet FRANCHISOR's then-current qualification criteria and enter into FRANCHISOR's then-current additional franchise license agreement for each Franchise to be operated, which criteria and franchise license agreement may be materially different than this Agreement; and

(b) the non-exclusive license, right and privilege to use the Marks and the System in connection with the operation of the Franchise, subject to all the terms and conditions of this Agreement and such terms and conditions as FRANCHISOR may periodically establish. FRANCHISEE expressly agrees that all rights, title and interest in and to the Marks, the System and goodwill, including, without limitation, all types of social media and other electronic postings, Internet presence, websites, cellular and landline telephone numbers, and confidential trade secrets are owned by FRANCHISOR and shall remain solely owned by FRANCHISOR and are being revealed and licensed to FRANCHISEE solely to enable FRANCHISEE to establish and operate the Franchise. Any goodwill from the use of the Marks by FRANCHISEE shall inure solely to the benefit of FRANCHISOR.

(c) FRANCHISEE agrees to use best efforts to operate its Franchise business according to the highest ethical, operational and industry standards, and to preserve and protect the Mr. Duct Cleaner brand.

(d) The System and the Franchise may be periodically changed, supplemented, improved upon, further developed, revised and/or modified from time to time in FRANCHISOR's sole discretion and communicated in manuals, training materials, e-learnings and videos, bulletins or otherwise in writing.

2.2 Authorized Trade Name. FRANCHISEE is licensed and authorized to do business pursuant to the terms of this Agreement utilizing only the authorized trade name listed on Exhibit A, Appendix A under such terms and conditions as FRANCHISOR may periodically establish.

2.3 Marketing Territory. FRANCHISEE is licensed to operate the Franchise on a non-exclusive basis in and from the Marketing Territory described and identified in Appendix A to this Exhibit and in the Description of Marketing Territory and Marketing Territory map under such terms and conditions as FRANCHISOR may periodically establish. If any boundaries of the Marketing Territory consist of political subdivision boundaries that are subject to change, the parties agree that the boundaries of the Marketing Territory shall remain constant as of the date hereof notwithstanding any subsequent change in the boundaries of the political subdivision. FRANCHISEE agrees to develop its Marketing Territory to its maximum economic potential and to implement FRANCHISOR's operating systems and business models. FRANCHISEE agrees to use commercially reasonable efforts to grow its Gross Volume each year by the amount in Appendix A to this Agreement and a minimum of fifteen percent (15%) in subsequent years.

2.4 Territorial Policy. FRANCHISEE is authorized to solicit, advertise, market, promote, offer and perform the services of the Franchise in and from the Marketing Territory designated in Section 2.3 and Appendix A hereto using the trade name authorized in Section 2.2 and Appendix A hereto, and FRANCHISEE agrees to concentrate such efforts on the development of the Franchise in the Marketing Territory. FRANCHISOR has prescribed certain conditions, terms and limitations under which FRANCHISEE may solicit, advertise, offer and perform services outside the Marketing Territory, which are set forth in FRANCHISOR's Territorial Policy.

FRANCHISEE agrees to follow the Territorial Policy as it may be periodically modified by FRANCHISOR. FRANCHISEE agrees that FRANCHISOR may enforce the Territorial Policy when and as FRANCHISOR deems appropriate in its sole discretion. FRANCHISEE acknowledges that FRANCHISOR may, in its sole discretion, impose sanctions for violations of the Territorial Policy, including, without limitation, transgression fees and liquidated damages that may become due under the Territorial Policy, which amounts may vary depending upon FRANCHISOR's determination of the severity of the violation. FRANCHISEE may not hold FRANCHISOR liable for violations of the Territorial Policy by any other Mr. Duct Cleaner franchisee under any circumstances.

2.5 Designation of FRANCHISEE. The entity status of FRANCHISEE is designated in Appendix A. If FRANCHISEE is:

(a) a sole proprietorship, FRANCHISEE's spouse or domestic partner shall be included as a licensee in an individual capacity or, at FRANCHISOR's option, shall sign an agreement binding the spouse to adhere to the confidentiality standards and the covenant not to compete, as described in this Agreement.
(b) a legal entity other than a sole proprietorship, FRANCHISEE shall submit a copy of the organizational and operating documents to FRANCHISOR, which shall recite that the issuance and assignment of any capital stock or other ownership interests thereof are restricted by the terms of this Agreement and all issued and outstanding stock or other ownership certificates shall bear a legend as specified in Section 5.3. At any time upon request, in such form as FRANCHISOR may require, FRANCHISEE shall furnish and keep current with FRANCHISOR a certified list of all principals, persons and entities owning any interest in FRANCHISEE, including, without limitation, any and all Owners reflecting their interest in FRANCHISEE, executed by all Owners, and their respective spouses and domestic partners agreeing to be bound by all of the provisions of this Agreement. The term Owner(s) is defined as including, without limitation, all principals, shareholders, members, partners or any other individuals or business entities with any ownership interests in FRANCHISEE permitted by FRANCHISOR as well as their spouses and domestic partners. FRANCHISEE agrees to notify FRANCHISOR in writing whenever there is a proposed change, which requires FRANCHISOR's prior written approval, in FRANCHISOR's sole discretion. All Owners and their spouses and domestic partners shall execute a guaranty agreement in a form satisfactory to FRANCHISOR, guaranteeing all amounts due and obligations under this Agreement and all other amounts due to FRANCHISOR or its suppliers. In addition, all spouses and domestic partners of Owners must sign an agreement to be bound by the terms and conditions of this Agreement. The Operating Principal, as set forth in Appendix A, is defined as the individual Owner(s) approved by FRANCHISOR as primarily responsible for the day-to-day operations of

the Franchise and, as to FRANCHISEE's business relationship with FRANCHISOR, authorized to make all decisions on behalf of FRANCHISEE. All Owners who are active in the day-to-day operations of the Franchise Business or who own more than 25% of the Franchisee must meet FRANCHISOR's training and qualification requirements as may be designated and/or modified from time to time in FRANCHISOR's sole discretion. Operating Principal(s) are designated in Appendix A.

2.6 The System. (a) FRANCHISEE recognizes the value and the importance of following the System. FRANCHISEE agrees to operate a Franchise in conformance with the System. FRANCHISEE agrees to indicate to the public that FRANCHISEE operates the Franchise pursuant to the System as an independent Mr. Duct Cleaner franchisee. FRANCHISEE acknowledges that the System and Franchise may be Modified periodically at FRANCHISOR's sole discretion, including, without limitation, FRANCHISOR's right to: (i) offer new or modified services and products to FRANCHISEE; (ii) require FRANCHISEE to offer new or modified services and products to its customers; (iii) modify methods of distribution and communication; (iv) adopt new programs and discontinue programs; (v) develop participation qualification criteria for programs, or types or sizes of jobs; (vi) require new or modified training, whether one-time or on-going; and (vii) impose charges in connection with such Modifications of the System as long as the changes apply generally to other franchisees or categories of franchisees. In the interest of preserving the integrity and reputation of the System, FRANCHISOR shall have full discretion over implementing such Modifications, and FRANCHISEE shall comply with all requests and requirements of FRANCHISOR as a result of such Modifications to the System. FRANCHISEE agrees to maintain in inventory the minimum amount of professional cleaning products and equipment, as designated by FRANCHISOR from time to time. FRANCHISEE must be fluent in the English language to own and operate a Mr. Duct Cleaner franchise and to complete FRANCHISOR's training program. FRANCHISOR agrees to provide training and manuals only in the English language. FRANCHISOR may, but has no obligation to, translate some of FRANCHISOR's written materials into other languages from time to time.

2.7 FRANCHISOR Sales. Outside the Marketing Territory, FRANCHISOR and any suppliers may own and operate franchises; solicit customers and clients; provide services to such customers and clients and to other franchises and Distributors; and sell any products and services under the Marks or other trade names, service marks and commercial symbols through similar or dissimilar channels of distribution, all on such terms and conditions as FRANCHISOR deems appropriate, without compensation to or granting any additional rights to FRANCHISEE. Without limiting the foregoing, FRANCHISOR and any of its suppliers, may: (i) use other channels of distribution, such as the Internet, online web stores, social media and other electronic channels, retail, catalog sales, telemarketing or other direct or indirect marketing, to make sales within FRANCHISEE's Marketing Territory, using FRANCHISOR's Proprietary Marks; and (ii) make such marketing and sales under trademarks different from the Proprietary Marks FRANCHISEE will use under this Agreement, all without compensation. FRANCHISOR and other franchisees may service National Accounts Clients within Your Marketing Territory, if you do not participate in the National Accounts program or fail to elect to provide services to such clients when offered by FRANCHISOR.

3. *INITIAL AND ON-GOING FEES*

In consideration of the issuance and continuance of this franchise license, FRANCHISEE agrees to make the following payments to FRANCHISOR:

3.1 Initial License Fee. As consideration for the license granted herein, an initial fee (the "License Fee"), as set forth in Appendix A, is due and payable in full upon execution by FRANCHISEE of this Agreement. The License Fee is fully earned by FRANCHISOR upon execution of this Agreement and is non-refundable.

3.2 Definition of Gross Volume and Sub-Contract Services.

(a) "Gross Volume" means all goods and services sold, rendered, invoiced, billed, performed, bartered or traded for, through, by, or on account of operation of the Franchise or use of the Marks, whether directly or indirectly through FRANCHISEE or any other person or entity FRANCHISEE may refer to or contract with, and all other income of any kind or nature related to or connected with the Franchise and Franchise Services, including without limitation referral fees, finder's fees, and products or items rented and sold. FRANCHISEE agrees to identify and report such Gross Volume each week by all receipts together with the total of any invoice or billing on which a partial payment has been received. All such receipts, invoices and billings, whether collected directly by FRANCHISEE or collected by another person or entity, shall be included in Gross Volume. Any services offered or performed by FRANCHISEE or any Owner or any business owned and/or controlled in whole or in part directly or indirectly by any Owner or by FRANCHISEE; or by any entities controlled by, controlling or under the common control of FRANCHISEE or any Owner (such as an supplier); that are the same, similar, related to, connected with, competitive with the Franchise or Franchise Services or the System are part of Gross Volume subject to Royalty Fee payments as set forth herein. Gross Volume also includes any such services offered or performed by any person or business entity also located at FRANCHISEE's primary place of business, or from which FRANCHISEE or any Owner benefits directly or indirectly, wherever located. FRANCHISOR will determine, in its sole discretion, consistent with the terms and conditions of this Agreement, whether or not any such services or businesses are within the definition of Gross Volume and/or Franchise and/or Franchise Services and are subject to such payments. If FRANCHISEE has any question regarding whether or not particular services or businesses are subject to Royalty payments, FRANCHISEE must obtain prior written authorization from an authorized officer of FRANCHISOR in advance of operating such businesses or performing such services to qualify to be excluded from Royalty payments (Section 3.3).

(b) "Sub-contract Services" performed by one Mr. Duct Cleaner Franchise FRANCHISEE for another Mr. Duct Cleaner Franchise FRANCHISEE are not subject to Royalty payments by the FRANCHISEE providing the services to the other FRANCHISEE, so long as the FRANCHISEE who contracts directly with the customer pays Royalty on the full balance of the job.

3.3 Royalties and Marketing Fee.

(a) Each week during the term of this Agreement, commencing with the Effective Date, for the rights granted hereunder, FRANCHISEE shall pay FRANCHISOR on a weekly basis, the greater of: 1) six percent (6%) of the Gross Volume of the Franchise or 2) the royalty amount set forth below based on the number of units and the months in operation ("Royalty").

# of Units of Territories	Months 1-6	Months 7-12	Months 13-24	Months 25-36	Months 37-48	Months 49-60	Months 60-72	Months 73-End
1 unit	$0	$250	$500	$550	$600	$650	$700	$750
2 Units	$0	$500	$1,000	$1,100	$1,200	$1,300	$1,400	$1,500
3 Units	$0	$750	$1,250	$1,350	$1,450	$1,550	$1,650	$1,750
4 Units	$0	$1,000	$1,500	$1,600	$1,700	$1,800	$1,900	$2,000
5 Units or more	$0	1,250	$1,750	$1,850	$1,950	$2,050	$2,150	$2,250

(b) A Marketing Fee of two percent (2%) will be collected at the same time and manner. Payment is due to FRANCHISOR based on a reporting week established in accordance with Section 3.6. FRANCISOR will initiate this transaction each week. FRANCHISEE must provide access to the FRANCHISEE'S bank account to make a weekly ACH or other electronic transfer of funds to pay these Royalties and any other payments due to FRANCHISOR.
(c) After FRANCHISEE has operated for six (6) months, and in the event that FRANCHISEE has two (2) consecutive months where they pay the minimum Royalty set forth in Section 3(a), FRANCHISEE shall be required to pay for at least three (3) additional months of the Smart Start outbound call program, which is currently $200 per week.

3.4 Dishonored Checks/Transfers. FRANCHISEE agrees to pay a fee of Fifty Dollars ($50) for each dishonored check or rejected bank transfer tendered to FRANCHISOR by FRANCHISEE. Payment is due without demand by FRANCHISOR. If FRANCHISEE tenders two or more checks or transfers that are dishonored within a twelve (12) month period or if FRANCHISEE becomes two or more months' delinquent in any account with FRANCHISOR, FRANCHISOR may require payment of any amounts owed to FRANCHISOR to be made by cashier's check until further notice by FRANCHISOR, in addition to FRANCHISOR's rights and remedies for FRANCHISEE's breach of this Agreement.

3.5 Interest and Late Fee Assessments. After FRANCHISEE's accounts become delinquent, FRANCHISOR may refuse to extend credit to FRANCHISEE. If Royalties or any other account with or amounts owing to FRANCHISOR, whether or not directly associated with this Agreement, are not accurately reported and/or paid in full by the established deadline or for any other breach of this Agreement, FRANCHISEE agrees that FRANCHISOR may charge a late fee and/or penalty until such time as the delinquent account is paid in full or other breach cured. The late fee and/or penalty will be calculated as follows:

(a) assess the then-current late fee for each and every report or payment that is received after its due date; and/or
(b) assess interest at the highest applicable legal rate compounded monthly, not to exceed two percent (2%) per month, for each week that the reports or payments are delinquent; and/or
(c) suspend National Accounts and/or Mr. Duct Cleaner Call Center referrals to FRANCHISEE (if FRANCHISOR is then operating a National Accounts program). Upon request, FRANCHISEE agrees to meet with the assigned Franchise Business Coach within ten (10)

business days and complete a performance analysis, review, and a specific plan to immediately correct any delinquencies, and FRANCHISEE agrees to any additional training required by FRANCHISOR.

3.6 Timing of Weekly Fees and Reports; Application of Payments. FRANCHISOR may establish different reporting periods for different franchises. For example, a reporting period could run from the midnight on Saturday night on one week to the same time of the following week. Unless notified by FRANCHISOR otherwise, the reporting period is a calendar week, beginning at midnight Saturday night. All fees owed from the FRANCHISEE to the FRANCHISOR will generally be transferred by the FRANCHISOR during the week following the reporting week. FRANCHISEE agrees that FRANCHISOR has the sole discretion to apply any payments by FRANCHISEE in any order to any past due indebtedness of FRANCHISEE for Royalties, expenses, purchases from FRANCHISOR or its suppliers, interest, late fees or any other indebtedness. FRANCHISEE agrees that FRANCHISOR will make payments set forth herein by electronic funds transfer.

3.7 Right of Offset. FRANCHISOR may set off any amounts owing or held by FRANCHISOR or a supplier to FRANCHISEE against any amounts owing to FRANCHISOR or a supplier by FRANCHISEE, any Owner of FRANCHISEE or any business in which any Owner has any ownership interest. FRANCHISEE waives any right, claim or defense of "offset," and, as a consequence, FRANCHISEE agrees to pay FRANCHISOR and its suppliers all fees and amounts due FRANCHISOR and its suppliers on time regardless of any claims or defenses that FRANCHISEE may have or may assert against FRANCHISOR or its suppliers.

3.8 Administrative Fee. When FRANCHISEE asks FRANCHISOR to amend this Agreement, when an amendment is required by FRANCHISEE's actions or when FRANCHISEE asks FRANCHISOR to consent to various transactions or to provide services for which a specific fee is not imposed elsewhere in this Agreement or the System, FRANCHISEE will pay the then-current administrative fee in effect which in no case will be less than FRANCHISOR’s incurred or actual costs.

3.9 Payments. If FRANCHISEE becomes delinquent in the payment of any obligation to FRANCHISOR or its suppliers, whether under this Agreement or any other obligation, FRANCHISOR shall have the right, in its sole discretion, to apply any payments received from FRANCHISEE or monies received by FRANCHISOR on behalf of FRANCHISEE to any obligation owed by FRANCHISEE, notwithstanding any contrary designation by FRANCHISEE as to application. In addition to paying delinquencies immediately, FRANCHISEE shall take any other steps required by FRANCHISOR to cure.

3.10 Non-Compliance Fee. If you are in default of any provision of this Agreement and you fail to timely cure the default following our notice to you, we may, at our option, elect to charge a non-compliance fee of two percent (2%) of your Franchise Business’s Gross Sales payable to us in the same manner as the Royalties until you cure the default. We will provide written notice to you prior to charging the non-compliance fee. If you are in default and paying the non-compliance fee, we may still terminate this Franchise License Agreement at any time if you fail to cure the default.

3.11 Method of Payment. Before you seek any revenue, you agree to sign and deliver to us the Authorization for Electronic Funds Transfer, a copy of which is attached hereto as **Appendix B**) to authorize us to debit your business checking account automatically for the Royalties and all other Fees, Ad Fund contributions, and other amounts due under this Agreement and for your purchases from us and any of our affiliates (the "**Electronic Funds Transfer Account**" or "**EFTA**"). We will debit the EFTA for these amounts on their due dates. You agree to ensure that funds are available in the EFTA to cover our withdrawals. If there are insufficient funds in the EFTA to cover any such amount owed (or, if you are paying by check and a check is returned for insufficient funds), you stop payment on the EFTA (or check), close the EFTA, or request we do not process the EFTA we will charge you a processing fee as prescribed in the Operations Manual) per withdrawal or amount to compensate us for our additional administrative expenses. If we are unable to extract a statement of your Gross Volume from your Computer System, we may debit your EFTA for one hundred fifty percent (150%) of the last week's amounts that we debited. If the amounts that we debit from your EFTA are less than the amount you owe us (once we have determined Your actual Gross Volume), we will debit your EFTA for the balance on the day we specify. If the amounts that we debit from your EFTA are greater than the amount you owe us, we will credit the excess against the amount we otherwise would debit from your EFTA during the following week. We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (e.g. by check) whenever we deem appropriate, and you agree to comply with our payment instructions.

4. *ACCOUNTING; RECORD KEEPING*

4.1 Obligation to Keep Records. FRANCHISEE agrees to install, and maintain at all times, a complete and uniform accounting system in accordance with generally accepted accounting principles and meeting the operating procedures and specifications prescribed periodically by FRANCHISOR, currently QuickBooks® Online. These procedures, standards and specifications may include, without limitation, all sales and cash journal sheets, bank reconciliations, payroll records, invoice and billing logs, and other financial records as required by FRANCHISOR and may require the use of computer hardware and software applications and platforms as periodically specified by FRANCHISOR. FRANCHISEE agrees to maintain complete and accurate records, using the current recommended Chart of Accounts, books, data and reports that accurately reflect all particulars related to or connected with the Franchise. If FRANCHISEE or any Owner transacts business that is not subject to this Agreement, all records connected to such other operation shall be kept in a manner necessary to affect a convenient segregation between the Franchise and the other business, and all such records of Franchise business and non-franchise business shall be made available to FRANCHISOR. Any sums deposited into bank accounts for the Franchise are deemed to be Gross Volume of the Franchise. If FRANCHISEE owns multiple Franchises, FRANCHISEE agrees to allocate and report Gross Volume either (a) based on the Marketing Territory of FRANCHISEE's Franchise where the Gross Volume was produced; or (b) if the work was performed in open territory, for the Franchise for which the boundaries of the Marketing Territory are closest to the place where the Gross Volume was produced.

4.2 Use of Bookkeeper. FRANCHISEE agrees to use a bookkeeper designated by FRANCHISOR for the first six months following the startup of business operations. Fees for this service will be paid directly to the designated bookkeeper.

4.3 Reporting Requirements. FRANCHISEE shall deliver the following reports to FRANCHISOR by submitting the reports electronically, within the time limits established by FRANCHISOR, and FRANCHISEE shall also provide copies of the items furnished to FRANCHISOR in accordance within the time limits established by FRANCHISOR:

(a) a weekly report of Gross Volume in a form approved by FRANCHISOR, for the previous reporting period, an invoice and billing list of all transactions on which Royalties are payable, a Royalty calculation report together with payment of the Royalty, and
(b) upon request within ninety (90) days after the close of each FRANCHISOR fiscal year, a copy of the Franchise's Balance Sheet and Income Statement as it stands at the end of such fiscal year, all in reasonable detail and compiled by a certified public accountant or licensed public accountant; and
(c) upon request within thirty (30) days after filing with the appropriate taxing authority, a copy of the federal and any state income tax returns and all amendments thereto relating to or connected with the Franchise or this Agreement, any and all business returns of FRANCHISEE and any businesses and business entities controlled by, controlling or under common control of or owned in whole or in part directly or indirectly by FRANCHISEE or any Owner and any spouse or domestic partner of any Owner, and all personal tax returns of any Owner of FRANCHISEE and any spouse or domestic partner of any Owner (collectively, the "Returns") and, upon request, a letter stating whether or not: (1) all payroll tax returns have been filed and payroll taxes paid to the end of the period; (2) all federal income tax returns have been filed and taxes paid; and (3) any state income, franchise, use and sales tax returns have been filed and taxes or fees paid; and
(d) any other reports, forms, records and any other information relating to or connected with the Franchise or this Agreement, Gross Volume, FRANCHISEE and Owners and any spouse or domestic partner of any Owner as FRANCHISOR may require, or as FRANCHISOR may periodically specify in writing including, without limitation (1) any and all business bank statements of FRANCHISEE and any Owner and any businesses and business entities controlled by, controlling or under common control of FRANCHISEE directly or indirectly or owned in whole or in part by FRANCHISEE or any Owner and any spouse or domestic partner of any Owner, in whole or in part, and all personal bank statements of any Owner of FRANCHISEE and any spouse or domestic partner of any Owner (the "Bank Statements"); and (2) any and all business accounting systems, data files from FRANCHISEE's accounting system, such as QuickBooks®, and all accounting data, hard copy and electronic, of FRANCHISEE and any businesses or business entities controlled by, controlling or under common control of FRANCHISEE or owned in whole or in part by FRANCHISEE or any of its Owners and any spouse or domestic partner of any Owner, and all such accounting data of any Owner of FRANCHISEE and any spouse of any Owner (the "Accounting Data"). Together, the Returns, Bank Statements and Accounting Data are referred to as the "Business Records." If FRANCHISEE becomes aware that any reports or data submitted by FRANCHISEE are inaccurate, FRANCHISEE shall immediately correct all reports and data. Otherwise, any such reports by FRANCHISEE shall be deemed to be falsification of reports. All taxes described in Section 4.2(c) shall be filed and paid timely as required by applicable law, no later than October 15th of the following year.

4.4 Examination. FRANCHISOR, or its authorized representative, shall have the right, at any time and upon reasonable prior notice, which need not exceed five (5) business days, to examine, review, copy, require copies to be delivered and/or audit the Business Records or any other records that FRANCHISOR reasonably believes may be related to or connected with the Franchise or the subject matter and terms of this Agreement. During the term of this Agreement, and for a period of three (3) years after the expiration, termination or transfer of the Franchise pursuant to this Agreement, FRANCHISOR, or its authorized representative, shall have free and full access thereto for the purpose of an examination and shall have the right to make copies or to have copies made at FRANCHISEE's expense. Any such examination of the Business Records may be conducted at the Franchise location, or FRANCHISOR may require FRANCHISEE to copy and deliver the Business Records in hard copy and/or electronically to a location designated by FRANCHISOR within five (5) business days at FRANCHISEE's expense. Should FRANCHISEE fail or refuse to permit an examination or fail or refuse to copy and deliver the Business Records, FRANCHISOR may declare that FRANCHISEE shall pay a ten percent (10%) non-compliance fee for the period of time until non-compliance is cured, FRANCHISOR may suspend all referrals as set forth in Section 3.5(d), and FRANCHISOR may exercise any other rights and remedies available for breach of this Agreement.

4.5 Examination Findings. If an examination conducted pursuant to Section 4.4 discloses noncompliance with any of the provisions of this Agreement, FRANCHISOR may require FRANCHISEE to bear the expenses of the examination, including, without limitation, travel, lodging, wages, legal and accounting fees, and any other ordinary and necessary expenses incurred in connection with the examination. In addition to paying all delinquent amounts owing and the interest charged on all delinquent accounts, FRANCHISEE shall pay a ten percent (10%) non-compliance fee and any other rights and remedies FRANCHISOR may have under this Agreement. FRANCHISEE further agrees to reimburse FRANCHISOR for all fees for the time period FRANCHISEE was found to be in noncompliance as set forth in Section 3.7. If FRANCHISEE does not comply with the record keeping and record examination obligations, in addition to all other amounts required to be paid under this Agreement, FRANCHISEE agrees to pay the sum of One Thousand Dollars ($1,000) per month as liquidated damages for each month that accurate records are not kept or made available and any delinquent amounts remain owing. FRANCHISEE agrees that this $1,000 monthly amount is an equitable amount for damages due for noncompliance with the record keeping requirements only, is not a penalty and does not limit any other rights or remedies that FRANCHISOR may have under this Agreement. FRANCHISOR, in its sole discretion, may accept a promissory note for any such delinquent amounts owing. If an examination during the sale or transfer process set forth in Section 5 reveals a delinquency or any underreporting, including without limitation, receivables and items written off, FRANCHISOR may require prepayment of these and any other amounts owing as a condition of approving the sale or transfer.

5. *TRANSFER OR ASSIGNMENT*

5.1 General Provisions. If FRANCHISEE is an individual or individuals, FRANCHISOR has granted this license in reliance on FRANCHISEE's business skills, financial capacity, personal character and reputation. If FRANCHISEE is a business entity, this license is granted in reliance on the business skills, financial capacity, personal character and reputation of Owners.

Accordingly, neither FRANCHISEE nor any Owner, individual, partner, partnership, shareholder, member or other person or entity that has or owns any interest in this Agreement, in the Franchise or in FRANCHISEE, shall sell, assign, transfer, convey, rent, gift, lease, pledge, exchange, mortgage or otherwise encumber any interest in this Agreement, the Franchise and/or FRANCHISEE ("Transfer"), without FRANCHISOR's prior written consent and following the provisions in this Section 5. In addition, if any Owner marries, remarries or becomes a domestic partner with someone not a spouse or domestic partner at the Effective Date, FRANCHISEE and Owners agree to cause such new spouse or domestic partner to sign an amendment to this Agreement, and/or other agreements designated by FRANCHISOR, and/or sign a document in a form approved by FRANCHISOR (currently, the LIST OF OWNERS, PARTNERS, MEMBERS, SHAREHOLDERS) agreeing to be bound by the terms of this Agreement and guaranteeing obligations hereunder. Any purported sale, assignment, Transfer, conveyance, rent, gift, lease, pledge, exchange, mortgage or encumbrance not having FRANCHISOR's prior written consent shall be null and void and shall constitute a material breach of this Agreement, making this Agreement subject to termination by FRANCHISOR without opportunity to cure as provided in Section 10.4.

5.2 Assignment Due to Death or Disability. In the event of the death or permanent disability of FRANCHISEE (or the death or permanent disability of any Owner if FRANCHISEE is a legal entity other than an individual), FRANCHISOR shall not unreasonably withhold its consent to a Transfer or assignment of FRANCHISEE's interest herein to either a bona-fide purchaser meeting FRANCHISOR's then-current criteria or to a qualified and approved descendant, heir or legatee of the decedent if FRANCHISOR is given satisfactory written evidence of succession or entitlement to the rights under this Agreement provided such descendant, heir or legatee meets FRANCHISOR's then-current criteria. In each case, FRANCHISOR's consent shall also be based upon compliance with the provisions of Sections 5.4 and 5.5. Any consent by FRANCHISOR to an assignment or Transfer of any interest in this Agreement or the Franchise to the executor, administrator, or personal representative of the deceased shall not constitute a consent to any subsequent assignment or Transfer thereof from such executor, administrator or personal representative to any descendant, heir or legatee of the estate. Any consent by FRANCHISOR to such subsequent assignment or Transfer shall also be subject to compliance with Sections 5.4 and 5.5.

5.3 Assignment to and Ownership by a Legal Entity.

(a) If FRANCHISEE is an individual or individuals, this Agreement may be assigned to a qualified legal entity with FRANCHISOR's prior written consent; provided, however, if the approved legal entity is not completely owned by the original individual or individuals making up FRANCHISEE, FRANCHISOR may require that the then-current form of Mr. Duct Cleaner Franchise License Agreement be executed in lieu of an assignment of this Agreement, the terms of which Franchise License Agreement may be materially different than this Agreement. The legal entity must conduct no business other than owning and operating the Franchise, must agree to assume the outstanding debts and obligations relating to the Franchise, and must be actively managed by the individual or individuals who originally signed this Agreement. An assignment shall not relieve the original FRANCHISEE from any duties or liabilities imposed by this Agreement. A copy of the organizational documents of such legal entity shall be provided to FRANCHISOR. In order for FRANCHISEE to be a business entity, each of Owners, and their spouses and domestic partners,

must meet FRANCHISOR's then-current criteria and shall execute a guaranty agreement, in a form satisfactory to FRANCHISOR, guaranteeing all amounts due and all obligations under this Agreement and all other amounts due and obligations owing to FRANCHISOR and its suppliers.

(b) FRANCHISEE shall furnish and keep current with FRANCHISOR a certified list of all Owners and their spouses and domestic partners in such form as FRANCHISOR may require, reflecting their interest in the business entity, executed by all Owners, including without limitation, shareholders, members or partners, and their spouses and domestic partners and agreeing to be bound by all of the provisions of this Agreement. No trust may hold any ownership interest in FRANCHISEE or this Franchise unless FRANCHISOR grants written consent, which consent may be withheld or conditioned in FRANCHISOR's sole discretion. The word Mr. Duct Cleaner may not be used in the name of FRANCHISEE's business entity. An entity name may not contain words referencing a geographic area that is larger than, or non-descriptive of, the Marketing Territory granted by this Agreement.

5.4 Transfer Fees. If an interest of fifty percent (50%) or more is transferred, the Transfer Fee defined in Section 5.5 must be paid to FRANCHISOR. If an interest of less than fifty percent (50%) but more than ten percent (10%) is transferred, one-half (½) of the Transfer Fee must be paid to FRANCHISOR. If an interest of ten percent (10%) or less is transferred, one-fourth (¼) of the Transfer Fee must be paid to FRANCHISOR. If less than a 50% interest is transferred or if more than two individuals purchase an interest greater than 50%, the additional parties must pay FRANCHISOR's then current training fees and all travel expenses. In the event of a Transfer to a direct lineal descendant upon death or disability as set forth in Section 5.2, no Transfer Fees will be charged or paid, but the direct lineal descendant must meet FRANCHISOR's then-current criteria, attend training and pay the then current training fees, travel and living expenses and comply with Section 5.5.

5.5 Sale or Transfer of Any Interest in Franchise. If FRANCHISEE and/or any Owner wishes to Transfer any ownership interest in FRANCHISEE (if FRANCHISEE is a legal entity), the Franchise or this Agreement to any individual or entity (the "Transferee"), any such proposed Transferee must exceed the age of majority in Transferee's jurisdiction and must meet FRANCHISOR's then-current requirements for owning an interest in FRANCHISEE and the Franchise. FRANCHISOR's consent to the Transfer of any such interest shall neither constitute a waiver of any claims it may have against FRANCHISEE nor be deemed a waiver of FRANCHISOR's right to enforce compliance with any of the terms or conditions of this Agreement before, during or following the Transfer. A Transfer will be approved provided FRANCHISEE is not in default of any obligations under this Agreement and provided FRANCHISEE and Transferee comply with FRANCHISOR's then-current terms and conditions required by FRANCHISOR before the Transfer is completed and before Transferee takes ownership and/or possession of all or any part of FRANCHISEE and/or the Franchise, including, without limitation, the following:

(a) FRANCHISEE shall submit to FRANCHISOR: (1) a written notice setting forth the name and address and request for consideration of the proposed Transferee and the price, other consideration and terms of the proposed Transfer; (2) a qualification guide completed by Transferee; (3) a list of the vehicles, products and equipment to be transferred for each

Franchise to be transferred, which must meet FRANCHISOR's then-current standards as reflected in the latest equipment and products package for new franchise purchases; (4) proof of insurance evidencing compliance with all requirements of Section 7.8; (5) proof of properly painted and decaled vehicles; (6) an organization chart listing all current supervisors and staff working in the Franchise; and (7) such other information as FRANCHISOR may request;

(b) Transferee must demonstrate, to FRANCHISOR's reasonable satisfaction, that any proposed Transferee: (1) meets FRANCHISOR's then-current criteria for granting a new license, including, without limitation, educational, managerial, business standards, financial criteria, English proficiency and background check; (2) possesses good business skills and credit rating; (3) has the aptitude and ability to conduct and operate the Franchise, which may be evidenced by related business experience; (4) has adequate financial resources and capital, as determined by FRANCHISOR, to operate the Franchise; and (5) Transferee meets all requirements set forth in FRANCHISOR's then-current qualification guide, a copy of which is available upon request;

(c) FRANCHISEE shall provide FRANCHISOR with a fully-executed copy of any purchase or Transfer agreement, which must: (1) allocate at least ten percent (10%) of the purchase price to the covenant not to compete and at least ten percent (10%) of the purchase price to goodwill; (2) provide that FRANCHISOR may require that a portion of the purchase price be placed in escrow until Transferee completes the Training, as defined below in Section 7.2, and (3) not include any provisions that conflict with FRANCHISOR's transfer requirements;

(d) FRANCHISEE, Owners and Owners' spouses and/or domestic partners must: (1) execute a general release, in a form satisfactory to FRANCHISOR, of any and all known and unknown Claims against FRANCHISOR, its suppliers and their respective officers, directors, employees, shareholders, owners, agents, successors, assigns, distributors and representatives; (2) affirm that the confidentiality provisions of Section 6.5, the post-termination provisions of Section 11, and the covenant not to compete contained in Section 6.6 survive as to FRANCHISEE, Owners, and Owners' spouses and/or domestic partners;

(e) Transferee shall execute the then-current form of Mr. Duct Cleaner Franchise License Agreement and related agreements and documents, which agreement may be materially different from this Agreement and related agreements and documents, including, without limitation, a different Royalty and which agreements shall supersede this Agreement in all respects, except as may be provided herein; provided, however, Transferee shall not be required to pay an initial License Fee;

(f) FRANCHISOR shall be paid its then-current, non-refundable Transfer Fee;

(g) Prior to completion of the Transfer, Transferee shall attend and complete, to FRANCHISOR's satisfaction, FRANCHISOR's initial training program including, without limitation, the portion of the training to be conducted at FRANCHISORS's corporate headquarters (currently "the NFTP", as defined below in Section 7.2) offered by FRANCHISOR or FRANCHISOR's designee and obtain any required industry certifications, as designated by FRANCHISOR; and meet FRANCHISOR's then-current advanced training requirements, required by FRANCHISOR, all in FRANCHISOR's sole discretion; provided, however, no training shall be initiated until such time as: (i) Transferee has received FRANCHISOR's written approval of the transfer; (ii) Transferee has signed a Confidentiality Agreement; (iii) Transferee has signed and returned to

FRANCHISOR, in proper form, the original copy of the Mr. Duct Cleaner Franchise License Agreement and related agreements and documents required by Section 5.5(e); (iv) FRANCHISEE has signed and returned the general release required by Section 5.5(d); and (v) the Transfer Fee required by Section 5.5(f) has been paid;

(h) Any and all debts, accounts or monies owed to FRANCHISOR or its suppliers by FRANCHISEE, any supplier of FRANCHISEE and any Owner, including, without limitation, Royalties owed with respect to any accounts receivable, must be paid in full before any such Transfer may occur, and FRANCHISEE must deposit up to Ten Thousand Dollars ($10,000) with FRANCHISOR for FRANCHISOR to hold for sixty (60) days after completion of the Transfer. At the end of the sixty (60) days, FRANCHISOR will apply the deposit to any remaining amounts owed by FRANCHISEE and return the remainder of the deposit to FRANCHISEE. FRANCHISEE must report and pay Royalties and other fees on all work in progress, and all outstanding customer complaints must be resolved or be contested in good faith in accordance with FRANCHISOR's requirements. FRANCHISEE and Transferee shall agree that an amount that will satisfy all obligations then due and owing to customers shall be placed in escrow or otherwise set aside pending resolution of the customer complaints; and

(i) FRANCHISEE shall deliver to FRANCHISOR a notice in writing of the identity of the proposed Transferee and any other information requested, together with a copy of any purchase or Transfer agreement or any other document or agreement transferring any interest in the Franchise or in FRANCHISEE. FRANCHISOR or its designee shall have the right, exercisable by delivering written notice to FRANCHISEE within thirty (30) days after actual receipt of a final binding purchase or Transfer agreement or agreement finalizing the terms of any proposed Transfer, to purchase or assume the Transfer of FRANCHISEE and/or the Franchise or the interest being transferred upon the same terms. If FRANCHISOR or its designee declines or does not exercise its right within this time period, FRANCHISEE may transfer the interest, subject to FRANCHISOR's prior written approval as provided herein, but not at a lower price or on more favorable terms than have been provided to FRANCHISOR. If FRANCHISEE does not sell or transfer to Transferee, FRANCHISOR or its designee shall have the same right of first refusal as to any future Transfer and proposed Transferee.

5.6 Assignment by FRANCHISOR. FRANCHISOR may, in its sole discretion, assign this Agreement and all or any of its rights and privileges hereunder to any person or legal entity that expressly agrees to assume and perform FRANCHISOR's obligations, including a competitor of FRANCHISOR, and such assignment shall be binding upon and inure to the benefit of FRANCHISOR's successors and assigns including, without limitation, any entity that acquires all or a portion of the capital stock or ownership interest of FRANCHISOR or any entity resulting from or participating in a merger, consolidation or reorganization in which FRANCHISOR is involved and to which FRANCHISOR's rights and duties hereunder are assigned.

5.7 Resale Referral Fee. If FRANCHISEE seeks FRANCHISOR's assistance in finding a purchaser for all or a portion of the Franchise, or if FRANCHISOR otherwise directly or indirectly refers a prospective purchaser to FRANCHISEE, FRANCHISEE agrees to pay FRANCHISOR a Resale Referral Fee if the prospective purchaser completes the purchase of the Franchise, in addition to any and all fees due and owing to FRANCHISOR or third parties. The Resale Referral

Fee established by FRANCHISOR will not exceed ten percent (10%) of the Gross Volume price, including goodwill, equipment and license, and must be paid before Transfer is effective.

5.8 Our Right of First Refusal.

(a) If You (or any of your principals) at any time determine to sell or transfer for consideration an interest in this Agreement and the franchise business, or an ownership interest in You (except to or among your current owners, which is not subject to this Subsection), You (or your principals) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement and the franchised business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount.

(b) The right of first refusal process will not be triggered by a proposed transfer that would not be allowed hereunder. We may require You (or Your principals) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

(c) We may, by written notice delivered to You or your selling owner(s) within fifteen (15) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(1) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately held entity);

(2) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(3) we will have an additional thirty (30) days to prepare for closing after notifying you of our election to purchase; and

(4) we must receive, and you and your principals agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

(d) If we do not exercise our right of first refusal, You or Your principals may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with, and you (and your principals) and the

transferee comply with the conditions herein. This means that, even if we do not exercise our right of first refusal (whether it is properly triggered as provided above), if the proposed transfer otherwise would not be allowed hereunder You (or your principals) may not move forward with the transfer at all.

(e) If You do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the fifteen (15) day period following either the expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

6. *TRADEMARKS; CONFIDENTIAL AND PROPRIETARY INFORMATION; IN- TERM AND POST-TERM COVENANTS*

6.1 Ownership of the Marks. FRANCHISEE agrees that the Marks are the exclusive property of FRANCHISOR, and FRANCHISEE asserts no claim and will hereafter assert no Claim to the ownership thereof or to any goodwill attendant thereto.

(a) FRANCHISEE further covenants that it will neither contest FRANCHISOR's ownership of the Marks or their validity nor will it do or permit any act or thing to be done in derogation of any of the rights of FRANCHISOR in connection with the Marks either during the term of this Agreement or thereafter. Nothing in this Agreement shall be construed to give FRANCHISEE any right, title or interest in or to any of the Marks, except for a revocable privilege and license to display and use the Marks during the term of, and pursuant to the terms and conditions contained in, this Agreement.

(b) FRANCHISEE expressly understands and agrees that FRANCHISEE has not acquired, and will not acquire, any ownership interest, equitable rights, goodwill or any other interests in any Mark by virtue of this Agreement, FRANCHISEE's relationship with FRANCHISOR or FRANCHISEE's use of any of the Marks, and FRANCHISEE will not represent that it has.

(c) FRANCHISEE also understands and agrees that following the expiration or termination of this Agreement for any reason, FRANCHISEE shall not attribute any monetary amount to any goodwill associated with FRANCHISEE's use of the Marks or in connection with the operation of the Franchise.

(d) FRANCHISEE agrees not to establish a domain name (URL) using the word "Mr. Duct Cleaner" or similar URLs that relate to this industry. FRANCHISOR alone will register and manage all domain names using the word "Mr. Duct Cleaner," including FRANCHISEE's primary domain name, Mr. Duct Cleaner[any town].com. Any other domain names require written approval. Upon request from FRANCHISOR, FRANCHISEE agrees to surrender any domain name, social media page and directory listing used in FRANCHISEE's business to FRANCHISOR by every reasonable effort available. The domain name (URL) will be registered under the name

of FRANCHISOR. FRANCHISOR is responsible for paying all fees associated with any such approved domain name (URL). FRANCHISOR will require FRANCHISEE to cancel FRANCHISEE's registration of the domain name if FRANCHISEE fails to obtain FRANCHISOR's prior written authorization.

(e) FRANCHISEE agrees to use a website developed and hosted solely by FRANCHISOR or its supplier. FRANCHISEE agrees to post content only on a FRANCHISOR-provided blog.

(f) FRANCHISEE is not permitted to make use in any Internet, search engine marketing, or electronic advertising, social media, text messaging or other media whether in the text of any advertising, in any listing, or in any metadata or code, of any geographic descriptors that are not located within FRANCHISEE's Marketing Territory, including, without limitation, any zip codes, cities, towns, landmarks or public or private locations of any sort. FRANCHISEE acknowledges and agrees that the value of the Mr. Duct Cleaner trademark and brand are important assets that benefit the entire Mr. Duct Cleaner System. Accordingly, FRANCHISEE agrees to ensure that all website, social media and all other data and electronic postings on the Internet or otherwise accessible by computer, smartphone or other computing or communication device, or otherwise, meet the Mr. Duct Cleaner brand standards and portray the Mr. Duct Cleaner Franchise system in a positive, dignified and business-like manner.

(g) FRANCHISEE further agrees that all social media activity will comply with FRANCHISOR's then-current social media resource guidelines. FRANCHISEE agrees to provide administrative access to all social media platforms to FRANCHISOR or its designee. FRANCHISEE further agrees to remove or modify, at FRANCHISOR's election, any material deemed by FRANCHISOR to violate this provision.

6.2 Modification of the Marks. If FRANCHISOR, in its sole discretion, decides to change, modify, substitute or discontinue use of any Mark and/or to adopt or use one or more additional or substituted Marks, FRANCHISEE shall promptly conform its use of the Marks as directed in writing by FRANCHISOR at no cost to FRANCHISOR. FRANCHISEE waives any claim arising from or relating to any such change, modification, substitution or discontinuance of the Marks.

6.3 FRANCHISEE's Use of the Marks. FRANCHISEE shall use the Marks strictly in accordance with this Agreement and/or other written instructions periodically received from FRANCHISOR, including, without limitation, the form and manner and appropriate copyright, trademark or service mark designation or legends as may be periodically prescribed. All materials, signs or other items that bear the Marks shall be in the form, color, location and manner prescribed by FRANCHISOR. FRANCHISEE shall not allow or engage in any use of the Marks other than as permitted pursuant to this Agreement. FRANCHISEE shall not use the Marks for any purpose other than in connection with the Franchise. FRANCHISEE may not use the Marks, or association therewith, for the benefit of any business other than the Franchise. FRANCHISEE shall use only the trade name set forth in Section 2.2 and Appendix A of this Agreement in connection with the Franchise operated pursuant to this Agreement. FRANCHISEE shall not file, register or place any applications of any kind involving the use of the Marks without FRANCHISOR's prior written consent. If FRANCHISEE is a legal entity, the use of the Marks in FRANCHISEE's legal entity name is prohibited. If local laws or ordinances permit or require FRANCHISEE to make an

assumed or fictitious name filing, FRANCHISEE shall include only the trade name assigned in Section 2.2 and Appendix A and indicate that the filing is made as a licensee of "Mr. Duct Cleaner Franchise Systems, Inc, a Texas corporation, with a principal place of business in Allen, Texas."

6.4 Defense of the Marks. If FRANCHISEE learns of any claim, suit or demand against FRANCHISEE or the Marks on account of any alleged infringement, unfair competition or similar matter relating to the Marks, or any unauthorized use of the Marks, FRANCHISEE shall promptly notify FRANCHISOR in writing. FRANCHISOR is not obligated to take any action, but FRANCHISOR may take such action as FRANCHISOR, in its sole discretion, deems necessary or appropriate in connection therewith. FRANCHISOR may condition any such action upon contribution of costs by FRANCHISEE. FRANCHISOR shall have the sole right to defend, compromise or settle any such Claim using attorneys of its own choosing. FRANCHISEE agrees to cooperate fully with FRANCHISOR in connection with the defense of any such Claim and hereby irrevocably appoints FRANCHISOR and its suppliers to defend or settle all such Claims, demands or suits. Upon obtaining FRANCHISOR's prior written consent, FRANCHISEE may participate at its own expense in such defense or settlement, but FRANCHISOR's and its suppliers' decisions shall be final and binding upon FRANCHISEE. FRANCHISEE shall not settle or compromise any such Claim without the prior written consent of FRANCHISOR.

6.5 Confidential Information; Trade Secrets and Know-How. Confidential Information means any and all materials, information, knowledge, know-how and techniques received from or communicated by FRANCHISOR designated or treated as confidential; any and all Manuals, Bulletins, franchise rosters, franchisee lists, operations and training materials and videos, computer software applications and platforms, discussion forum information, e-mail contact lists, price lists and/or any other manuals or materials distributed by FRANCHISOR or its Distributors, suppliers or other franchisees. FRANCHISEE agrees not to disclose, divulge or use Confidential Information for any purpose other than in performance under this Agreement without FRANCHISOR's prior written consent. FRANCHISEE and its key employees and, if FRANCHISEE is a legal entity, each of its Owners and their spouses or domestic partners, officers and directors, covenant and agree that they shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation any Confidential Information concerning the methods of operation of the Franchise or the System that may be communicated to FRANCHISEE, or of which FRANCHISEE may be informed by virtue of this Agreement or operating the Franchise. Upon request, FRANCHISEE agrees that it will cause each of its Owners and key employees and their respective spouses and domestic partners to agree to and execute a confidentiality agreement in favor of FRANCHISOR, in a form approved by FRANCHISOR, under which all such persons shall agree to abide by the confidentiality and nondisclosure provisions set forth in this Agreement and elsewhere as may be designated by FRANCHISOR. FRANCHISEE agrees to divulge such Confidential Information only to such of FRANCHISEE's employees as must have access to it in order to operate the Franchise.

6.6 In-Term and Post-Term Covenants. FRANCHISEE specifically acknowledges that, pursuant to this Agreement, FRANCHISEE will receive valuable training, trade secrets, proprietary and Confidential Information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of FRANCHISOR and the

System which are beyond the present skills and experience possessed by FRANCHISEE and FRANCHISEE's Owners and employees. FRANCHISEE acknowledges that such training, trade secrets, proprietary or Confidential Information provides FRANCHISEE a competitive advantage and will be valuable to FRANCHISEE in the operation and development of the Franchise and, further, that gaining access to such training and information is a primary reason why FRANCHISEE is entering into this Agreement. In consideration for receipt of such training and information, except as otherwise pre-approved in writing by FRANCHISOR, FRANCHISEE covenants on behalf of FRANCHISEE, its Owners and their spouses and domestic partners, and key employees that FRANCHISEE, its Owners and their spouses and domestic partners and key employees shall **not**, directly or indirectly, through, on behalf of, or in conjunction with any person, business or legal entity, including, without limitation, as an agent, employee, principal, partner, director, officer, shareholder or in any other individual or representative capacity:

(a) Divert or attempt to divert any business or customer of the Franchise or the System to any person or business other than another Mr. Duct Cleaner franchise by direct or indirect inducement, or otherwise, or conspire with or encourage others to do so or do or perform, directly or indirectly, or conspire with or encourage others to do, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; and

(b) Own, maintain, operate, engage, or participate in, profit from, either directly or indirectly, or conspire with or encourage others to do so, or have any financial interest in, directly or indirectly, any business that is the same or similar to the Franchise, or that provides any services that are the same or similar to the Franchise, or is otherwise competitive with the business of FRANCHISOR or the System, other Mr. Duct Cleaner franchisees and/or Distributors, located:
   (1) anywhere during the term of this Agreement;
   (2) in the Marketing Territory and any other Mr. Duct Cleaner franchisee's Marketing Territory and a twenty-five (25) mile radius of the exterior boundaries thereof, for a continuous, uninterrupted two (2) year period, commencing upon the earlier of: (i) the termination of this Agreement, whether by lapse of time, default in performance or other cause or contingency; or (ii) the time such individual or entity ceases to have any ownership or other beneficial interest in the Franchise or FRANCHISEE, which period shall be extended by any period of noncompliance with this covenant; and
   (3) provided, however, Subsection 6.6(b) does not apply to FRANCHISEE's ownership of another franchise or distributorship license issued by FRANCHISOR; and provided further, Subsection 6.6(b) does not apply to the ownership of less than a one percent (1%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

6.7 Independent Covenants. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in Section 6.6 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a non-appealed final decision to which FRANCHISOR is a party, FRANCHISEE expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the

maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part hereof.

6.8 Defense to Enforcement. FRANCHISEE agrees that the existence of any claims that FRANCHISEE may have against FRANCHISOR, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by FRANCHISOR of the provisions of Section 6.5 or 6.6. FRANCHISEE agrees to pay all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by FRANCHISOR in connection with the enforcement of Section 6.5 or 6.6.

6.9 Injunctive Relief. FRANCHISEE understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that could result from FRANCHISEE's breach of Section 6.5 or 6.6. FRANCHISOR shall, therefore, as a matter of course, receive injunctive relief to enforce Section 6.5 or 6.6 in addition to any other relief to which FRANCHISOR may be entitled at law or in equity, and FRANCHISEE consents to the issuance of an injunction prohibiting any conduct by FRANCHISEE in violation of Section 6.5 or 6.6. FRANCHISOR shall receive such injunctive relief without the necessity of posting a bond or other security, such bond or security being waived, and FRANCHISEE agrees to pay all costs and expenses including, without limitation, reasonable attorneys' fees incurred by FRANCHISOR to enforce Section 6.5 or 6.6, all provisions of which shall survive termination of this Agreement.

7. *COVENANTS OF FRANCHISEE*

7.1 Compliance with the System. FRANCHISEE agrees to actively operate the Franchise at all times in strict conformity with the methods, standards, specifications, software applications, policies and procedures as FRANCHISOR may periodically prescribe in Manuals, training materials, e-learnings and videos, bulletins or otherwise in writing and FRANCHISEE covenants and warrants that FRANCHISEE will comply with any such requirements of the System.

FRANCHISEE further acknowledges and agrees that FRANCHISOR may periodically change or Modify the System in its sole discretion. FRANCHISEE agrees to accept, adopt, follow, use and make such expenditures as such Modifications to the System may require. By way of example and not limitation, throughout the term of this Agreement, FRANCHISEE agrees to:

(a) purchase, lease, install and/or use, at FRANCHISEE's expense, only those cleaning products, supplies, products, equipment, methods, job invoice forms, computer programs and office control forms designated as required or as approved in writing by FRANCHISOR prior to their use;
(b) use only the authorized trade name of the Franchise, as set forth in Section 2.2 and/or Appendix A, display FRANCHISOR's approved Trade Indicia on all vehicles used in connection with the Franchise and maintain neat and clean, approved uniforms for use by all of FRANCHISEE's personnel;
(c) allow FRANCHISOR, or its representatives, access electronically, at the Franchise location or any other location duly noticed by FRANCHISOR, to the Franchise and its records for inspection and Examination purposes, at any time and subject to reasonable notice, which need not exceed five (5) business days (Section 4.4);

(d) pay for products, equipment or any other items purchased from FRANCHISOR, its suppliers, or any Distributor in a timely manner in accordance with this Agreement and/or the billing terms specified by FRANCHISOR, its suppliers, or Distributor;
(e) submit to FRANCHISOR or Distributor all other reports that might be requested from time to time within ten (10) days of request;
(f) pay Royalties and all other due and owing to Franchisor and/or third parties in accordance with Section 3;
(g) pay all other accounts or other indebtedness owed to FRANCHISOR or its suppliers, when due, whether connected with this Agreement, or any other agreement FRANCHISEE may have with FRANCHISOR or any of FRANCHISOR's suppliers;
(h) pay FRANCHISOR its then-current fee to review and monitor job file documentation and any job referral fees owing;
(i) implement the Mr. Duct Cleaner business model, which includes, without limitation, production, office, and marketing; and
(j) staff and equip the Franchise to provide effective market penetration and deliver quality customer service. All mobile devices used in the Franchise business, including, without limitation, "smart phones," whether owned by FRANCHISEE or individual employees, shall be subject to FRANCHISOR's recommended and required applications.

7.2 Training. (a) FRANCHISEE agrees that, in order to operate the Franchise in accordance with FRANCHISOR's standards and the System, it is important that FRANCHISEE attend and complete such training as FRANCHISOR may periodically require. FRANCHISEE agrees to and shall attend and complete, to FRANCHISOR's satisfaction, within the time period required by FRANCHISOR, the initial training program (NFTP), Business Development Program ("BDP") which shall include, without limitation, Step 1: Prerequisite Progress (preparing Your business prior to classroom attendance/On-The-Job training (OJT)); Step 2: Prerequisite Consultation (virtual and/or on-site Franchise Business Coach meeting); Step 3: New Franchise Training Program ("NFTP") (5-day class); Step 4: Business Setup (5-9 days, on-site and/or virtual Franchise Business Coach meetings); and Step 5: Business Consultations (minimum of 6 virtual or on-site Franchise Business Coach meetings) as FRANCHISOR may designate as mandatory. Steps 1, 2 and 3 of BDP must be completed within thirty (30) days of the Effective Date; Step 4 of BDP must be completed the week following NFTP; and Step 5 of BDP must be completed within six (6) months following NFTP.

(b) FRANCHISOR may periodically develop and/or designate new and/or additional programs concerning the various aspects of the operation of the Franchise, and FRANCHISOR may periodically provide training programs related to new or existing services authorized to be performed under this Agreement, and the products, cleaning products and equipment used therewith, or new services and products. Such programs may be designated as either voluntary or mandatory and information or training and may be provided in person or online, video or text. If FRANCHISEE chooses to participate in a voluntary program, or if a program is designated as mandatory by FRANCHISOR or its suppliers, FRANCHISEE agrees to attend all such training at FRANCHISEE's expense and to pay all applicable training fees.

(c) All majority Owners of FRANCHISEE must personally complete all Franchise financial and operational business reviews, attend any other meetings, review relevant videos and all training

programs as required by FRANCHISOR from time to time. All Owners must attend and participate in the annual financial and operational review.

(d) FRANCHISEE agrees to use and implement the minimum level of access, data and cyber security protocols and controls FRANCHISOR may designate from time to time, including, without limitation, password and access management, antivirus, firewalls, data backup, updates and patches, and cyber insurance. FRANCHISEE agrees to purchase such additional equipment, computer programs, cleaning products and other supplies designated by FRANCHISOR as mandatory from time to time.

7.3 Compliance with Laws, Rules, Regulations and Standards. FRANCHISEE shall comply with all applicable federal, state and local laws, ordinances, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchise, including, without limitation, licenses to do business, contractors licenses, fictitious name registration and sales and/or use tax permit. FRANCHISEE agrees to abide by all state and federal environmental protection and employee safety and health rules and regulations and any other laws applicable to, or imposed upon, the Franchise. FRANCHISEE shall notify FRANCHISOR in writing within seven (7) days of the commencement of any legal or governmental investigation or action filed or brought against FRANCHISEE. FRANCHISEE agrees to at all times produce high quality and industry-standard work and to comply with applicable ethical business norms and standards.

7.4 Taxes. FRANCHISEE shall promptly file and pay all taxes levied or assessed when due, including, without limitation, state and federal employment and unemployment taxes, income taxes, sales and use taxes and all accounts and other indebtedness of every kind incurred by FRANCHISEE in the conduct of the Franchise. FRANCHISEE shall pay to FRANCHISOR an amount equal to any sales or use tax, gross receipts tax or similar tax (other than income tax) imposed on FRANCHISOR with respect to any payments to FRANCHISOR.

7.5 Telephone Numbers/Directory Advertising. (a) FRANCHISEE shall register all telephone numbers used by the FRANCHISEE in the Franchise with FRANCHISOR or its designee. No telephone number shall be used without FRANCHISOR's prior written consent. FRANCHISEE shall use only telephone numbers with area codes that are wholly within, or the majority of which are within, the Marketing Territory. If a telephone area code crosses an Marketing Territory boundary, FRANCHISEE shall obtain FRANCHISOR's prior written consent before obtaining the telephone number.

(b) FRANCHISEE's business telephone account and listings either in print or on the Internet, shall be made only in the trade name set forth in Section 2.2 and/or Appendix A, and not in FRANCHISEE's personal name or any other name. FRANCHISEE acknowledges and agrees that all telephone numbers utilized in connection with the Franchise shall be FRANCHISOR's property. FRANCHISEE shall transfer, relinquish and assign all such listings and advertisements to FRANCHISOR or at its direction upon the termination or non-renewal of this Agreement.

(c) FRANCHISEE must maintain a Google business page listing for the Franchise with at least one local telephone number servicing the Marketing Territory, but FRANCHISEE shall not

advertise in any directory service (e.g., Google, Yelp, etc.) unless the regular circulation of the directory covers at least fifty percent (50%) of the geographical area of the Marketing Territory, except as may be authorized in writing by FRANCHISOR in its sole discretion. FRANCHISEE shall obtain FRANCHISOR's prior written approval for all such telephone listings and directory advertisements. FRANCHISEE agrees to comply with FRANCHISOR's Territorial Policy, as amended from time to time by FRANCHISOR, in its sole discretion.

7.6 Advertising, Marketing and Promotion. (a) FRANCHISEE shall submit all advertising, marketing and promotional material, whether print, electronic, audio or visual (including website, social media and all other electronic or internet materials), prior to use, together with an outline of its proposed use, for FRANCHISOR's prior written approval.

(b) FRANCHISEE agrees to provide administrative access to all online directories. FRANCHISEE agrees that FRANCHISEE shall at all times sell, promote and offer for sale to the public, products, supplies and services designated by FRANCHISOR in accordance with the advertising, marketing and quality standards specified by FRANCHISOR. FRANCHISEE shall not sell, promote or advertise any product or service in any manner not specifically authorized by this Agreement or in writing by FRANCHISOR prior to its sale, promotion, or advertisement.

7.7 Pricing for Services and Products. FRANCHISEE is free in its discretion to set prices and discounts on the services and products that it may render or sell pursuant to this Agreement in operation of the Franchise. FRANCHISOR reserves the right to run promotions from time-to-time and where mandatory, Operator agrees to participate in all such mandatory programs.

7.8 Insurance. (a) Before commencing operation of the Franchise, and at all times thereafter during the term of this Agreement, FRANCHISEE shall, at FRANCHISEE's expense, keep in force insurance as designated by FRANCHISOR, insuring FRANCHISEE, FRANCHISOR and persons and entities supplied with FRANCHISOR, against any liability or expense whatsoever arising out of, occurring upon, or in connection with the Franchise, for personal injury, death and property damage or other losses that may result against them, or any of them, by reason of the ownership, maintenance or operation by FRANCHISEE of the Franchise, including, without limitation, provision of services.

(b) All insurance shall be of the form, coverage and worthiness designated by and/or satisfactory to FRANCHISOR, with policy limits equal to or exceeding FRANCHISOR's then-current minimum policy requirements as set forth in the Manuals or elsewhere, which requirements are subject to change by FRANCHISOR upon thirty (30) days' written notice. This insurance shall not be subject to cancellation or any material change, except after thirty (30) days' written notice to FRANCHISOR and shall waive the carrier's rights of subrogation in favor of FRANCHISOR.

(c) FRANCHISOR shall be named as an additional insured under said policy, as designated by FRANCHISOR from time to time.

(d) A current certificate of insurance reflecting full compliance with the requirements of this Section shall be kept on deposit with FRANCHISOR at all times. FRANCHISOR, in its sole discretion, may make any necessary payments to keep such insurance in force if FRANCHISEE

fails to do so, and FRANCHISEE shall on demand reimburse FRANCHISOR or its suppliers for such payments plus ten percent (10%) administrative fee. Nothing contained herein shall be deemed to constitute an undertaking or representation by FRANCHISOR that any such insurance will insure FRANCHISEE against any or all insurable risks of loss that may, or can, arise out of or in connection with the operation of the Franchise.

7.9 Customer Service. FRANCHISEE shall hold itself solely responsible for the quality and results of the services performed under this Agreement, maintaining a continuing responsibility with respect to such services beyond the termination of this Agreement. In order to assure that the reputation of FRANCHISOR, the Marks and other franchisees is maintained and to ensure that FRANCHISEE uses the System to maintain high standards of quality and service in compliance with this Agreement, FRANCHISOR or its designee may contact FRANCHISEE's customers concerning the quality of services, the level of customer satisfaction, or other aspects of FRANCHISEE's business FRANCHISOR determines to be relevant. FRANCHISEE agrees to make every effort to satisfy any customer complaint brought to FRANCHISEE's attention by any customer or as requested by FRANCHISOR. FRANCHISEE agrees to follow Mr. Duct Cleaner's Quality Assurance Program for any complaint brought to FRANCHISOR's attention.

7.10 Developments. (a) All information, data, including, without limitation, customers and contacts, techniques and know-how developed or assembled or compiled by FRANCHISEE or FRANCHISEE's employees or agents during the term of this Agreement shall be owned by FRANCHISOR and shall constitute a part of the Confidential Information. If FRANCHISEE develops any new concept, method, process or improvement in the operation or promotion of the Franchise or the System (the "Developments"), FRANCHISEE agrees to promptly notify FRANCHISOR and provide FRANCHISOR with all necessary information concerning the same, without compensation.

(b) FRANCHISEE acknowledges and agrees that any and all right, title and ownership interest (including, without limitation, copyright, trademark and patent rights and all extensions and renewals thereof) now known or hereafter derived in all media and form whatsoever in perpetuity in all languages in and to all Developments (including, without limitation, all computer programs, any source code, object code, all enhancements and modifications and all files) shall vest in FRANCHISOR, and FRANCHISOR shall be the exclusive owner.

(c) FRANCHISEE agrees and intends that, to the maximum extent allowed by law, all copyrightable Developments shall be deemed to be "works made for hire" under relevant copyright laws; provided, however, to the extent Developments may not be considered a "work made for hire," and as to any patent rights, FRANCHISEE assigns to FRANCHISOR all rights, titles and interests in and to any such Developments, including, without limitation, rights to copyrights in all copyrightable materials and in and to all patent rights, applications and patents that may be issued thereon. If any Developments include items previously developed or copyrighted by FRANCHISEE, FRANCHISEE hereby grants to FRANCHISOR an assignment of any and all ownership rights and/or an unrestricted, royalty-free perpetual, irrevocable license to make, have made, copy, use, modify, distribute, prepare derivative works, perform, display, disclose and sublicense such Developments for any lawful purpose.

(d) FRANCHISEE agrees to take any actions that might be reasonably requested by FRANCHISOR to effectuate or evidence such ownership by FRANCHISOR or such an assignment. FRANCHISOR may utilize or disclose such information without restriction and without payment or compensation to FRANCHISEE, including other Mr. Duct Cleaner franchisees, as FRANCHISOR determines in its sole discretion.

7.11 Management of Franchise Business. (a) If FRANCHISEE is an individual or individuals, the Franchise is licensed in reliance on the individual(s)' business skills, financial capacity and personal character. If FRANCHISEE is a business entity, the Franchise is licensed in reliance on the business skills, financial capacity and personal character of the principals and Owners. The Operating Principal(s) must directly perform or directly supervise the operation of the Franchise. All majority Owners of FRANCHISEE must personally complete all Franchise financial and operational business reviews, attend any other meetings, review relevant videos and all training programs as required by FRANCHISOR from time to time. All Owners must attend and participate in the annual financial and operational review.

(b) An employee may not attend training or perform these duties in the agreement unless they agree in writing to maintain the confidentiality of the Confidential Information set forth in Section 6.5 and to conform to the covenants not to compete set forth in Section 6.6. These agreements must be in a form satisfactory to FRANCHISOR and must provide that FRANCHISOR is a third party beneficiary of and has the independent right but not the obligation to enforce, the covenants. FRANCHISEE agrees to provide FRANCHISOR with requested information about the person or persons proposed to help manage the business and a copy of an employment agreement that contains provisions prohibiting competition with FRANCHISOR after termination of the employment and prohibiting any use of the Marks or Confidential Information. FRANCHISEE agrees to pay FRANCHISOR's then current training fee and any employee's expenses of attending training.

7.12 Background Checks. FRANCHISEE agrees to conduct background checks on all employees annually, unless FRANCHISEE has reason to suspect that any Owner or employee may have been convicted of, or pled guilty to, a felony involving dishonesty or breach of trust, fraud, theft or any type of violence against a person, in which case a background check must be conducted immediately. FRANCHISEE agrees to inform FRANCHISOR immediately if any Owner is convicted of or pleads guilty to any such crimes, which is a default without opportunity to cure under Section 10.4(c). The provisions of this Section 7.12 are all subject to applicable law.

7.13 Certification Training. All designated employees of FRANCHISEE must complete training programs and obtain certifications as may be designated by FRANCHISOR from time to time, which may be provided by FRANCHISOR or a third party.

8. *COVENANTS OF FRANCHISOR*

8.1 Manuals. FRANCHISOR agrees to make available to FRANCHISEE a copy of each of the manuals and other writings concerning the operation and management of the Franchise (the "Manuals"), in electronic form, which will be loaned and made available to FRANCHISEE for the term of this Agreement. The Manuals shall remain Confidential Information and shall remain

FRANCHISOR's property. FRANCHISOR has the right to periodically modify the Manuals as FRANCHISOR deems necessary or appropriate, in its sole discretion, and FRANCHISEE agrees to comply with each new or changed standard, which may be communicated to FRANCHISEE through bulletins or other writings. FRANCHISEE shall not copy, duplicate, record or otherwise reproduce the Manuals in whole or in part or otherwise make the Manuals available to any unauthorized person. FRANCHISEE shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the content of a Manual, the terms of the master copy of the Manual maintained by FRANCHISOR at FRANCHISOR's home office shall be controlling. OPERATOR must have any employee who will have access to the Manuals sign an appropriate confidentiality agreement, no less restrictive than that required of Franchisee and its Owners.

8.2 Training. (a) FRANCHISOR agrees to make available an initial training program, as described above in Section 7.2, currently consisting of the BDP, as well as the NFTP for new franchisees. FRANCHISOR may make available additional training on subjects applicable to this Agreement, the Manuals, the System, or the Franchise in a manner that FRANCHISOR, at its sole discretion, determines is advisable. FRANCHISOR may arrange for, or refer FRANCHISEE to, an outside training service for certain specialized training, or charge a fee to defray costs of specialized training, and FRANCHISEE must pay all costs of transportation, food and lodging, and credentialing.

(b) For all new Franchises and Franchises transferred in compliance with all applicable conditions of the Transfer provisions set forth in Section 5 of this Agreement, FRANCHISOR allows for free attendance to one Franchise Owner unless more than one person is named as FRANCHISEE or Owner under this Agreement or there is more than one Owner, in which case, the allowance will be used for two (2) Owners to attend Steps 1-5 of the Business Development Program (BDP). FRANCHISOR agrees to make available the same training for additional persons at FRANCHISEE's request and at the then-current costs.

8.3 On-Going Support. FRANCHISOR agrees to provide ongoing support for the System, equipment, cleaning products, literature, Manuals, and software applications and platforms, as necessary and advisable for the benefit of the System, as determined by FRANCHISOR in its sole discretion. If FRANCHISEE utilizes any software applications or platforms purchased from FRANCHISOR or its suppliers, there may be additional charges. FRANCHISOR welcomes suggestions from franchisees. Each idea or Development by FRANCHISEE will be given consideration. If found to be beneficial to the System, it will be made available to all Mr. Duct Cleaner franchisees and be made a part of the System. (Section 7.10).

8.4 Marketing and Advertising Program. FRANCHISOR or its designee may periodically develop optional and/or mandatory marketing and advertising programs and campaigns to promote the services of the Mr. Duct Cleaner Franchise System.

9. *INDEPENDENT CONTRACTOR; INDEMNIFICATION*

9.1 Independent Contractor. (a) It is understood and agreed that this Agreement and the parties' course of dealing does not, and will not, create a partnership, joint venture, fiduciary or employment relationship, and at all times under this Agreement, FRANCHISEE will act as, and

shall be, an independent contractor. FRANCHISEE further agrees that FRANCHISEE will not at any time, directly or indirectly, act as or hold itself out as an agent, servant, employee, subsidiary, joint venturer or partner of FRANCHISOR, or make any commitment, or incur any liability on behalf of FRANCHISOR without FRANCHISOR's prior written consent. FRANCHISOR shall neither assume liability for, nor be deemed liable hereunder, as a result of any such action by FRANCHISEE, nor be liable by reason of any act or omission by FRANCHISEE in its conduct and operation of the Franchise.

(b) All employees of FRANCHISEE are hired by, employed by and under the sole supervision and control of FRANCHISEE. FRANCHISEE's employees are not employed by, jointly employed by, agents of or under the supervision or control of FRANCHISOR or its suppliers in any manner whatsoever. FRANCHISOR and its suppliers will not exercise direct or indirect control of FRANCHISEE's employees' working conditions or any other terms or conditions of employment. FRANCHISOR and its suppliers do not share or codetermine the terms and/or conditions of employment of FRANCHISEE's employees or participate in matters relating to the employment relationship between FRANCHISEE and its employees, such as hiring, promotion, demotion, termination, hours or schedule worked, rates of pay, overtime, on-call hours, benefits offered, leave and time off, work assigned, discipline, response to grievances and complaints, or any other working conditions. FRANCHISEE has the sole responsibility and authority for these and any other terms and conditions of employment.

(c) FRANCHISEE must notify and communicate clearly with its employees in all dealings, including, without limitation, its written and electronic correspondence, paychecks, recruiting materials, Human Resource materials and any other materials, that FRANCHISEE (and only FRANCHISEE) is their employer and that FRANCHISOR and its suppliers are not their employer. Training with respect to any and all employment policies and procedures is FRANCHISEE's sole responsibility. Any training or other information offered to FRANCHISEE's employees is for the benefit of FRANCHISEE's business and is provided at FRANCHISEE's request and direction.

(d) From time to time FRANCHISOR may make information available regarding generally accepted and common employment policies and practices, which may include sample forms for review and use after proper review and modification, as FRANCHISEE determines. Some forms and information provided are "best practices" recommendations developed by other franchisees or independent representatives and the FRANCHISOR and its suppliers over many years of experience in the Mr. Duct Cleaner systems and/or other industries. Only FRANCHISEE can determine whether these can apply or are appropriate for FRANCHISEE's business. FRANCHISEE will have sole discretion to adopt or implement any policies and procedures and forms, as well as the specific terms of such policies and procedures and forms.

(e) FRANCHISEE's use of any such information is optional and should not be construed as any intent or right to control FRANCHISEE's operations, personnel decisions or relationship with its employees, either directly or indirectly. FRANCHISEE is expressly advised to consult its own independent counsel or other qualified business advisor for labor and employment advice. FRANCHISEE has sole discretion on the employment policies and procedures it seeks to utilize, conditioned upon such policies and procedures being compliant with applicable laws.

9.2 Indemnification. (a) For the purposes of this Agreement, "Claims" means all losses, fines, suits, proceedings, claims, demands, debts, obligations, liabilities, judgments, damages and actions of any kind or nature, as well as attorneys' fees, costs of investigation and discovery, settlement costs, lost profits, charges, expenses and taxes arising out of, relating to or in any way connected with the foregoing. FRANCHISEE shall be solely and completely responsible for any and all Claims arising out of, relating to or in any way connected with the operation of the Franchise whether conducted by FRANCHISEE or FRANCHISEE's Owners, employees, agents, sub-contractors, representatives or any other person or entity affiliated or connected with FRANCHISEE.

(b) In addition, FRANCHISEE agrees to indemnify, defend and hold harmless FRANCHISOR, FRANCHISOR's officers, directors, employees, agents and shareholders, and all persons and entities affiliated with or connected with FRANCHISOR (the "Indemnitees"), at (c) FRANCHISEE's sole expense, for all Claims arising out of, relating to or in any way connected with (a) the operation of the Franchise, (b) FRANCHISEE's acts or omissions, and those of FRANCHISEE's Owners, employees, agents, sub-contractors, representatives or any other person or entity affiliated or connected with FRANCHISEE, (c) the breach by FRANCHISEE of any provision of this Agreement, and (d) any and all relations with FRANCHISEE's customers, suppliers and referral partners.

(c) If a Claim is made against any Indemnitee hereunder, even if the Claim contains allegations of any Indemnitee's independent acts, the duty to defend hereunder shall apply to the entire Claim, including those Claims brought against an Indemnitee, either in whole or in part. The Indemnitees have the right to defend and/or settle any such Claim in such manner as they deem appropriate, in their sole discretion, and without the consent of FRANCHISEE. FRANCHISEE shall also reimburse each Indemnitee for all costs incurred in investigating and defending any such Claim, including, without limitation, attorneys' fees and court costs. This indemnity and all of FRANCHISEE's obligations and duties under this Section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

10. *DEFAULT AND TERMINATION*

10.1 Termination by Mutual Agreement. FRANCHISOR and FRANCHISEE may agree in writing to terminate this Agreement at any time on such terms and conditions as FRANCHISOR and FRANCHISEE may mutually agree.

10.2 Termination by FRANCHISEE. This Agreement may be terminated by FRANCHISEE at any time by the Transfer of the Franchise in accordance with Section 5, or in the event that FRANCHISOR has been provided written notice that it is in material default of this Agreement and has failed to take any action to resolve the specified events of material default within sixty (60) days of being provided written notice of the same.

10.3 Default Without Notice or Opportunity to Cure. It is agreed that in no event shall this Agreement, or any right or interest thereunder, be deemed an asset in any insolvency, receivership, bankruptcy, composition, liquidation or reorganization proceeding. FRANCHISEE shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically

terminate without notice to FRANCHISEE, if (a) FRANCHISEE becomes insolvent; (b) a petition in bankruptcy is filed by FRANCHISEE, or such a petition is filed against and not opposed by FRANCHISEE, or an order for relief in bankruptcy is entered; (c) FRANCHISEE is adjudicated bankrupt or insolvent; (d) 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; (e) a receiver or other custodian (permanent or temporary) of the Franchise, FRANCHISEE's assets, or property, or any part thereof, is appointed by any court of competent jurisdiction; (f) proceedings for a composition with creditors under any state or federal law should be instituted by or against FRANCHISEE; (g) FRANCHISEE is dissolved; (h) FRANCHISEE admits its inability to pay its debts as they come due; (i) a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); (j) execution is levied against FRANCHISEE's Franchise or its property; (k) suit to foreclose any lien against FRANCHISEE's assets subject to a security interest in favor of FRANCHISOR is instituted against FRANCHISEE and not dismissed within thirty (30) days; (l) the real or personal property of the Franchise shall be sold after levy thereupon by any sheriff, marshal or constable, or other similar authority; or (m) all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor.

10.4 Default With Notice; Without Opportunity to Cure. FRANCHISEE shall be deemed to be in default of this Agreement, and FRANCHISOR may, at its option, terminate this Agreement and all rights hereunder, without affording FRANCHISEE any opportunity to cure the default, effective immediately upon notice to FRANCHISEE, if FRANCHISEE or any Owner of FRANCHISEE:

(a) abandons the Franchise by failing to operate the business for five (5) consecutive days, or any shorter period after which it is reasonable under the facts and circumstances for FRANCHISOR to conclude that the FRANCHISEE does not intend to continue to operate the Franchise, unless caused by an act of God, Force Majeure Event (as defined in Section 13.21) or similar circumstances beyond FRANCHISEE's control, as determined by FRANCHISOR; the business telephone number is disconnected at any time, and no new number is installed or reconnected within twenty-four (24) hours; or FRANCHISEE assigns the operation of or attempts to Transfer the Franchise to another person or entity without FRANCHISOR's prior written consent, or the failure to open within 90 days after this franchise agreement is signed;

(b) has made any material misrepresentation or misstatement relating to the acquisition of the Franchise, or with respect to the ownership of FRANCHISEE; maintains false books or records; or submits any false reports to FRANCHISOR, including, without limitation, any false Royalty reports or invoice copies;

(c) is convicted of or pleads guilty or no contest to a felony involving dishonesty or breach of trust, a fraud, any type of assault, a crime involving moral turpitude or any other crime or offense that FRANCHISOR determines is likely to have an adverse effect upon the Franchise, the System, the Marks, or the goodwill associated therewith, or FRANCHISOR's interest therein; or FRANCHISEE engages in dishonest, unethical, immoral or other conduct that reflects materially and unfavorably upon FRANCHISEE, or the operation, reputation or goodwill of the Franchise, the System, the Marks, or the goodwill associated therewith, or FRANCHISOR's interest therein;

(d) fails, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state or local law or regulation, including, without limitation, health, safety,

building, and labor laws or regulations applicable to the operation of the Franchise, or FRANCHISOR makes a determination that continued operation of the Franchise by the FRANCHISEE will result in an imminent danger to public health or safety;

(e) discloses or divulges the contents of the Manuals, or other Confidential Information provided to FRANCHISEE by FRANCHISOR, in violation of Section 6.5 or otherwise fails to comply with any of the terms, covenants or conditions in Section 6.5 or 6.6;

(f) fails to acquire, or to continuously maintain the required minimum levels of insurance, fails to have FRANCHISOR and its suppliers named as additional insureds, or fails to provide a current certificate of insurance to FRANCHISOR as required by Section 7.8 hereof;

(g) after curing any default or noncompliance in accordance with Section 10.5, engages in the same default or noncompliance, whether or not such default or noncompliance is corrected after notice;

(h) is provided notice of default under this Agreement for failure to comply with any of the requirements imposed by this Agreement three (3) times in any twelve (12) month period, whether or not cured after notice; or

(i) purports to sell, assign, Transfer, convey, rent, gift, lease, pledge, exchange, mortgage or otherwise encumber the Franchise or any rights or obligations under this Agreement or any interest in FRANCHISEE without FRANCHISOR's prior written consent in violation of Section 5.

10.5 Default With Notice and Opportunity to Cure. Except as set forth in Sections 10.3 and 10.4, FRANCHISEE shall have thirty (30) days after FRANCHISOR gives written notice of default under this Agreement within which to remedy the default and provide satisfactory written evidence of cure thereof to FRANCHISOR. If FRANCHISEE fails to immediately initiate a remedy to cure such default and cure to FRANCHISOR's satisfaction within the thirty (30) day period (or within such longer period as FRANCHISOR may, at its sole option, grant or such longer period as applicable law may require), FRANCHISOR may thereafter terminate this Agreement effective immediately upon notice to FRANCHISEE. Such defaults shall include, without limitation, FRANCHISEE:

(a) fails to pay Royalties or any other indebtedness to FRANCHISOR or its suppliers when due, whether under this Agreement, the Territorial Policy or any other agreement with FRANCHISOR or its suppliers, or fails to submit the reports or other information required by FRANCHISOR when due under this Agreement, the Territorial Policy or other standards, specifications or procedures of FRANCHISOR;

(b) violates and fails to cure or violates, on any three (3) or more occasions in twelve (12) months, any health or safety law, ordinance or regulation;

(c) fails to comply with FRANCHISOR's then-current standards, specifications or procedures for promoting, offering for sale, and providing products, supplies and services to the public;

(d) fails, refuses or neglects to obtain FRANCHISOR's prior written approval or consent as required by this Agreement;

(e) misuses or makes any unauthorized use of the advertising, the Marks or any other identifying characteristics of the System, or otherwise impairs, damages or lessens the value of the goodwill associated with the Marks or FRANCHISOR's rights therein;

(f) refuses to permit FRANCHISOR or its representatives to examine the books and records of FRANCHISEE pursuant to Section 4.4 or otherwise denies FRANCHISOR or its

Distributors access to the Franchise and its location for inspection or examination or any requested information pertaining to the Franchise;

(g) fails to keep all telephone numbers used in connection with the Franchise registered with FRANCHISOR or at its direction in accordance with Section 7.5;

(h) sells unauthorized products and services, or uses unauthorized products, cleaning products or equipment in the conduct of the Franchise; or

(i) fails to otherwise perform or comply with any other term, condition, representation, requirement or commitment under this Agreement, the System and the Franchise, as each may periodically be supplemented or modified by the Manuals or other policies or procedures of FRANCHISOR.

10.6 Interim Remedies. If you are in default of any provision of this Agreement, we may, at our option, elect to impose interim remedies and/or limited services on your Franchise Business ("Limited Services") rather than terminate this Agreement. We will provide written notice to you prior to placing you on Limited Services. If you are in default and your Franchise Business is on Limited Services, we may terminate this Agreement at any time if you fail to cure the default. Limited Services may include: (1) removal from MrDuctCleaner.com, (2) no access to Marketing Fund services, (3) removal of you or your personnel from the Mr. Duct Cleaner Google Workspace email platform and other Google Workspace functions or Outlook email, depending on which platform franchisee's email is on, no access to the Mr. Duct Cleaner resource site, (4) not eligible to receive Mr. Duct Cleaner National Accounts Program jobs, (5) not eligible to attend any Mr. Duct Cleaner events, (6) no access to Mr. Duct Cleaner online training, (7) not eligible to purchase or open additional Mr. Duct Cleaner franchise businesses, (8) visits limited to only what is required by this Agreement, and (9) not eligible to participate in Referral Partner Program.

11. *FRANCHISEE'S OBLIGATIONS UPON TERMINATION, EXPIRATION OR NONRENEWAL*

11.1 FRANCHISEE's Obligations Upon Termination, Expiration or Non-Renewal. This Agreement may be terminated prior to the expiration of its term, as set forth in Section 10. Upon termination, expiration or non-renewal of this Agreement for any reason, whether by reason of lapse of time, default in performance or other cause or contingency, all rights granted under this Agreement shall terminate, and FRANCHISEE shall:

(a) Immediately and permanently cease all operations of the Franchise Business and remove or change, or cause to be removed or changed, all signage, regardless of location, as FRANCHISOR shall direct, so as to eliminate FRANCHISOR's identification and to effectively distinguish the former Franchise from its former appearance and from any other Mr. Duct Cleaner franchise in the System, including, without limitation, the repainting of all vehicles and equipment;

(b) Immediately erase or obliterate the word "Mr. Duct Cleaner" and any other trademarks, trade dress, service marks, trade names, Marks owned or licensed from FRANCHISOR, and all words indicating that FRANCHISEE is still, or was, a Mr. Duct Cleaner franchisee from letterheads, stationery, order forms, packaging or any other items used by FRANCHISEE, and otherwise completely discontinue all use of the Marks and

permanently discontinue all advertising, marketing and promotions as a Mr. Duct Cleaner franchisee;

(c) Promptly assign and transfer to FRANCHISOR or at its direction each and every telephone number, directory listing, advertising or website and URL domain name and social media account used in connection with the Franchise and sign all documents required by the telephone company or service provider to affect such a transfer and to discontinue all social media usage and electronic and other advertising associated with the Franchise and FRANCHISOR. Prompt transfer of log-in credentials and ownership for any social media account used must be made from FRANCHISEE to FRANCHISOR or at its direction. FRANCHISEE agrees to pay any indebtedness that any service provider may require to be paid as a condition of transferring the telephone number, directory listing, advertising or website;

(d) Immediately and permanently cease to use, in any manner whatsoever, all Confidential Information, including, without limitation, all confidential and proprietary methods, procedures and techniques associated with the Franchise, and return to FRANCHISOR the complete set of Manuals, and all other manuals, bulletins, all computer software applications, advertising materials, report forms, customer lists, customer files and other materials of a confidential or proprietary nature developed or adopted by FRANCHISOR for use in the System or bearing any of the Proprietary Marks;

(e) Abide by all post-termination provisions of this Agreement, including, without limitation, those in Section 6 and refrain from doing anything, whether specified herein or not, that would directly or indirectly indicate that FRANCHISEE was a present or former Mr. Duct Cleaner franchisee;

(f) Promptly pay all sums owed to FRANCHISOR and any of its suppliers and Distributors and cooperate to complete an audit of FRANCHISEE's business as designated by FRANCHISOR, which may include an Examination as set forth in Section 4.3. In the event of termination for any default of FRANCHISEE, such sums will include all damages, costs and expenses, including, without limitation, reasonably estimated lost Royalties and Marketing Fees, and reasonable attorneys' fees incurred by FRANCHISOR as a result of the default, which obligation will give rise to and remain, until paid in full, a lien in favor of FRANCHISOR against any and all of the personal property, furnishings, equipment, vehicles, signs, fixtures and inventory owned by FRANCHISEE or Owners relating to or connected with this Agreement at the time of default;

(g) Pay to FRANCHISOR all damages, costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by FRANCHISOR subsequent to the termination of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

(h) If FRANCHISEE has filed the "Mr. Duct Cleaner" trade name with any governmental agency, FRANCHISEE agrees to immediately give written notice to such agency to cancel the filing and take such action as may be necessary to cancel any assumed or fictitious name or corporate or partnership registration that contains the Marks, the word Mr. Duct Cleaner or any other service mark, trade name or trademark of FRANCHISOR and furnish FRANCHISOR with written evidence satisfactory to FRANCHISOR of compliance with this obligation within five (5) days after termination;

(i) Promptly return to FRANCHISOR any collateral subject to a security agreement including, without limitation, equipment and vehicles, at FRANCHISEE's expense;

(j) Disable, terminate or assign to FRANCHISOR or at its direction, FRANCHISEE's CRM address assigned; and
(k) Deliver to FRANCHISOR all job files, customer data and data containing all of FRANCHISEE's marketing contacts, wherever stored or located.

11.2 Rights and Remedies Cumulative. All rights and remedies of FRANCHISOR herein enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law, and these rights and remedies may be exercised and enforced separately or concurrently and whenever and as often as the occasion arises. Termination, expiration, non-renewal or Transfer of this Agreement shall not extinguish any existing indebtedness owed to FRANCHISOR or any of FRANCHISOR's suppliers unless FRANCHISOR otherwise agrees in writing. Upon termination, expiration or non-renewal of this Agreement for any reason, FRANCHISEE shall not receive any payment or adjustment whatsoever for any customers or goodwill that FRANCHISEE may have established during the operation of the Franchise and such rights revert to FRANCHISOR.

12. *MEDIATION*

12.1 Agreement to Use Procedure. A controversy or Claim between FRANCHISEE Parties and FRANCHISOR Parties arising out of, relating to or in any manner connected with this Agreement, the breach thereof or the transaction embodied therein or any other agreement between FRANCHISEE Parties and FRANCHISOR Parties, the relationship with FRANCHISEE Parties on the one hand and FRANCHISOR Parties on the other is defined as a "Dispute." If any Dispute arises, the parties agree to utilize the procedures set forth herein before commencing any arbitration or legal action. If a party fails to utilize these procedures prior to commencement of any arbitration or legal action, the other party shall be entitled to at least a sixty (60) day abatement of the legal action upon filing the appropriate procedural request in the proceeding to compel mediation by bringing this provision to the attention of the arbitrator, court or other legal authority having jurisdiction over the matter.

12.2 Initiation of Procedure. The initiating party shall give written notice to the other party, describing the nature of the Dispute, its claim for relief and identifying one or more individuals with authority to resolve the Dispute on such party's behalf. The other party shall have ten (10) business days within which to designate in writing one or more individuals with authority to resolve the Dispute on such party's behalf (the "Authorized Individuals").

12.3 Direct Negotiations. Authorized Individuals shall be entitled to investigation of the Dispute as they deem appropriate, but agree to meet promptly, and in no event later than thirty (30) days from the date of the initiating party's written notice, to engage in direct negotiations to seek resolution of the Dispute. Authorized Individuals shall meet and/or confer for such purpose in person or by telephone at such times, places and with such frequency as they may agree. If the Dispute has not been resolved within thirty (30) days from the date of their initial meeting, the parties shall cease direct negotiations and submit the Dispute to mediation in accordance with the following procedure.

12.4 Selection of Location for Mediation. Within fifteen (15) business days after the parties cease direct negotiations, the parties shall make a good faith effort to select a mutually convenient

location for a mediation. If the parties cannot agree, the mediation shall be held in the Dallas/Fort Worth, Texas, metro area.

12.5 Selection of a Mediator. Within fifteen (15) business days after the parties select a location for mediation, the parties shall make a good faith effort to select a person to mediate the Dispute. If no mediator has been selected under this procedure, each party shall supply a list of five (5) potential qualified attorney-mediators within ten (10) business days to the other party. Within ten (10) business days after receipt of the list, the parties shall rank the proposed mediators in numerical order of preference, simultaneously exchange such lists, and select the individual receiving the highest combined ranking as the mediator. If such individual is not available to serve, the parties shall proceed to contact the individual who was the next highest in ranking until a mediator is selected.

12.6 Exchange of Information; Summary of Views. The parties and the mediator shall determine a convenient date for the mediation. Both parties shall attempt in good faith to agree on procedures for the expeditious exchange of information in the possession of another party which is desired to prepare for the mediation. Each party will deliver a concise summary of its position on the Dispute to the mediator and the other party(ies) as well as summaries of relevant documentary and electronic evidence and summaries of planned witness testimonies at least seven (7) days before the first scheduled session of the mediation.

12.7 Conduct of Mediation. The mediator shall determine the format for the meeting, and the mediation session shall be private. The mediator will keep confidential all information learned in private caucus with any party unless specifically authorized by such party to make disclosure of the information to the other party. The parties agree that the mediation shall be governed by such rules as the mediator shall prescribe, consistent with Texas law. If the mediator does not prescribe rules, the mediation shall be governed by the relevant provisions of Texas law.

12.8 Termination of Procedure. Both parties agree to participate in the mediation to its conclusion. The mediation shall be concluded by either: (1) the execution of a settlement agreement by the parties; (2) a declaration of the mediator that mediation is concluded or at an impasse; or (3) a written declaration by the parties to the effect that the mediation process is concluded at the end of one (1) full mediation session with all parties.

12.9 Fees; Disqualification; Confidentiality. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matters. Mediation is a compromise negotiation for purposes of Federal and State Rules of Evidence and constitutes privileged communication under Texas law. The entire mediation process is confidential, and such conduct, statements, promises, offers, views and opinions shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence that is otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the mediation.

12.10 Exception. This Section does not apply to, and the definition of "Disputes" in Section 12.1 does not include Disputed Claims Subject to Court Action in Section 14.13.

13. *GENERAL PROVISIONS*

13.1 Amendments. Except as otherwise expressly provided herein, this Agreement shall not be modified or amended, except by written agreement executed by all parties; provided, however, only an authorized officer or other authorized designee of FRANCHISOR may sign and affect such a modification or amendment. This Agreement cannot be changed, modified, amended or terminated orally.

13.2 Pronouns. When used in this Agreement, references to the singular shall include the plural and references to gender shall include both and all, as the context may require.

13.3 Captions. The captions and headings throughout this Agreement are for reference and convenience only. They are not a substantive part of this Agreement and shall not be used in interpreting or construing it.

13.4 Severability. If any provision of this Agreement, or its application to any person or circumstance is deemed invalid or unenforceable, all other provisions of this Agreement, or the application of such provisions to other persons or circumstances, shall remain in full force and effect, and not be affected thereby, and in lieu of such invalid or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision that is valid, enforceable and as similar in terms to such invalid or unenforceable provision as may be possible or, if not possible, any such invalid or unenforceable provisions will be severed from this Agreement.

13.5 Binding Effect; Joint and Several; No Third-Party Beneficiaries. This Agreement and the terms, conditions, covenants, restrictions and limitations contained herein, shall bind and inure to the benefit of FRANCHISOR and its successors and assigns and shall bind and inure to the benefit of FRANCHISEE (including the persons executing this Agreement if FRANCHISEE is a legal entity) and its or their respective heirs, executors, administrators, permitted successors and assigns. All covenants, agreements and obligations assumed herein by FRANCHISEE 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, and all Owners. This Agreement shall not be construed to create any third party beneficiary rights in any person or entity.

13.6 Savings Clause. If any term hereof may be construed to obligate FRANCHISEE to pay interest in excess of the highest legal amount, it is agreed that such term is a mistake in calculation or wording and, notwithstanding the same, it is agreed that neither FRANCHISEE nor any other person or entity obligated for the payment of any sums hereunder shall ever be obligated to pay interest in excess of the highest lawful amount. In no event shall FRANCHISOR charge or collect, directly or indirectly, an amount for the use, forbearance or detention of money hereunder in excess of the highest lawful rate of interest. Any payment shall be first applied to unpaid interest over the term of the obligation and then, if any excess remains, applied next to reduction of the unpaid balance of principal or any other sums owing and then, after such unpaid balance is reduced to zero, any remaining excess shall be refunded to FRANCHISEE. If the maturity of any indebtedness is accelerated before the due date, any unearned interest in excess of the maximum permitted by law shall be canceled automatically as of the date of such acceleration and, if paid, shall be refunded or credited against the principal amount of the obligation. The phrase "then-

current" regarding the future Franchise License Agreement means, qualification criteria, training requirements and other terms and conditions, which may be materially different than those contained in this Agreement, as may be changed or modified in FRANCHISOR's sole discretion. Including shall also mean "including but not limited to."

13.7 Notices. All notices required or permitted to be given under the terms of this Agreement shall be given in writing, and be delivered personally, by electronic mail (e-mail), by mail, or by an express delivery service, postage or delivery charges prepaid, and addressed to the party to be notified at its last known business address. All such notices shall be deemed to have been given and received the earlier of: when received, as evidenced by return receipt; documentation provided by the delivery or other service; or when first refused; or one (1) business day after placed in the hands of a commercial courier service or United States Postal Service for express delivery; or three (3) days after placed in the U.S. mail by registered or certified mail, return receipt requested; two (2) business days after placed in the hands of the United States Post Office for delivery by priority mail; or the date an email is sent. In addition, FRANCHISOR and its suppliers may provide notice to FRANCHISEE by e-mail using any e-mail address for FRANCHISEE then shown in FRANCHISOR's business records. Such notice by email shall be deemed given and received on the day of transmission.

13.8 Waiver. The failure of FRANCHISOR to insist in any one or more instances upon strict performance of any of the covenants or provisions of this Agreement, to exercise any option herein contained, or to grant additional time to cure or remedy a default, shall not be construed as waiver or a relinquishment for the future of such covenant, agreement or option, but the same shall continue and remain in full force and effect. The acceptance by FRANCHISOR of payments, with knowledge of the breach of any covenant or agreement hereof, shall not be deemed a waiver of such breach, and no waiver by FRANCHISOR of any provision hereof shall be deemed to have been made, unless expressed in writing and signed by an authorized officer or authorized designee of FRANCHISOR. No failure of FRANCHISOR to exercise any power given to it hereunder, or to insist on strict compliance by FRANCHISEE with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of FRANCHISOR's right to demand strict compliance with the terms hereof. Waiver by FRANCHISOR of any particular default by FRANCHISEE shall not affect or impair FRANCHISOR's rights with respect to any other or subsequent default of the same or a different nature; and no delay or omission of FRANCHISOR to exercise any rights arising from a default shall affect or impair FRANCHISOR's rights as to said default or any subsequent default.

13.9 Recovery of Legal Fees and Costs. In the event that a dispute occurs or an action in law or equity or arbitration arises between FRANCHISOR and FRANCHISEE concerning the operation, enforcement, construction or interpretation of this Agreement or the relationship created thereby or for any other reason, FRANCHISOR shall be entitled to recover its reasonable attorneys' fees, court and arbitration costs and expenses from FRANCHISEE, including, without limitation, reasonable accounting, travel, and expert witness fees, whether incurred prior to, in preparation for or in contemplation of the filing or defense of any such proceeding.

13.10 Governing Law. This Agreement, the rights granted and the relationship created hereunder shall be governed, interpreted and construed in all respects in accordance with the internal laws of

the State of Texas without regard to its conflicts of law's provisions, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 *et. seq.*).

13.11 Consent to Jurisdiction and Venue. FRANCHISEE agrees that any legal action arising out of or relating to this Agreement or the relationship of the parties hereunder, including, without limitation, any legal entities in which Owners have any ownership interest, directly or indirectly, shall be brought in the United States District Court for the Eastern District of Texas (Plano, TX court) or the state courts located in Collin County, Texas. FRANCHISEE hereby irrevocably consents and submits to the jurisdiction of such Courts for such purposes and waives any objection it may have to either the jurisdiction or venue of such Courts.

13.12 Entire Agreement. This Agreement is formed and made in Texas. All exhibits, addenda, and schedules attached to this Agreement, and all other agreements between the parties executed contemporaneously herewith, are a part of this Agreement and are incorporated into it. This Agreement constitutes the entire agreement between the parties hereto, and it is acknowledged by both parties that except as expressly provided in this Agreement, there are no representations, warranties or other agreements expressed or implied, oral or written, in any way relating to the provisions hereof. This Agreement, when fully executed, shall supersede all prior negotiations, understandings, representations and agreements, oral or written, between the parties concerning the subject matter of this Agreement. Nothing in this section is intended to disclaim the representations FRANCHISOR made in the franchise disclosure document that FRANCHISOR furnished to FRANCHISEE.

13.13 Your Own Investigation and Analysis. You acknowledge that You are entering into this Agreement as a result of Your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers directions, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to You pursuant or any applicable law.

13.14 Continuing Obligations. All obligations of FRANCHISOR and FRANCHISEE that expressly or by their nature survive the expiration, termination or nonrenewal of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration, termination or nonrenewal until they are satisfied or by their nature expire. These obligations include, without limitation, confidentiality (Section 6.5), non-competition (Section 6.6), indemnification (Section 9.2), mediation (Section 12), choice of law (Section 13.10), venue (Section 13.11) and arbitration (Section 14).

13.15 Time is of the Essence. Time is of the essence for every provision of this Agreement.

13.16 Interpretation. Neither this Agreement nor any of its provisions is to be construed against or interpreted to the disadvantage of either party because a party drafted this Agreement or the provision.

13.17 Performance Through Others. FRANCHISOR may perform any of its obligations directly or through its suppliers or third parties. If performed through any of them, FRANCHISEE's

obligations with respect to such matters will still rbe performed for the benefit of the FRANCHISOR.

13.18 Use of Definitions. The use of another tense of a defined term, or its use as a noun, adjective or adverb, or otherwise, means the same as the defined term, modified by the context of the sentence in which it is being used. All defined terms shall be interpreted and construed according to their defined meanings whenever used in this Agreement, including when used in Sections of the Agreement that precede the Section where the term is defined.

13.19 Actions by Others. Where FRANCHISEE is prohibited by this Agreement from directly taking any action, or where action by FRANCHISEE would constitute a default, FRANCHISEE agrees that it will not encourage, authorize or permit any other person or entity, directly or indirectly, whether or not under its direct or indirect control, to take such action.

13.20 Cross Default. Any default by FRANCHISEE, any Owner of FRANCHISEE, or any business or entity in which any Owner has any ownership interest, directly or indirectly, in the performance or observance of any of the terms and conditions under any agreement with FRANCHISOR shall be deemed to be an event of default under all other agreements between FRANCHISOR and FRANCHISEE, any Owner of FRANCHISEE, or any entity in which any Owner has any ownership interest.

13.21 Force Majeure. Except for Franchisee's financial obligations hereunder, or as otherwise specifically provided in this Agreement, if either party to this Agreement is delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs and labor troubles (other than ones against the party seeking to invoke this provision), inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, terrorism or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement (the "Force Majeure Event") and not the fault, negligence or failure to perform any contractual or other legal duty of such party, then performance of such act will be excused for the period of the delay, but in no event to exceed ninety (90) days from the occurrence of the Force Majeure Event; provided, however, no changes in the economic conditions at any local, regional or national level will be deemed to be a Force Majeure Event that excuses either party from performance of such party's duties under this Agreement.

13.22 Business Judgment. FRANCHISOR HAS THE RIGHT TO DEVELOP, OPERATE, AND CHANGE THE FRANCHISE SYSTEM IN ANY MANNER. WHENEVER THIS AGREEMENT RESERVES FRANCHISOR'S RIGHT TO TAKE OR WITHHOLD AN ACTION, OR TO GRANT OR DECLINE TO GRANT FRANCHISEE THE RIGHT TO TAKE OR WITHHOLD AN ACTION, OR ACT IN FRANCHISOR'S DISCRETION, SOLE DISCRETION OR THE LIKE, FRANCHISOR MAY, EXCEPT AS THIS AGREEMENT MAY SPECIFICALLY PROVIDE OTHERWISE, MAKE ITS DECISION OR EXERCISE ITS RIGHTS BASED ON INFORMATION THEN AVAILABLE TO IT AND ITS BUSINESS JUDGMENT OF WHAT IS BEST OR DESIRABLE FOR FRANCHISOR, MR. DUCT CLEANER FRANCHISEES GENERALLY, OR THE MR. DUCT CLEANER FRANCHISE SYSTEM WHEN FRANCHISOR MAKES ITS DECISION, WHETHER OR NOT

FRANCHISOR COULD HAVE MADE OTHER REASONABLE OR EVEN ARGUABLY PREFERABLE ALTERNATIVE DECISIONS AND WHETHER OR NOT FRANCHISOR'S DECISION PROMOTES ITS FINANCIAL OR OTHER INTEREST. BECAUSE COMPLETE AND DETAILED UNIFORMITY UNDER MANY VARYING CONDITIONS MIGHT NOT BE POSSIBLE OR PRACTICAL, FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR RESERVES THE RIGHT AND PRIVILEGE ACCORDING TO ITS BUSINESS JUDGMENT TO VARY BRAND STANDARDS OR OTHER ASPECTS OF THE FRANCHISE SYSTEM FOR ANY FRANCHISEE. FRANCHISEE HAS NO RIGHT TO REQUIRE FRANCHISOR TO GRANT FRANCHISEE A SIMILAR VARIATION OR ACCOMMODATION.

13.23 Jury Trial Waiver. FRANCHISEE and FRANCHISOR irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party against the other, whether or not there are other parties in such action or proceeding.

13.24 Limitation of Claims. Except for claims arising from your non-payment or underpayment of amounts you owe us, any claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

14. *ARBITRATION*

14.1 Arbitration. FRANCHISOR and FRANCHISEE agree that all controversies, Disputes (defined in Section 12.1) and Claims (defined in Section 9.2) and generally between FRANCHISEE and its suppliers and their respective owners, officers, directors, guarantors, agents and/or employees ("FRANCHISEE Parties") and FRANCHISOR and its suppliers and their respective owners, officers, directors, agents and/or employees ("FRANCHISOR Parties"), arising out of, relating to or in any manner connected with:

a) this Agreement or any other agreement between FRANCHISEE Parties and FRANCHISOR Parties;
b) the relationship with FRANCHISEE Parties on the one hand and FRANCHISOR Parties on the other;
c) the scope or validity of this Agreement or any other agreement between FRANCHISEE Parties and FRANCHISOR Parties (including the validity and scope of the arbitration obligation under this section, which the parties acknowledge is to be determined by an arbitrator and not by a court); or
d) any system standard; that cannot be resolved through Mediation pursuant to Section 12, must be submitted for binding arbitration on written demand of either party to the American Arbitration Association ("AAA"). Except as this section otherwise provides, the AAA's then current commercial arbitration rules apply.

Arbitration Procedure.

14.2 Number and Selection of Arbitrators. The arbitration proceedings will be conducted by one arbitrator for Claims and Disputes where the amount in controversy is alleged to be $500,000 or

less and by three arbitrators where the amount in controversy is alleged to exceed $500,000. In the event 3 arbitrators are used, each party will have 14 days from the date of notice by the AAA of a written list of proposed arbitrators to return the written list with their choice of arbitrators; the arbitrator selected by the FRANCHISEE Parties and the FRANCHISOR Parties will choose the third arbitrator; provided, however, if they cannot agree on the third arbitrator, the AAA will select the third pursuant to its then-current rules and procedures. All 3 arbitrators must be neutral. The arbitration proceedings shall be conducted by arbitrator(s) experienced in the arbitration of disputes in the business format franchise field or distribution law, as available; if none is available, experienced business/commercial arbitrator(s) must be selected.

14.3 Location. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within forty (40) miles of where FRANCHISOR has its principal business address at the time the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence.

14.4 Governing Law. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

14.5 Counterclaims. In any arbitration proceeding, each party must submit or file any claim constituting a compulsory counterclaim (as provided by the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim not submitted or filed as required is forever barred.

14.6 Settlement Discussions. The arbitrator(s) may not consider any settlement discussions or offers made by either party.

14.7 Arbitration Expenses. AAA fees and expenses will be split and shared evenly by the two sides up until an award is entered, subject to Sections 13.9 and 14.9. Upon request of a party, a default award may be entered by the arbitrator against a party that does not appear or does not pay its share of fees or otherwise participate in arbitration to its conclusion and award. Either party may, in such party's sole discretion but has no obligation to, advance the other party's share of the AAA fees and expenses (excluding attorneys' fees) of any arbitration proceeding in order for the proceeding to take place and by doing so is not deemed to have waived or relinquished its right to seek the recovery of, and the arbitrator shall award, these costs.

14.8 Discovery. For Claims and Disputes where the amount in controversy is alleged to be $500,000 or less: The parties agree that pre-hearing discovery will be limited to requests for, and exchange of, documents (paper and electronic) most relevant to the Claim and/or Dispute, 15 interrogatories and requests for admission each, and up to four (4) depositions per side, including expert and opinion witnesses. For Claims and Disputes where the amount in controversy is alleged to be $500,000 or more: The parties agree that pre-hearing discovery will be limited to requests for, and exchange of, all documents (paper and electronic) relevant to the Dispute and/or Claim; 30 interrogatories and requests for admission each, and up to six (6) depositions per side, including expert and opinion witnesses. No deposition may exceed eight (8) hours without the parties' agreement or the arbitrator's order upon good cause shown. To the extent not modified herein, the

Federal Rules of Evidence shall apply. Any party has the right to file pre-hearing motions with the arbitrator having the ability to dispose of some or all of the claims generally following the Federal Rules of Civil Procedure.

14.9 Award. The arbitrator(s) shall issue a reasoned award that explains the decision. The arbitrator has the right to award or include in his or her award any relief consistent with the underlying agreements at issue including, without limitation, actual compensatory money damages, specific performance, injunctive relief, and attorneys' fees, costs and expenses for FRANCHISOR Parties (consistent with section 13.9 above), provided that the arbitrator may not declare any Mark generic or otherwise invalid. In addition, except as expressly provided in subsection 14.14 below, the arbitrator has no right to include in his or her award any exemplary, punitive, treble, or other forms of multiple damages against a party and each of the FRANCHISOR Parties and FRANCHISEE Parties hereby waive to the fullest extent the law permits, except as expressly provided in section 14.14 below, any right to or claim for any exemplary, punitive, treble, or other forms of multiple damages against the other.

14.10 No Collateral Estoppel. No arbitration finding, conclusion or award may be used to collaterally estop either the FRANCHISEE Parties or the FRANCHISOR Parties from raising any like or similar issue or defense in any other arbitration, litigation, court hearing or other proceeding involving third parties, including other franchisees.

14.11 No Class Actions. FRANCHISEE Parties and FRANCHISOR Parties agree that arbitration will be conducted on an individual basis, and not on a joint, collective, associational, class-wide or any other mass basis, and all parties hereby waive all such bases. FRANCHISEE and FRANCHISEE Parties hereby waive any and all rights to lead or partipate in class action litigation and/or arbitration. An arbitration proceeding under this section may not be consolidated or joined with any other arbitration proceeding between FRANCHISOR Parties and any other person or party.

14.12 Severability. If any court or arbitrator determines that all or any part of this arbitration agreement or any provision is unenforceable or invalid with respect to a Claim or Dispute that otherwise would be subject to arbitration under this section, all parties agree that this arbitration clause will not apply to that Claim or Dispute or portion of the Claim or Dispute and such severed Claim or Dispute or portion of the Claim or Dispute will be resolved in a judicial proceeding in a court permitted under sections 13.10 and 13.11 of this Agreement; provided, however, the remaining arbitration portions or provisions as to the unaffected Claim(s) or Dispute(s) will remain valid and enforceable.

14.13 Disputed Claims Subject to Court Action. The disputes arising out of or relating to the following will be resolved in a judicial proceeding in a court permitted under Section 13.11 and will not be resolved through either mediation or arbitration unless both parties so consent: (a) Lanham Act, as may be amended; (b) ownership over the validity, enforceability or protection of intellectual property, Confidential Information or Trade Secrets; (c) payment of sums certain owed pursuant to contract (with interest on unpaid amounts from the due date); (d) enforcement of indemnification obligations; (e) Territorial Policy violations; (f) enforcing the parties' obligations to arbitrate or enforce an arbitral award; or (g) temporary restraining orders and temporary or

preliminary injunctive relief. The parties agree and understand that they are waiving their right to a jury trial with respect to arbitration.

14.14 Waiver of Punitive Damages. EXCEPT FOR FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR FOR THIRD PARTY CLAIMS UNDER SECTION 9.2 (INDEMNIFICATION), CLAIMS FOR FRANCHISEE'S INFRINGEMENT OF FRANCHISOR'S INTELLECTUAL PROPERTY, AND CLAIMS FOR FRANCHISEE'S BREACH OF ITS OBLIGATIONS UNDER SECTION 6.5 (PROTECTION OF CONFIDENTIAL INFORMATION AND TRADE SECRETS) OF THIS AGREEMENT, NEITHER PARTY WILL BE ENTITLED TO RECOVER SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES UNDER THIS AGREEMENT.

Accepted in Allen, Texas.

FRANCHISEE:

FRANCHISOR:

Mr. Duct Cleaner Franchise Systems, Inc.

By: _____
(Name)

By: _____
Authorized Signing Officer
Name: _____
Title: _____

Date: _____

Date: _____

By: _____
(Name)

Date: _____

Entity: _____
By: _____
Title: _____

FOR Mr. Duct Cleaner USE ONLY

License # _____ Franchise #_____

Transferred from: _____

Replaces Agreement dated _____ Replaced by Agreement dated _____

APPENDIX A to the FRANCHISE LICENSE AGREEMENT

DESCRIPTION OF PROTECTED MARKETING TERRITORY AND DESIGNATION OF AUTHORIZED TRADE NAME

Section 1.0 - Trade Name:

FRANCHISEE's authorized business trade name is **Mr. Duct Cleaner _____.** This is Mr. Duct Cleaner Territory _____.

Section 2.0 - Marketing Territory or Territories:

FRANCHISEE's authorized non-exclusive Marketing Territory is described as follows:

New sales and resales:
The signature below acknowledges the map below, along with the zip codes listed below, as true and accurate to define the FRANCHISEEs territory with boundaries, boundary lines, and the bounded area as they exist as of the Effective Date of the Franchise License Agreement. FRANCHISEE also acknowledges receiving a copy of this map of the Marketing Territory in electronic format via email.

All boundary or boundary line references to a zip code refer to zip codes used by United States Postal Service.

Section 3.0 - Ownership:

LIST OF OWNERS, PARTNERS, MEMBERS, SHAREHOLDERS

FRANCHISEE (as named below) and Mr. Duct Cleaner Franchise Systems, Inc (the "FRANCHISOR") intend to enter into a Franchise License Agreement (the "Franchise Agreement") pursuant to which FRANCHISOR will grant FRANCHISEE a non-exclusive license, right and privilege to use the Marks and the System in connection with the operation of the Franchise in and from a non-exclusive Marketing Territory, as those capitalized terms are defined in the Franchise Agreement; and

WHEREAS, the undersigned, being all of the Owners, partners, members and/or shareholders of FRANCHISEE and the spouses or domestic partners of such Owners, partners, members and/or shareholders acknowledge that they shall benefit from the Franchise Agreement, and in consideration for the execution by FRANCHISOR of the Franchise Agreement, by their signatures below, they do hereby execute this List of Owners, Partners, Members, Shareholders in accordance with Section 2.5(b) of the Franchise Agreement for the purpose of binding and obligating themselves to adhere to all of the provisions of the Franchise Agreement in the manner provided for therein.

Any transfer of ownership interest in this business entity is subject to, and governed by, the transfer provisions in the Franchise Agreement to which this entity is a party, which requirements include, without limitation, obtaining the prior, written permission from FRANCHISOR.

Name of FRANCHISEE: _____, (Name) Owner

Form of FRANCHISEE: _____

Signature of All Owners, Partners, Members or Shareholders (and their Percentage Ownership Respective Spouses or Domestic Partners):

% (Name)
% (Name)
% (Name)
% (Name)
% (Spouse) (Name)

Date: _____

This List of Owners, Partners, Members, Shareholders is effective as of the date above. Any change in the information of this form is subject to Section 2.5 and Section 5 of the Franchise Agreement and must be submitted to FRANCHISOR for prior written approval.

Designation of FRANCHISEE:

( ) sole proprietorship
( ) limited liability company
( ) partnership
( ) limited partnership
( ) corporation
( ) other: _____

Operating Principals primarily responsible for carrying out FRANCHISEE's obligations (must be an owner): _____

Section 4.0 - Number of Territories:

Franchisee's Marketing Territory Qualifies as a: (Check appropriate box below)

□	Single Territory
□	Single Territory plus Additional Territory/ Territories
Number of Additional Territories:	

Initial Franchise Fee. The Initial Franchise Fee is:

Section 5.0 - Minimum Royalties:

Minimum Royalty Fee Schedule:

# of Units of Territories	Months 1-6	Months 7-12	Months 13-24	Months 25-36	Months 37-48	Months 49-60	Months 60-72	Months 73-End
1 unit	$0	$250	$500	$550	$600	$650	$700	$750
2 Units	$0	$500	$1,000	$1,100	$1,200	$1,300	$1,400	$1,500
3 Units	$0	$750	$1,250	$1,350	$1,450	$1,550	$1,650	$1,750
4 Units	$0	$1,000	$1,500	$1,600	$1,700	$1,800	$1,900	$2,000
5 Units or more	$0	1,250	$1,750	$1,850	$1,950	$2,050	$2,150	$2,250

The Royalty fee of 6% is subject to the minimum royalty listed above. These minimum royalties will be invoiced at the end of the month after a calculation of the fees paid "month to date."

Accepted in Allen, Texas.

FRANCHISEE:

By: _____
(Name)

Date: _____

By:_____
(Name)

Date: _____

FRANCHISOR:
Mr. Duct Cleaner Franchise Systems, Inc.

By:
_____
Name:
_____
Title:
_____

Date: _____

EXHIBIT A, APPENDIX B TO THE FRANCHISE AGREEMENT

AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

PAYEE: Mr. Duct Cleaner Franchise Systems, Inc.

DEPOSITOR'S BANK NAME DEPOSITOR'S ACCOUNT# DEPOSITOR'S ROUTING#

_____ _____ _____

(Please attach one voided check for the above account)

The undersigned Depositor hereby authorizes and requests the Depository designated herein to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above-named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. It is further agreed that if any such debt is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. If the payment dates fall on a weekend or holiday, I understand that the payments may be executed on the next business day. For ACH debits to my checking/savings account, I understand that because these are electronic transactions, these funds may be withdrawn from my account as soon as the above noted periodic transaction dates.

In the case of an ACH Transaction being rejected for Non-Sufficient Funds (NSF) I understand that PAYEE may at its discretion attempt to process the charge again within 30 days and agree to an additional $20.00 charge for each attempt returned NSF which will be initiated as a separate transaction from the authorized recurring payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I certify that I am an authorized user of this bank account and will not dispute these scheduled transactions with my bank; so long as the transactions correspond to the terms indicated in this authorization form.

This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination. This authorization shall apply to any new or updated bank account information provided to Payee.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

1. To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.
2. To indemnify Payee and the Depository for any loss arising if any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

3. To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Franchise Location: Mr. Duct Cleaner of _____

Franchisee: _____
Franchisee Entity: _____

_____
By: _____
Title: _____
Date: _____

APPENDIX C

APPS AND COMPUTER SYSTEMS POLICIES AND PROCEDURES AGREEMENT

This AGREEMENT is entered into by and between Mr. Duct Cleaner Franchise Systems, Inc., a Texas corporation, having a principal place of business at 190 East Stacy Road. Suite 306-224, Allen, TX 75002 ("We", "Us" or "Our") and _____("You").

1. Policies and Procedures and Code of Conduct. You hereby state and affirm that You have read this agreement and specifically understand and agree to the requirements, prohibitions and obligations stated herein. We may modify, delete or append Our Code of Conduct (Appendix C), in whole or part, without prior notice, as We deem necessary to accomplish the goals of Mr. Duct Cleaner. You will be notified of any changes which We make. You hereby covenant that You will comply in all respects with the Code of Conduct (Appendix C) related to content You ask Us to post in Your Website; content on any Site of Yours to which You request Us to link; content of any of Your Sites linked directly or which You know is linked indirectly to that Site; content modifications that You submit to Us; HTML code, and all modifications thereof, that You supply to Us for posting; and Your communications and transmissions in Your capacity as Our FRANCHISEE, by E-Mail, through newsgroups, through Your Website or otherwise, to Us or any of Our owners, officers, employees, agents or franchisees and to any third party. In order to protect access to and the functions of the MrDuctCleaner.com system, We may revoke all Your rights and privileges of system access at any time for any reason. You must abide by all Our procedures regarding system performance issues and cooperate in performing routine system maintenance tasks.

2. Computer Hardware and Software. You agree to utilize only computer components, electronic devices, software, anti-virus and cyber security measures that meet or exceed the minimum requirements which We prescribe. You understand that We do not provide technical support for computer hardware, Internet network systems and/or operating systems. You agree to maintain approved anti-virus and cyber security measures and programs on all Your electronic devices, software computer components and computer workstations by applying updates as available as provided by each supplier. You must take all reasonable and necessary steps to ensure all transmissions are secure and free of viruses. You must not use or distribute unlicensed software or data. Business application programming/development activities must be approved and/or supervised by Us when used in conjunction with Mr. Duct Cleaner services or any software product or service authorized by Us. You affirm that You have acquired the necessary computer hardware and software to meet or exceed Our stated minimum requirements.

3. Quick Start Guide, Passwords and Confidentiality. You will receive information including a Quick Start Guide containing a set of installation instructions, passwords and information necessary for utilizing the various computer apps and systems used by Mr. Duct Cleaner. We may change Your passwords periodically after giving You prior notice. We may change Your passwords without notice at any time. You agree to follow Our instructions regarding password protocols as we designate from time to time. You may not assign a password to any person or entity who is not under Your direct supervision and who does not have a need to know such password. You agree to inform all persons under Your supervision who may have access to such

password of this obligation of confidentiality and You agree to indemnify and hold Us harmless for any breach of confidentiality by such persons. You are responsible for the employees to whom You distribute passwords. You may not grant access to the Mr. Duct Cleaner apps and computer services systems to any unauthorized party, including granting single sign on access to any third-party supplier. You agree to use and implement the access and security protocols We establish from time to time including, without limitation, single sign on, which permits You to assign individual passwords to Your employees. You agree to manage the passwords and access to Mr. Duct Cleaner apps and systems by Your employees, grant access only to areas appropriate to their positions as recommended by Us from time to time and to deactivate assigned passwords and access upon ending of the employment relationship.

4. E-Mail. We will establish e-mail addresses for each of Your employees. These are required to fully utilize our CRM and other Systems. You must follow our naming guidelines for any address which will be published. You are required to maintain an e-mail address specifically for use by the Franchise owner(s) ("Owner e-mail") and one specifically for use by an office administrator ("Office e-mail"). You will have access to a system-wide e-mail address book which we maintain for all Franchises.

5. Third Party Websites or Blogs. The only website permitted for FRANCHISEE use is one that is provided by the FRANCHISOR. No third-party websites may be created, including single or multipage websites, and outside blogs. No third-party blogs are allowed that represent Mr. Duct Cleaner or services or link back to the Franchise Website. The only website to be represented by the FRANCHISEE is that which is provided by the FRANCHISOR and for which any content is first approved by the FRANCHISOR.

6. Content and Posting of Your Website. We will prepare and post a designated area on Our site on the World Wide Web ("Your Website") for the purpose of promoting Your Franchise as one of Our franchised FRANCHISEES. We must register and manage Your primary domain name, which conforms to the standard of Mr. Duct Cleaner[any town].com where any town is equal to Your Franchise name. We automatically register this domain for You. Upon Our request, You must surrender this domain name to Us by every reasonable effort available. Your Website will be accessible without charge to anyone with access to the World Wide Web. The initial fee for creation and posting of a Website is included in Your Franchise Fee. There is no annual fee for a Website. If a third party owns any copyright, trademark or other intellectual property right which relates or pertains to any part of the content delivered by You to Us, You must obtain all necessary rights or licenses, at Your sole cost and expense, so that Our rights in and to such content will be no less than if such intellectual property right belonged to You and were licensed to Us pursuant to Section 8 hereof. All modifications, design work and HTML coding We do will be a derivative work, owned by Us. As such, We will have the right to post a copyright notice in Our name on all pages on Our Website including Your page(s) of Our website .

7. Links and Advertising. We will have no duties, obligations or other commitments of any kind with respect to any links from outside sources to Your portion of Our Website. You agree to notify Us of any Website known to You that features or lists You in Your capacity as an FRANCHISEE and to notify Us of any new Sites as they list You periodically. We own all right, title and interest in and to all advertising space in Our Website. We may advertise and promote

Our Website as part of Our promotion as We otherwise deem desirable. Within Our Website, We may include any advertising or promotion of and links to Sites of any third parties that We deem desirable, as well as any other materials We deem appropriate.

8. Private Sites; Newsgroups. In addition to Our public Site on the World Wide Web, We may establish a Web area and newsgroups (or bulletin boards) for Our FRANCHISEES that can be accessed only by means of usernames and passwords. We intend to provide support to Our FRANCHISEES through this private Web area, and the private newsgroups will allow for a more dynamic means of electronic communication among FRANCHISEES and between FRANCHISEES and Us. Our intention is that this private Web area and these newsgroups would be accessible only to Us and Our FRANCHISEES, not to the general public. We will monitor the newsgroups and e-mail sent, uploaded or accessed using the username and password referred to in Section 3. We may remove the content for any reason. We may terminate or suspend Your access to Our private Web area and the private newsgroups for any reason or for no reason, in whole or in part, at any time or periodically, without terminating this Agreement.

9. Your Grant to Us. You hereby grant Us a worldwide, perpetual license, without charge or payment of a royalty, to reproduce, distribute, transmit, create derivative works of, publicly display and publicly perform all materials and information You submit to Us for posting in Our Website, and all materials and information You submit to Us or any of Our suppliers' Web areas or newsgroups, by all means and in any media now known or hereafter developed, including, without limitation, the right to use such materials and information that We deem appropriate on similar Websites of Our other FRANCHISEES and FRANCHISEES of Our suppliers; and use Your name and any likeness of You that You submit to Us for posting in Our Website or that You submit to Us or any of Our suppliers' private Web areas or newsgroups in connection with all advertising, marketing and promotional materials related to Our Web Site or any companies supplied with Us, anywhere in the world; and sublicense and to authorize third parties to do any, all or some of the things that We are permitted to do pursuant to this Agreement.

10. No Expectation of Privacy. You specifically understand that You have no expectation of privacy with respect to any E-Mail or other data or transmission created, transmitted, retrieved or stored through the Mr. Duct Cleaner system or otherwise communicated to or from Us. We may access, review and monitor all such transmissions, E-Mail and data, Public or Private Folders, at any time for any reason or no reason, without prior notice to You. All information, data, images and messages contained in and/or created through the Mr. Duct Cleaner system is Our property and must be surrendered or destroyed upon request. Any unauthorized use, duplication, viewing or transmission of these materials, without Our express written consent, is strictly prohibited. Access to and use of the Mr. Duct Cleaner apps and systems constitutes agreement to this notice.

11. Security and Cyberspace Jurisdiction. You agree to follow and implement any Internet, electronic and/or cyber security measures necessary to protect FRANCHISEE's system and data and that of Mr. Duct Cleaner apps, Our data and systems, including those We designate from time to time. While We will endeavor to maintain the security of Our Website and will endeavor to act promptly in the event of a security breach, We shall not be liable to You in the event of any such breach, whether it results in a modification of Our Website or the shutdown of all or part of the Website or Our Website. You further understand that any e-mail You may send over the Internet

may not be secure and that it may be seen by persons other than those to whom it is addressed, and that unauthorized persons may gain access to private areas of the Internet. We shall not be liable for the failure of any e-mail to reach its intended destination or for the lack of security of Internet e-mail. You understand that laws regarding Internet advertising and jurisdiction are uncertain and evolving and that the posting of Your Website pursuant to this Agreement may expose You to unexpected material, adverse consequences, including, without limitation, liability to legal claims and to jurisdiction in remote locations worldwide. We shall not be liable for any such adverse consequence.

12. Limitation on Liability. THE PRODUCTS AND SERVICES PROVIDED BY US PURSUANT TO THIS AGREEMENT ARE PROVIDED ON AN "AS IS" BASIS. WE MAKE NO REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, RELATING TO THE PRODUCTS OR SERVICES PROVIDED BY US PURSUANT TO THIS AGREEMENT, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ANY IMPLIED WARRANTY OF TITLE, AND ANY IMPLIED WARRANTY ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, WE SPECIFICALLY DISCLAIM ANY WARRANTY REGARDING THE EFFICACY OF ANY PROMOTION OF YOUR FRANCHISE BY MEANS OF OUR WEBSITE AND ANY REPRESENTATION OR WARRANTY AGAINST INFRINGEMENT, EXPRESSED OR IMPLIED. IN NO EVENT WILL WE, OUR OWNERS, DIRECTORS OR OFFICERS, BE LIABLE TO YOU FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, SPECIAL OR OTHER SIMILAR DAMAGES (INCLUDING ANY DAMAGES FOR LOSS OF INFORMATION, LOST PROFITS, SERVER OUTAGES OR BUSINESS INTERRUPTION) ARISING FROM OR IN ANY WAY RELATED TO THE USE OF OR INABILITY TO USE OUR WEBSITE, ANY DELAY OR FAILURE TO POST OUR WEBSITE OR TO MAKE ANY UPDATE OR MODIFICATION YOU REQUEST, OR ANY OTHER EVENT RELATED TO THIS AGREEMENT, EVEN IF WE OR OUR AUTHORIZED REPRESENTATIVE HAVE BEEN INFORMED, ARE AWARE OR SHOULD HAVE BEEN AWARE OF THE POSSIBILITY OF SUCH DAMAGES.

13. Dispute Resolution. All disputes arising out of or relating to this Agreement, or the products or services delivered or rendered under this Agreement, or a breach of this Agreement, that cannot be settled amicably, will be resolved in the manner set forth in Your Franchise License Agreement.

14. Term and Termination. This Agreement is effective when signed and Your Franchise License Agreement is accepted by Us. This Agreement will automatically terminate upon termination of Your Franchise License Agreement. We will cancel Your passwords and remove Your Website as soon as practicable after termination of this Agreement for any reason.

Accepted in Allen, Texas.

FRANCHISEE:

By: _____
(Name)

Date: _____

By:_____
(Name)
Date: _____

FRANCHISOR:
Mr. Duct Cleaner Franchise Systems, Inc.

By:
_____
Authorized Signing Officer
Name: _____
Title: _____

Date: _____

APPENDIX D

CODE OF CONDUCT

1. Business Purposes. The sole purpose for which You may access the Mr. Duct Cleaner apps and systems, Our Web area and any private newsgroups is to carry out the legitimate business of Your Franchise within the scope of Your Agreement. You must refrain from using the Mr. Duct Cleaner apps and systems to transmit any non-business-related messages or data.

2. E-Mail Guidelines. The following guidelines apply to Your electronic mail communication in Your capacity as a FRANCHISEE:

a. Keep e-mail brief and informal. Attach any lengthy text as a separate document. Most email is read on screen and should be limited to one screen in length.
b. Do not overload recipients with unwanted e-mail. You should not transmit any messages or data to more than 40 recipients in a concurrent transmission without the prior consent of FRANCHISOR.
c. Whenever You send e-mail to persons other than Us, indicate in Your e-mail (in the signature portion or elsewhere) that Your Franchise is an independently owned and operated business and that Your views do not necessarily reflect Our policies.
d. Remember that You are a representative of the Mr. Duct Cleaner Franchise System. Conduct Yourself appropriately and in a way that increases the goodwill of the System, both for Your benefit and for the benefit of all FRANCHISEES.

3. No Infringing Materials. You are prohibited from creating, reproducing, distributing, transmitting, creating derivative works of, or publicly displaying or performing, any communication, data, file, image, graphics, video clip, audio clip or software in, through or anywhere on the Internet in Your capacity as an FRANCHISEE, that might infringe or violate the property rights of others, including any of the following types of property belonging to a person or entity other than Us when such person or entity has not given his, her or its prior written consent or license:

a. any text, images, graphics, video clip, audio clip or software protected by copyright or patent law;
b. trade secrets or other confidential proprietary information; and
c. trademarks or service marks.

4. General Prohibitions. If You receive messages or data of the nature described below, You are encouraged to mail a copy of the message/data to Us for proper investigation and disposition. You shall not create, transmit, view, retrieve, maintain or store any electronic communication (email), data, file, image, graphics, video clip, audio clip, or software in or through the Mr. Duct Cleaner apps and systems or the Website or anywhere on the Internet in Your capacity as an FRANCHISEE, whether it is intended in a serious manner or as a joke or satire or is otherwise not intended to be taken seriously, that is:

a. illegal or solicits the performance of any illegal activity, including, without limitation, gambling and to anticompetitive activities, such as price fixing, boycotting of suppliers or allocating markets, or any violation of the securities laws, or a chain letter or message relating to pyramid schemes;

b. discriminatory, such as referring in a negative manner to an individual's race, age, disability, religion, national origin, physical attributes or sexual preference;
c. abusive, profane, harassing, sexually harassing, intimidating, threatening, offensive, derogatory, rude, imprecating, hateful or inflammatory;
d. indecent, obscene, pornographic or otherwise containing sexual content or innuendo;
e. inaccurate, derogatory, libelous or defamatory relating to Our employees, proprietors, business associates, clients, business practices, procedures or policies or any other content contrary to Our interests;
f. Our confidential, sensitive or proprietary information, including, without limitation, Manuals, business plans, customer lists, unpublished financial information and the like;
g. private or personal matters concerning any person without permission of the person;
h. a virus, worm, "Trojan horse" or any other harmful, contaminating, destructive or disruptive element;
i. a political message, charity request or petition for signatures;
j. a testimonial or name or picture of any person for the purpose of advertising or promotion without that person's written permission; or
k. a password, a credit card number, a social security number, a PIN or the scanned copy of anyone's signature.

5. Third Party Software. Mr. Duct Cleaner uses several third-party apps and systems by agreeing to this policy You are also agreeing to all the terms and conditions provided by these third-party apps and systems.

Accepted in Allen, Texas.

FRANCHISEE:

By: _____
(Name)

Date: _____

By:_____
(Name)

Date: _____

FRANCHISOR:
Mr. Duct Cleaner Franchise Systems, Inc.

By:
_____
Authorized Signing Officer
Name: _____
Title: _____

Date: _____

APPENDIX E

PERSONAL RESPONSIBILITY STATEMENT

In this Personal Responsibility Statement, "We," "Us" or "Our" means Mr. Duct Cleaner Franchise Systems, Inc. "You" means the Mr. Duct Cleaner franchisee (FRANCHISEE) and its Owners (if applicable), as indicated at the end of this Statement. All capitalized terms not otherwise defined herein shall have the meaning as defined in the underlying Franchise License Agreement of even date. While considering the information contained in Our Franchise Disclosure Document ("FDD") and Your due diligence investigations, We recommend that You consider the following factors in deciding whether to purchase a Mr. Duct Cleaner franchise.

We want You to understand that the purchase of a Mr. Duct Cleaner franchise is a business decision, with associated risks.

1. Establishment of New Business. The purchase of Our Franchise is primarily the purchase of a license to establish and operate a business under the Mr. Duct Cleaner trademark and trade name. You must operate Your Franchise in accordance with Our pre-established business format. You understand that the creation and operation of a new business involves a number of business risks, which exist in connection with the purchase of any business. These business risks make the success or failure of Your Franchise subject to many variables, including Your skills and abilities, Your marketing and promotional efforts, the hours You work, competition, interest rates, the economy, inflation, operation costs and the marketplace. You understand and acknowledge that We cannot guarantee that Your Franchise will ever achieve profitability. You hereby acknowledge Your willingness to undertake these business risks.

2. Ability to Operate a Mr. Duct Cleaner Franchise. The ability to operate a profitable Mr. Duct Cleaner Franchise requires some level of business and management skills, performing good work and providing good customer service. We stress that Our franchisees must provide excellence in customer service. How You treat Our customers is critical to the successful operation of Your Franchise.

3. Importance of Your Effort. Starting a business is a complicated undertaking and will require both a financial investment and a commitment of personal time to work at and on the business a substantial number of hours per week. Although We will provide assistance and advice, We cannot guarantee Your success as a Mr. Duct Cleaner franchisee. Your earnings and profits as a Mr. Duct Cleaner franchisee will depend upon Your own individual efforts in operating Your Franchise. Your failure to follow the system recommended by Us may have a negative effect on the profitability of Your Franchise.

4. Working Capital and Financial Requirements. In Our FDD, We have disclosed an ESTIMATE of the amount of working capital that You should have available to invest in the Franchise in the start-up phase of the operation of Your Franchise. Your amount may vary. In addition, no amount of investment can guarantee that You will have a profitable Franchise.

5. Pricing of Products and Services. Although We recommend methods to establish Your pricing, as an independent business owner, You must establish Your own pricing for services performed by Your Franchise. Should You elect to price services too low, You may adversely affect Your profit margin. Should You elect to set Your prices too high, You may lose business to Your competitors. Should You have a situation where Your services are a portion of an insurance coverage, be aware that certain insurance companies may restrict the prices You may charge to their insureds. If You elect not to participate or do not qualify, We may authorize another party to perform the work in Your non-exclusive Marketing Territory with no payment to You.

6. Training and Support. We and our suppliers produce and distribute various training materials, programs, manuals and newsletters to Our franchisees. We and our suppliers facilitate the holding of local, area and/or national conferences and meetings, both in-person and electronically, in order to encourage learning, networking and the exchange of ideas among Our franchisees for the purpose of promoting and making Your Franchise more productive. While We can make recommendations and suggestions on how to improve Your Franchise, it is up to You to avail Yourself of and use the information, ideas, recommendations and suggestions.

7. Competition. Each of the services You provide are provided by others and new competitors may appear at any time within or outside of Your Territory.

8. Taxes, Fees and Governmental Regulations. Your Franchise is a business operation and will be required to pay all existing and any new taxes and fees imposed on businesses by governmental entities. Your Franchise will be subject to a variety of federal, state, and local laws and governmental regulations, including, without limitation, laws and regulations concerning health, safety, environmental matters, toxic and hazardous materials, privacy and use of customer data, compliance with the Americans with Disabilities Act (ADA), the Occupational Safety and Health Administration (OSHA) laws and regulations, the Equal Employment Opportunity (EEO) laws and regulations and any new or proposed legislation, such as health insurance and other programs. You understand that We and our suppliers cannot advise You with regard to any such laws and regulations, and that We cannot and do not provide You with legal advice nor access to legal advice.

9. Litigation and Liability Insurance. You may, from time to time, receive complaints from or be served with lawsuits by customers alleging breach of contract or other misconduct resulting from Your operation of the Franchise. This may occur when the facility/residence owner alleges that work is not completed properly. You are required to carry comprehensive general liability and other insurance designed to help cover these types of claims, and to name Us and our suppliers as additional insureds.

10. Renewal Option at End of Term. Your Franchise License Agreement gives You a license to operate a Mr. Duct Cleaner Franchise for an initial term of five (5) years. At the end of the five (5) year term, if You have complied with the terms of the Franchise License Agreement, You may renew Your Franchise pursuant to its terms. If We refuse to renew Your Franchise License Agreement because You have not complied with the Franchise License Agreement or if You choose not to renew Your Franchise License Agreement, You may be required to transfer and assign Your customer lists and Your telephone numbers to Us or at our direction, and/or You may

be prohibited from operating Your Franchise or any similar business that competes with Us or Our franchisees for a period of two (2) years in Your Territory or within a twenty-five mile radius thereof. You will not be allowed to contact our Referral Partners for similar work to Mr. Duct Cleaner for a period of two (2) years.

11. Use of Independent Professional Advisors. We recommend that You consult with Your own independent advisors in order to satisfy Yourself concerning Your ability to establish and operate a profitable business, considering the amount of working capital You have available, Your anticipated debt service, Your monthly expenses and Your other financial obligations.

12. Application Materials. Our decision to grant You the Franchise was based to a significant degree, on Your responses to the Franchise Application form and other information and documents You submitted to Us during the time leading up to Your signing the Franchise License Agreement. You confirm that all information and documents You submitted to Us were complete and accurate when made and that there have been no material changes in that information or other changes in material circumstances between the time of submittal and the date You signed the Franchise License Agreement.

13. FRANCHISEE Entity. If the FRANCHISEE under the Franchise License Agreement is an entity, each of You signing below confirm that: (i) You are an Owner or a duly authorized representative, such as an officer, general partner or member (if a limited liability company), as applicable, with full power and actual authority to act for the FRANCHISEE entity with respect to all matters covered by this Statement and the Franchise License Agreement; (ii) You have full power and actual authority to sign the Franchise License Agreement on behalf of the FRANCHISEE entity; (iii) the FRANCHISEE entity is legally and properly formed, and operating in compliance with all applicable laws, and is in good standing in the state of its formation; and (iv) all organizational documents for the FRANCHISEE entity have previously been provided to Us, and such documents are complete and accurate.

14. Prior Contracts. If You have previously worked in Our industry, You may have entered into a contract with a former employer, business partner or another franchisor, which contract may have purported to prevent You from entering into Our Franchise License Agreement due to a non-competition clause or some other provision of the contract. You affirm that any such contracts have either expired or been lawfully terminated prior to Your execution of the Franchise License Agreement, without You or FRANCHISEE entity, if applicable, having breached any of such contracts to effect termination.

15. International Laws. The United States has enacted a variety of laws to ensure that foreign governments and terrorist groups do not launder money through United States businesses or otherwise improperly impact United States businesses. You confirm that: (i) You have had a full and adequate opportunity to be advised by legal counsel regarding the laws and regulations that prohibit unfair, fraudulent or corrupt business practices, including, without limitation, the United States Foreign Corrupt Practices Act and the International Money Laundering Abatement and Anti-Terrorist Financing Act, otherwise known as the Patriot Act; (ii) no governmental authority or body, official of an international organization, political party or official of any political party or candidate for public office has any direct or indirect ownership in the Franchise, or FRANCHISEE

entity if applicable, or any interest in the revenues or profits of the Franchise; (iii) neither You nor any other Owner of the Franchise, officer, director, member, employee or other person supplied with the Franchise is named or will be named as "Specially Designated Nationals" or "Blocked Persons," as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control; and (iv) neither You nor any Owner of the Franchise has acted, or will act, directly or indirectly on behalf of any governmental authority or body that is subject to a United States embargo.

16. FDD and Franchise License Agreement. You confirm that Our possession of a signed Receipt Page acknowledges that You received the FDD and its attachments, including the Franchise License Agreement, at least 14 days before You signed a binding agreement or made payment to Us or an supplier of Ours in connection with the Franchise sale, unless state law requires otherwise.

You confirm that the date You wrote on the Franchise License Agreement is the actual date that You signed the Franchise License Agreement. You understand that the Franchise License Agreement governs Our relationship. You may have Your own independent advisors explain any terms of the Franchise License Agreement, which You do not understand. You acknowledge that You have had an opportunity to do so.

17. No Representations of Earnings or Profits. We have a policy of not making any financial performance representations or earnings claims or information to persons interested in purchasing a Mr. Duct Cleaner Franchise. Instead, We encourage You to contact existing Mr. Duct Cleaner franchise owners and inquire about their respective business performance, volumes and income. You acknowledge that Your decision to enter into this business relationship with Us is not based upon any written or oral representations, assurances, warranties, guarantees or promises made by Us, any of Our suppliers and/or anyone else as to the likelihood of success of the Franchise. You further acknowledge that You have not received any information from Us, any of Our suppliers and/or anyone else concerning actual, average, projected or forecasted franchise sales, profits, earnings, or expenses; only the information contained in Our FDD. You further acknowledge that You have not been offered a "side deal" or promise or commitment that contradicts, expands upon or is inconsistent with Our FDD, the Franchise License Agreement or any Addendum or Amendment.

18. Acknowledgment. If any earnings claim, financial performance representations or "side deals" have been made to You by any person associated with Us, please contact FRANCHISOR. Otherwise, by signing below, You hereby indicate that You FULLY UNDERSTAND AND ACCEPT ALL OF THE BUSINESS RISKS described above and all other risks that may affect Your ability to profitably operate Your Mr. Duct Cleaner Franchise.

By Your signature below, You represent, warrant and certify that the above statements are true and accurate.

Accepted in Allen, Texas.

FRANCHISEE:

By: _____
(Name)

Date: _____

By:_____
(Name)

Date: _____

FRANCHISOR:

Mr. Duct Cleaner Franchise Systems, Inc.

By:
_____
Authorized Signing Officer
Name: _____
Title: _____

Date: _____

APPENDIX F

GUARANTY AGREEMENT

This GUARANTY AGREEMENT ("Guaranty") is entered into by and between Mr. Duct Cleaner Franchise Systems, Inc, a Texas corporation having a principal place of business at 190 East Stacy Road. Suite 306-224, Allen, TX 75002 ("FRANCHISOR"), and _____ (collectively, "GUARANTOR").

RECITALS

WHEREAS, FRANCHISOR intends to or has entered into a Franchise License Agreement and related agreements (the "Franchise Agreement") pursuant to which FRANCHISOR will grant or has granted _____ ("FRANCHISEE"), a non-exclusive license, right and privilege to use the Marks and the System in connection with the operation of the Franchise in and from a nonexclusive Marketing Territory, as those capitalized terms are defined in the Franchise Agreement; and WHEREAS, FRANCHISEE is obligated to comply with its terms and conditions ("Obligations"), including without limitation, to pay FRANCHISOR License Fees, Royalties or other periodic fees, charges, amounts, accounts, and to make payments of other various types to FRANCHISOR pursuant to and as a result of the terms of the Franchise Agreement; and FRANCHISEE may also periodically purchase from FRANCHISOR, its suppliers, or from FRANCHISOR's Distributors certain equipment, vehicles, cleaning products and other goods and services, and owe payments with respect to such purchases (all such types of payments collectively, the "Indebtedness"); and

WHEREAS, FRANCHISOR requires security for the performance of all Obligations of FRANCHISEE to FRANCHISOR under the Franchise Agreement and the payment by FRANCHISEE for all Indebtedness, and will enter into the Franchise Agreement with FRANCHISEE and sell, or cause to be sold to FRANCHISEE, equipment, cleaning products and other goods only if GUARANTOR guarantees the performance of the FRANCHISEE under the Franchise Agreement and guarantees the payments of all Indebtedness; and

WHEREAS, GUARANTOR is a shareholder, member, partner, individual owner, or other interested in inducing FRANCHISOR to enter into the Franchise Agreement with FRANCHISEE and otherwise desiring to foster the relationship between FRANCHISOR and FRANCHISEE, and GUARANTOR is willing to give such security to FRANCHISOR; and

WHEREAS, GUARANTOR has been properly disclosed with FRANCHISOR's most current Franchise Disclosure Document ("FDD"), and has had an opportunity to review the FDD and Franchise Agreement and become familiar with its terms, and the contents of the Franchise Agreement are incorporated into this Guaranty by reference; and

WHEREAS, GUARANTOR warrants to FRANCHISOR that all of FRANCHISEE's representations, warranties and certifications in the Franchise Agreement are true and correct;

NOW, THEREFORE, for and in consideration of the RECITALS, execution by FRANCHISOR of the Franchise Agreement, and the sale by FRANCHISOR, its suppliers and its Distributors of any equipment, cleaning products or other goods or services to FRANCHISEE, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, GUARANTOR agrees that the RECITALS are incorporated as a material part of this Guaranty, and further agrees as follows:

1. GUARANTOR, jointly and severally, irrevocably and unconditionally, promises and guarantees to FRANCHISOR: (a) the timely performance by FRANCHISEE of all of its Obligations under any Franchise Agreement between FRANCHISEE and FRANCHISOR; and (b) the full and prompt payment when due of all Indebtedness, including all interest thereon and late payment charges applicable thereto. GUARANTOR acknowledges that the promise in this Guaranty are both for payment of Indebtedness and for performance of all of FRANCHISEE'S Obligations under any Franchise Agreement between FRANCHISEE and FRANCHISOR. GUARANTOR shall be liable and obligated under any such Franchise Agreement to the full extent of its terms in his or her individual capacity. FRANCHISOR's suppliers and Distributors are intended third party beneficiaries of this Guaranty with respect to that amount of Indebtedness owed to them by FRANCHISEE.

2. This Guaranty shall be binding upon the heirs, legal representatives, successors and permitted assigns of GUARANTOR and shall inure to the benefit of the successors and assigns of FRANCHISOR, its Distributors, and their respective suppliers. It is expressly agreed that FRANCHISOR may at any time make demand for payment on, performance of, or bring suit against GUARANTOR, jointly or severally. If there is more than one GUARANTOR, FRANCHISOR may release any of the undersigned from all further liability to FRANCHISOR without impairing the rights of FRANCHISOR in any respect to demand and collect the balance of the Obligations or Indebtedness from any of the remaining undersigned.

3. No act or thing need occur to establish the liability of GUARANTOR. FRANCHISOR is hereby expressly authorized to periodically make, without notice, any extensions, renewals, compromises, settlements, releases, or dispositions of all or any part of said Indebtedness or any other Obligations, and the liability of the GUARANTOR shall not be in any manner affected, diminished, or impaired thereby, nor shall the liability of the GUARANTOR be affected, diminished or impaired by the failure, neglect or omission on the part of FRANCHISOR to make any demand or protest or give any notice of dishonor or default. FRANCHISOR shall be under no obligation at any time to first resort to, make demand on, or make claim against or demand performance from, or exhaust its remedies against FRANCHISEE, any one or more GUARANTOR, or any other person or corporation, or to resort to, or exhaust its remedies against any collateral, security or other rights whatsoever.

4. In the event of the death, incompetency, dissolution, liquidation, insolvency of, or the institution of bankruptcy or receivership proceedings by or against FRANCHISEE or an owner, all the Indebtedness of FRANCHISEE to FRANCHISOR (including, without limitation, any Indebtedness of FRANCHISEE that results from termination of any of the Franchise Agreement) then existing shall, for purposes of this Guaranty, and at the option of FRANCHISOR, immediately become due and payable from GUARANTOR.

5. This Guaranty shall be a continuing, absolute and unconditional Guaranty and shall remain in full force and effect as to the Obligations hereunder and under any Franchise Agreement, and with respect to all other Indebtedness and Obligations owed by FRANCHISEE to FRANCHISOR until all such Indebtedness and Obligations have been fully satisfied. The Obligations under this Guaranty survive the expiration or termination of the Franchise Agreement.

6. The failure, omission, or delay by FRANCHISOR in exercising its rights hereunder in the event of default by FRANCHISEE shall not constitute the waiver of any such default, or of any of the rights or remedies to which FRANCHISOR is entitled under the Franchise Agreement, this Guaranty or any other instrument. GUARANTOR waives notice of: amendment, breach, default, transfer, assignment, and termination of the Franchise Agreement. Guarantor also waives: (a) all defenses, Claims, setoffs and discharges of FRANCHISEE or of a supplier of FRANCHISEE, or of any other obligor or GUARANTOR, pertaining to the Obligations and Indebtedness or any term or condition of the Franchise Agreement; (b) all Claims, defenses or setoffs available to any GUARANTORS against FRANCHISEE, FRANCHISOR, or FRANCHISOR's suppliers or Distributors.

7. The terms of this Guaranty, the rights granted, and the relationship created, hereunder shall be governed, interpreted and construed in all respects in accordance with the laws of the State of Texas without reference to its conflict of laws principles.

8. GUARANTOR and FRANCHISOR agree that any litigation or legal action to enforce or relating to this Guaranty shall be filed in the United States District Court for the Eastern District of Texas (Plano, TX court) Court for Texas in Dallas, Texas, or the Collin County Court, Texas. GUARANTOR and FRANCHISOR hereby consent to the jurisdiction of such Courts for such purposes and further waive any rights or objections to the jurisdiction or venue of any such actions in such Courts.

9. If any legal proceeding is commenced to enforce or interpret any provision of this Guaranty, the prevailing party will be entitled to recover reasonable attorney's fees in addition to costs and disbursements allowed by law.

10. Severability. If any provision of this Guaranty, or its application to any person or circumstance is deemed invalid or unenforceable, all other provisions of this Guaranty, or the application of such provisions to other persons or circumstances, shall remain in full force and effect, and not be affected thereby, and in lieu of such invalid or unenforceable provision, there shall be added automatically as a part of this Guaranty, a provision that is valid, enforceable and as similar in terms to such invalid or unenforceable provision as may be possible.

[Remainder of Page Left Intentionally Blank - Signature Page To Follow]

GUARANTOR:

I/we enter into this Guaranty individually and on behalf of any company or business in which I/we may have an ownership interest, either now or in the future.

By: _____
(Name)

Date: _____

By:_____
(Name)

Date: _____

Accepted in Allen, Texas.

FRANCHISOR:

Mr. Duct Cleaner Franchise Systems, Inc.

By: _____
Name: _____

Title: _____

Date: _____

APPENDIX G

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT FOR NON-OWNER SPOUSE

This CONFIDENTIALITY AND NON-COMPETITION AGREEMENT ("Agreement") is entered into by and among Mr. Duct Cleaner Franchise Systems, Inc., a Texas corporation having an address and principal place of business located 190 East Stacy Road. Suite 306-224, Allen, TX 75002 ("FRANCHISOR"), _____ ("FRANCHISEE" or "Owner")

and

(Name) ("SPOUSE").

WHEREAS, FRANCHISOR and FRANCHISEE intend to enter into a Franchise License Agreement (the "Franchise Agreement") pursuant to which FRANCHISOR will grant FRANCHISEE a non-exclusive license, right and privilege to use the Marks and the System in connection with the operation of the Franchise in and from a non-exclusive Marketing Territory, as those capitalized terms are defined in the Franchise Agreement; and

WHEREAS, FRANCHISOR and its suppliers have undertaken, at considerable expense, to create the System which will be revealed to FRANCHISEE pursuant to the Franchise Agreement and SPOUSE does not intend to hold an ownership interest in the Franchise and will not be actively involved in the operation of the Franchise but through association with FRANCHISEE, will be exposed to and learn procedures, techniques and other matters which are either marked or identified and/or treated by FRANCHISOR as confidential, proprietary or trade secret, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of FRANCHISOR and the System and Franchise ("Confidential Information").

NOW, THEREFORE, the parties agree as follows:

1. **Acknowledgment of Confidentiality Obligation**. SPOUSE acknowledges that through association with FRANCHISEE, SPOUSE will receive valuable Confidential Information which provides a competitive advantage in the development of the Franchise. SPOUSE acknowledges and agrees that the Confidential Information and any Manuals are confidential or proprietary in nature and contain trade secrets belonging to FRANCHISOR and that all such tangible evidence of Confidential Information is a property right of great value to FRANCHISOR. SPOUSE agrees to be bound by the provisions of the Franchise Agreement related to confidentiality or protection of trade secrets, including, without limitation, Sections 6, in the same manner as if a party to the Franchise Agreement.

2. **Non-Use**. SPOUSE agrees not to use Confidential Information except as authorized or intended by FRANCHISOR or in the course of employment for FRANCHISEE without prior written approval from FRANCHISOR and shall not divert or attempt to divert any business or customer of the Franchise to any competitor, by direct or indirect inducement or otherwise, or do

or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

3. **Non-Disclosure**. SPOUSE agrees not to disclose, communicate or divulge any Confidential Information for SPOUSE's personal benefit or for the benefit of any third party, except as may be required in the course of employment for FRANCHISEE, without prior written approval from FRANCHISOR.

4. **Exclusions**. Confidential Information does not include, and this Agreement does not apply to: (a) information that is previously known to the recipient, (b) information that is or becomes part of the public domain other than through a wrongful act of the recipient, (c) information that is independently developed by the recipient as evidenced through written records, (d) information that is otherwise in the hands of the recipient by a means other than breach of this Agreement, or (e) information that is sought pursuant to a subpoena or written discovery ("Process") provided FRANCHISOR shall be immediately notified of the receipt of the Process, whereupon FRANCHISOR has the right to request that the person on whose behalf the Process was issued delete the Confidential Information from the scope thereof. Nothing in this Agreement shall be construed to interfere with a party's obligations to comply with lawful court orders; however, no disclosure of Confidential Information by a party pursuant thereto shall be deemed to place the Confidential Information in the public domain or to relieve the party from the future performance of all of its confidentiality obligations under this Agreement, absent express orders of the court to the contrary.

5. **Covenant Not to Compete (during the time of this agreement)**. Except as otherwise approved in writing by FRANCHISOR, during the term of the Franchise Agreement and for a period of two (2) years, commencing with the earlier of the termination of the Franchise Agreement or the date on which SPOUSE ceases to be married to an Owner of FRANCHISEE (or the individual who is a principal of a legal entity identified as FRANCHISEE), which period shall be extended by any period of non-compliance, SPOUSE shall not, directly or indirectly, through, on behalf of, or in conjunction with, any other person, partnership, or legal entity, own, maintain, operate, engage or participate in, or have any financial interest, either as an officer, agent, employee, principal, partner, director, shareholder or in any other individual or representative capacity, in any corporation, partnership or legal entity which engages in any business which is the same or similar to the Franchise, or which provides professional cleaning services for air duct systems, HVAC systems, as well as other products and services designed to improve Your indoor air quality, or is otherwise in competition with the business of FRANCHISOR or other Mr. Duct Cleaner franchises and is located anywhere during the term of the Franchise Agreement or post-term in the Marketing Territory of the Franchise Agreement and a twenty-five (25) mile radius thereof. SPOUSE further agrees that SPOUSE shall make his/her personal and business records available for inspection by FRANCHISOR to determine SPOUSE's compliance with this provision upon request. SPOUSE agrees to be bound by the provisions of Section 4 of the Franchise Agreement in the same manner as if a party to the Franchise Agreement.

6. **Choice of Law and Jurisdiction**. This Agreement, the rights granted, and the relationship created hereunder shall be governed, interpreted and construed in all respects in accordance with the internal laws of the State of Texas without reference to its conflicts of laws principles. The

parties agree that any litigation or legal action to enforce or relating to this Agreement shall be filed in the United States District Court for the Eastern District of Texas (Plano, TX court) or the County Court of Collin County, Texas. The parties hereby consent to the jurisdiction of such Courts and further agree to waive any rights or objections to the jurisdiction or venue of any such actions when filed in such Courts.

7. **Legal Fees and Costs**. Any unauthorized disclosure following execution of this document may be cause for suit for injunctive relief and damages. If a party breaches this Agreement, the defaulting party shall pay the reasonable attorney's fees and other costs incurred by the other party in enforcing or commencing to enforce the provisions of this Agreement. If any legal proceeding is commenced to enforce or interpret any provisions of this Agreement, the prevailing party will be entitled to recover reasonable attorney's fees in addition to costs and disbursements allowed by law.

8. **Entire Agreement.** This Agreement sets forth the entire understanding of the parties and cannot be changed except by written statement signed by both parties. There are no representations of any kind except as contained herein. This Agreement will be binding upon and inure to the benefit of the parties, their legal representatives, successors and assigns.

9. **Savings Clause.** If any term hereof may be construed to obligate FRANCHISEE or SPOUSE to pay interest in excess of the highest legal amount, it is agreed that such term is a mistake in calculation or wording and, notwithstanding the same, it is agreed that neither FRANCHISEE or SPOUSE nor any other person or entity obligated for the payment of any sums hereunder shall ever be obligated to pay interest in excess of the highest lawful amount. In no event shall FRANCHISOR charge or collect, directly or indirectly, an amount for the use, forbearance or detention of money hereunder in excess of the highest lawful rate of interest. Any excess of payments shall be first applied to unpaid interest over the term of the obligation and then, if any excess remains, to be applied next to reduction of the unpaid balance of principal or any other sums owing and then, after such unpaid balance is reduced to zero, any remaining excess shall be refunded to FRANCHISEE or SPOUSE. If the maturity of any indebtedness hereunder is accelerated before the due date, any unearned interest in excess of the maximum permitted by law shall be canceled automatically as of the date of such acceleration and if theretofore paid, shall be refunded or credited against the principal amount of the obligation.

10. **Severability.** If any provision of this Agreement, or its application to any person or circumstance is deemed invalid or unenforceable, all other provisions of this Agreement, or the application of such provisions to other persons or circumstances, shall remain in full force and effect, and not be affected thereby, and in lieu of such invalid or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision that is valid, enforceable and as similar in terms to such invalid or unenforceable provision as may be possible or, if not possible, any such invalid or unenforceable provisions will be severed from this Agreement.

[Signature Page to Follow]

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT FOR NON-OWNER SPOUSE

Accepted in Allen, Texas.

FRANCHISEE/SPOUSE:

By: _____
(Name)

Date: _____

By: _____
(Name)

Date: _____

FRANCHISOR:
Mr. Duct Cleaner Franchise Systems, Inc.

By: _____
Name: _____
Title: _____

Date: _____

APPENDIX H

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT FOR RESALE BUYER

This CONFIDENTIALITY AND NON-COMPETITION AGREEMENT FOR RESALE BUYER ("Agreement") is entered into by and between Mr. Duct Cleaner Franchise Systems, Inc., a Texas corporation having an address and principal place of business located at 190 East Stacy Road. Suite 306-224, Allen, TX 75002, ("FRANCHISOR"), and _____("BUYER").

RECITALS

WHEREAS, FRANCHISOR plans to enter into a Franchise License Agreement ("Franchise Agreement") after training and upon closing the resale transaction between BUYER and the SELLER of an existing Mr. Duct Cleaner franchise ("SELLER") pursuant to which FRANCHISOR will grant BUYER a nonexclusive license, right and privilege to use the Marks and the System in connection with the operation of the Franchise in and from a non-exclusive Marketing Territory, as those capitalized terms are defined in the Franchise Agreement; and

WHEREAS, BUYER represents that he has entered into or will enter into a written and binding Purchase Agreement with SELLER ("Purchase Agreement") under which BUYER is to purchase the Franchise (as defined in the Franchise Agreement) from SELLER, and have the Franchise transferred to Buyer from SELLER pursuant to the requirements of the Franchise Agreement; and

WHEREAS, as a condition precedent to completion of the transfer of the Franchise Agreement from SELLER to BUYER, BUYER is to receive training and materials that FRANCHISOR only provides to its franchisees and employees of franchisees; and

WHEREAS, BUYER desires to receive the training and other materials which comprise Confidential Information (as defined in the Franchise Agreement) in order to be able to complete the transfer of the Franchise Agreement; and

WHEREAS, FRANCHISOR and its suppliers have undertaken, at considerable expense, to create the System which will be revealed to BUYER pursuant to the training and materials provided to BUYER prior to completion of the transfer of the Franchise Agreement from SELLER to BUYER; and BUYER will be exposed to and learn many procedures, techniques and other matters which are either marked or identified and/or treated by FRANCHISOR as confidential, proprietary or trade secret, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of FRANCHISOR and the System, which are beyond BUYER's present skills and experience ("Confidential Information").

NOW, THEREFORE, for good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the parties agree that the RECITALS are incorporated as a material part of this Agreement, and the parties further agree as follows:

1. Acknowledgment of Confidentiality Obligation. BUYER acknowledges that by receiving training and materials from FRANCHISOR in anticipation of and preparation for transfer of the Franchise Agreement to BUYER, BUYER will receive valuable Confidential Information regarding the System which provides a competitive advantage in the development of the Franchise. BUYER acknowledges and agrees that the Confidential Information and any Manuals are confidential or proprietary in nature and contain trade secrets belonging to FRANCHISOR and that all such tangible evidence of Confidential Information is a property right of great value to FRANCHISOR. Buyer represents that he or she has reviewed and is familiar with (a) the Franchise Agreement; and (b) the Franchise Agreement resale and transfer procedures and requirements of Mr. Duct Cleaner Franchise Systems, Inc.

2. Non-Use. BUYER agrees not to use Confidential Information except as authorized or intended by FRANCHISOR in the course of BUYER's operation of the Franchise after it has been transferred to Buyer, without prior written approval from FRANCHISOR, and Buyer shall not divert or attempt to divert any business or customer of the Franchise to anyone, including, without limitation, a competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

3. Non-Disclosure. BUYER agrees not to disclose, communicate or divulge any Confidential Information for BUYER's personal benefit or for the benefit of any third party, without prior written approval from FRANCHISOR.

4. Exclusions. Confidential Information does not include, and this Agreement does not apply to: (a) information that is previously known to the recipient through lawfully obtained means, (b) information that is or becomes part of the public domain other than through a wrongful act of the recipient, (c) information that is independently developed by the recipient, (d) information that is otherwise in the hands of the recipient by a means other than breach of this Agreement, or (e) information that is sought pursuant to a subpoena or written discovery ("Process") provided that the owner of the Confidential Information shall be immediately notified of the receipt of the Process, whereupon such owner has the right to request that the person on whose behalf the Process was issued delete the Confidential Information from the scope thereof, and if such person refuses, then such owner may seek any and all available remedies, including, without limitation, commencing proceedings to enjoin the disclosure of Confidential Information or intervening impending proceedings to seek the entry of protective orders or other appropriate relief. Nothing in this Agreement shall be construed to interfere with a party's obligations to comply with lawful court orders; however, no disclosure of Confidential Information by a party pursuant thereto shall be deemed to place the Confidential Information in the public domain or to relieve the party from the future performance of all of its confidentiality obligations under this Agreement, absent express orders of the court to the contrary.

5. Covenant Not to Compete. Except as otherwise approved in writing by FRANCHISOR, for a period of two (2) years, commencing with the latter of the date the Purchase Agreement is terminated or expires, or the last date BUYER received any Confidential Information from FRANCHISOR, BUYER shall not, directly or indirectly, through, on behalf of, or in conjunction with, any other person, partnership, or legal entity, own, maintain, operate, engage or participate

in, or have any financial interest, either as an officer, agent, employee, principal, partner, director, shareholder or in any other individual or representative capacity, in any corporation, partnership or legal entity which engages in any business which is the same or similar to the Franchise, or which provides residential and commercial air duct and HVAC cleaning and any services or goods related to or connected to the foregoing, or is otherwise in competition with the business of FRANCHISOR or any other Mr. Duct Cleaner franchises, in the Marketing Territory described in the proposed Franchise Agreement and/or Purchase Agreement and within a twenty-five (25) mile radius of the exterior boundaries thereof. BUYER further agrees that BUYER shall make his/her personal and business records available for inspection by FRANCHISOR to determine BUYER's compliance with this provision upon request. BUYER understands and acknowledges that the obligations contained in this Section 5 continue, govern, and will apply even if: the Franchise Agreement is never transferred or assigned to BUYER; BUYER does not attend or complete FRANCHISOR's training; BUYER does not close on and complete the transactions contemplated by the Purchase Agreement.

6. Choice of Law and Jurisdiction. This Agreement, the rights granted, and the relationship created hereunder shall be governed, interpreted and construed in all respects in accordance with the internal laws of the State of Texas without reference to its conflicts of laws principles. The parties agree that any litigation or legal action to enforce or relating to this Agreement shall be filed in the United States District Court for the Eastern District of Texas (Plano, TX court) or the Collin County Court of Collin County, Texas. The parties hereby consent to the jurisdiction of such Courts and further agree to waive any rights or objections to the jurisdiction or venue of any such actions when filed in such Courts.

7. Legal Fees and Costs. Any unauthorized disclosure following execution of this document may be cause for suit for injunctive relief and damages. If a party breaches this Agreement, the defaulting party shall pay the reasonable attorney's fees and other costs incurred by the other party in enforcing or commencing to enforce the provisions of this Agreement. If any legal proceeding is commenced to enforce or interpret any provisions of this Agreement, the prevailing party will be entitled to recover reasonable attorney's fees in addition to costs and disbursements allowed by law.

8. Entire Agreement. This Agreement sets forth the entire understanding of the parties and cannot be changed except by written statement signed by both parties. There are no representations of any kind except as contained herein. This Agreement will be binding upon and inure to the benefit of the parties, their legal representatives, successors and assigns.

9. Survival. The obligations of BUYER contained in this Agreement continue and survive for a period of five (5) years except as expressly stated otherwise herein.

10. This Agreement shall be superseded by an effective Franchise Agreement between the parties.

[Signature Page to Follow]

Accepted in Allen, Texas.

FRANCHISOR:

By: _____
[Name], Individually and on behalf of any company or business entity in which I/we may have an ownership interest.

By: _____
Authorized Signing Officer

Date: _____ Date: _____

BUYER:

By:_____
[Name], Individually and on behalf of any company or business entity in which I/we may have an ownership interest.

Date: _____

_____
[Authorized Buyer Signature]

APPENDIX I

TRANSFER OF MR. DUCT CLEANER FRANCHISE AND GENERAL RELEASE

This **TRANSFER OF MR. DUCT CLEANER FRANCHISE AND GENERAL RELEASE** (the "Agreement") is entered into by and among Mr. Duct Cleaner Franchise Systems, Inc, a Texas corporation having a principal place of business 190 East Stacy Road. Suite 306-224, Allen, TX 75002 (the "Franchisor"); _____, organized under the laws of _____ (the "FRANCHISEE") and _____individually (the "Owners" or "Principals") having a home address of : _____.

WHEREAS, Franchisor and FRANCHISEE entered into a Mr. Duct Cleaner Franchise License Agreement dated _____ (the "Franchise Agreement") pursuant to which Franchisor granted FRANCHISEE a nonexclusive license, right and privilege to use the Marks and the System in connection with the operation of the Franchise in and from a non-exclusive Marketing Territory, as those capitalized terms are defined in the Franchise Agreement, using the authorized trade name of Mr. Duct Cleaner _____ (the "Franchise");

WHEREAS, Sellers [Insert Names] intend to transfer their interest in the Franchise to Buyers [Insert Names] and have asked Franchisor to approve such transfer.

WHEREAS, Franchisor is willing to approve the transfer under the conditions specified in the Franchise Agreement, which, among other terms and conditions, requires execution of a release of Franchisor and its suppliers, and their respective officers, directors, shareholders, employees and others.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisor, FRANCHISEE and Principals agree as follows:

1. Transfer. Upon the Effective Date (as defined below) of this Agreement, Franchisor shall approve the transfer of FRANCHISEE's interest in the Franchise.

2. Consideration and Representations of FRANCHISEE. For the consideration stated herein and for the representations of FRANCHISEE herein, and the transfer of his/her interest in the Franchise, upon execution of this Agreement, FRANCHISEE and Principals shall:

a. immediately cease to use Franchisor's methods of operation and its service marks, including, without limitation, the registered trademarks, its trade dress and any design, device or name similar enough to Franchisor to confuse the public;
b. comply with all of FRANCHISEE's post-termination covenants, including, without limitation, the non-competition provision in Section 6.6(b)(2) of the Franchise Agreement or any greater obligations or longer period set forth in any purchase/sale agreement;

c. otherwise comply with all post-termination provisions of the Franchise Agreement, which specifically survive this Agreement, and which are incorporated into this Agreement by reference; and
d. Nothing in this Paragraph 2 shall prohibit FRANCHISEE from owning a Mr. Duct Cleaner franchise.

3. General Release. FRANCHISEE and its Owners and Principals, for themselves and for their heirs, executors, administrators and assigns, do hereby release and forever discharge Franchisor, its suppliers, subsidiaries, parent and all of their respective shareholders, officers, employees, trainers, directors and agents, and their successors, heirs, executors, administrators and assigns (collectively, the "Mr. Duct Cleaner Released Parties"), of and from any and all known or unknown claims that have been made, could have been made or might hereafter be made against the Mr. Duct Cleaner Released Parties, or that arise out of, are related to, or are in any manner connected with the Franchise Agreement or FRANCHISEES' and Owners and Principals' conduct of any business under the Franchise Agreement or related to the work FRANCHISEE and Owners and Principals performed under the Franchise Agreement, as well as from any and all known or unknown claims, demands, causes of action, suits and/or liabilities whatsoever, both at law and in equity, that FRANCHISEE and Owners and Principals ever had, now have or that they or their heirs, executors, administrators or assigns hereafter can, shall or may have against the Mr. Duct Cleaner Released Parties, or any one of them, jointly or severally, for or by reason of any matter, cause or thing whatsoever, from any time prior to the Effective Date of this Agreement, the intention of this provision being to release completely, absolutely, and finally the Mr. Duct Cleaner Released Parties from all liabilities from any matter or thing arising out of, relating to or connected with the Franchise Agreement, the entry into the Franchise Agreement, and the Franchise. State law may affect the validity and extent of the general release in this Section 3.

4. Survival of Rights. All rights and obligations created under this Agreement, including, without limitation, the releases contained herein, will survive the execution of this Agreement, as well as the execution of any other agreements that may be entered into between or among Franchisor, FRANCHISEE or Owners or Principals, with the exception of an agreement in writing specifically releasing or discharging the rights and obligations under this Agreement.

5. Authority to Execute. Each person executing this Agreement on behalf of any of the parties to it represents and warrants that he or she has the authority to execute this Agreement, and that all necessary action for the execution of this Agreement has been taken. By signing below, each person and entity included as a part of "FRANCHISEE" or "Principals" is signing not only on behalf of himself or herself but also as an authorized representative of any and all entities included within the definition of "FRANCHISEE."

6. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of and be binding upon the heirs, successors and assigns in interest of the parties to this Agreement. The release herein of claims against the Mr. Duct Cleaner Released Parties is binding upon the principals, agents, representatives, successors and assigns of FRANCHISEE and Owners and Principals, and will also inure to the benefit of all other persons, firms, corporations, agents, or principals against whom the claims released in this Agreement might be asserted.

7. Indemnity Regarding Assignment of Claims. FRANCHISEE and Owners and Principals represent and warrant to Franchisor that they have not assigned or transferred, or purported to assign or transfer, any of the claims released in this Agreement, and FRANCHISEE and Principals agree to indemnify, defend and hold harmless the Mr. Duct Cleaner Released Parties against any claim, demand, debt, obligation, liability, cost, expense, right of action or cause of action based on, arising out of, or in any way connected with any such transfer or assignment or purported transfer or assignment.

8. Captions. The captions of the paragraphs of this Agreement are solely for the convenience of the parties to this Agreement, are not a part of this Agreement, and will not be used for the interpretation of any provision of this Agreement.

9. Severability. If any provision of this Agreement shall be held to violate any applicable law, governmental rule or regulation, or if this Agreement shall be held unenforceable or unconscionable, the parties to this Agreement agree that only the portion of the Agreement that is held to be unenforceable, unconscionable, or in violation of any law, governmental rule or regulation shall be invalid or unenforceable; that the invalidity of any specific provisions of this Agreement shall not invalidate any other provisions of this Agreement; and that the rights and obligations of Franchisor, FRANCHISEE and Principals under the portions of this Agreement not held to be invalid, unenforceable or unconscionable shall remain in effect.

10. Further Assurances. FRANCHISEE and Owners and Principals shall take any and all further steps that may be necessary or desirable to effectuate the intent of this Agreement, and they shall sign and execute any and all necessary documents, agreements or instruments which may be required to implement the terms of this Agreement.

11. Applicable Law, Jurisdiction and Venue. This Agreement, the rights granted, and the relationship created hereunder shall be governed, interpreted and construed in all respects in accordance with the internal laws of the State of Texas without reference to its conflicts of laws principles. FRANCHISEE and Principals agree that any legal action arising out of, relating to, or in any way connected with this Agreement shall be brought in the United States District Court for the Eastern District of Texas (Plano, TX court) or Collin County Court of Collin County, Texas. FRANCHISEE and Principals hereby irrevocably submit to the jurisdiction of those courts to the exclusion of any others and waive any objections they may have either to the jurisdiction or to the venue of those courts.

12. Costs, Expenses and Attorneys' Fees. If an action is commenced between or among the parties to this Agreement in connection with the enforcement of any provision of it, the prevailing party will be entitled to reasonable costs and expenses, including attorneys' fees.

13. Entire Agreement. This Agreement represents the entire agreement between the parties to it with respect to its subject matter, it supersedes all prior negotiations, representations or agreements between the Parties, either written or oral, with respect to its subject matter, and it may be amended only by a written instrument designated as an amendment to this Agreement and executed by all of the parties.

14. Counterparts. This Agreement may be executed in any number of counterparts and by each of the parties to it on separate counterparts, each of which, when so executed and delivered, shall be deemed an original and all of which, taken together, shall constitute but one and the same instrument.

15. Effective Date. This Agreement is effective as of the date last written below.

FRANCHISEE:

By:_____
[Name], Individually, as Principal/Owner, and on behalf of any company or business entity in which I/we may have an ownership interest.

By: _____
Authorized Signing Officer

Date: _____

Accepted in Allen,

Texas

FRANCHISOR:
Mr. Duct Cleaner Franchise Systems, Inc.

By: _____
Name: _____

Title: _____

Date: _____

EXHIBIT B

Audited Financial Statements

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

CONSENT

Kezos & Dunlavy, LLC consents to the use in the Franchise Disclosure Document issued by Mr. Duct Cleaner Franchise Systems, Inc. ("Franchisor") on March 28, 2025, as it may be amended, of our report dated March 19, 2025, relating to the financial statements of Franchisor for the period ending December 31, 2024.

Kezos & Dunlavy

Kezos & Dunlavy, LLC

1240 East 100 South Suite #3 | St. George, UT 84790 | Phone 435.656.0360 | Fax 435.656.1850

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

AS OF DECEMBER 31, 2024

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

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KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Stockholders
Mr. Duct Cleaner Franchise Systems, Inc.
Allen, TX 75002

Opinion

We have audited the accompanying financial statements of Mr. Duct Cleaner Franchise Systems, Inc., which comprise the balance sheet as of December 31, 2024, and the related statements of operations, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mr. Duct Cleaner Franchise Systems, Inc. as of December 31, 2024, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

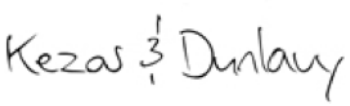
In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.



St. George, Utah
March 19, 2025

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

BALANCE SHEET
As of December 31, 2024

	2024
Assets	
Current assets	
Cash and cash equivalents	$ 11,533
Accounts receivable, net	6,593
Prepaid expense	8,842
Operating notes receivable, current	7,645
Due from related party	7,214
Total current assets	41,827
Non-current assets	
Operating notes receivable, non-current	2,008
Total non-current assets	2,008
Total assets	$ 43,835
Liabilities and Stockholders' Equity	
Current liabilities	
Accrued expenses	$ 6,677
Total current liabilities	6,677
Total liabilities	6,677
Stockholders' equity	
Common stock, $1.00 par value, 1,000 shares authorized, issued, and outstanding	1,000
Additional paid-in capital	10,000
Retained earnings	26,158
Total stockholders' equity	37,158
Total liabilities and stockholders' equity	$ 43,835

The accompanying notes are an integral part of the financial statements.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

STATEMENT OF OPERATIONS
For the year ended December 31, 2024

	2024
Operating revenues	
Royalty fees	$ 253,168
Technology fees	38,955
Franchise fees	20,000
Total operating revenues	312,123
Operating expenses	
Salaries, wages and related	114,638
General and administrative	91,623
Advertising and marketing	47,158
Professional fees	25,593
Total operating expenses	279,012
Income from operations	33,111
Non-operating expense	
Other income	3,753
Interest expense	(3,200)
Total non-operating expense	553
Net income	$ 33,664

The accompanying notes are an integral part of the financial statements.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

STATEMENT OF STOCKHOLDERS' EQUITY

For the year ended December 31, 2024

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
Balance at December 31, 2023	1,000	$ 1,000	$ 10,000	$ (4,506)	$ 6,494
Distributions				(3,000)	(3,000)
Net income	-	-		33,664	33,664
Balance at December 31,2024	1,000	$ 1,000	$ 10,000	$ 26,158	$ 37,158

The accompanying notes are an integral part of the financial statements.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

STATEMENT OF CASH FLOWS
For the year ended December 31, 2024

	2024
Cash flow from operating activities:	
Net income	$ 33,664
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(2,001)
Prepaid expenses	(8,842)
Franchisee financing	(9,653)
Due from related party, current	(11,882)
Accrued expenses	(17,584)
Net cash used in operating activities	(16,298)
Cash flows from financing activities:	
Member distributions	(3,000)
Net cash used in financing activities	(3,000)
Net change in cash and cash equivalents	(19,298)
Cash at the beginning of the year	30,831
Cash at the end of the year	$ 11,533

The accompanying notes are an integral part of the financial statements.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Mr. Duct Cleaner Franchise Systems, Inc. (the "Company") was formed on August 2020, in the state of Texas as a corporation for the planned principal purpose of conducting franchise sales, marketing, and management. The Company offers franchises that provide professional cleaning services for both residential and commercial air duct and HVAC systems. Additionally, it provides various products and services aimed at enhancing indoor air quality.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2024, the Company had cash and cash equivalents of $11,533.

(e) Accounts Receivables

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalties and other sales transactions. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses ("CECL") model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2024, the Company had no allowance for uncollectible accounts and their accounts receivable balance was $6,593.

(f) Long-Lived Assets

Long-lived assets will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Any impairment loss will be measured by the difference between the fair value of an asset and its carrying amount, and will be recognized in the period that the recognition criteria are first applied and met.

(g) Revenue Recognition

Upon inception, the Company adopted ASC 606, Revenue from Contracts with Customers. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, royalties and marketing fees based on a percentage of gross revenues.

Royalties and marketing fees

Upon evaluation of the five-step process, the Company has determined that royalties and marketing fees are to be recognized in the same period as the underlying sales.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt.

These pre-opening services include the following services (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

In determining the allocation of transaction price (the initial franchise fee) to either the license or to the pre-opening services, the Company has determined that the fair value of pre-opening services exceeds the initial franchise fee received; as such, the Company allocates the entire initial franchise fees to pre-opening services, which is then recognized as revenue when those pre-opening services have been completed (which generally occurs upon commencement of the associated franchised location's operations).

(h) Income Taxes

The Company has elected to be treated as an S corporation for income tax purposes. As such, the Company's income, losses, and credits are included in the income tax returns of its stockholders. Management has determined that these payments fall outside of the scope of ASC 740, *Accounting for Uncertainty in Income Taxes* and has recorded the expenditure under operating expenses.

The Company follows the guidance under ASC 740, which prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the stockholder rather than the Company. Accordingly, there would be no effect on the Company's financial statements. The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2024, the 2023, 2022 and 2021 tax years are subject to examination.

(i) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

(j) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(k) Advertising Costs

The Company's policy is to expense advertising costs when incurred. Advertising expenses for the year ended December 31, 2024 were $47,158.

(2) Operating Notes Receivable

In April 2024, the Company entered into an agreement with a franchisee to finance their initial franchise fees with a principal balance of $15,000. The note accrues interest at 7.99% per annum, requires monthly payments of $678.34 beginning in April 2024, and has a maturity date of March 2026. As of December 31, 2024, the note receivables balance was $9,653.

Expected future repayments consist of the following:

For the year ended December 31,	
2025	7,645
2026	2,008
	$ 9,653

(3) Prepaids

The Company has prepaid expenses on its balance sheet, which represent payments made in advance for goods or services to be received in the future. These prepaid expenses will be recognized as expenses in the periods in which the related goods or services are consumed or utilized. The Company's prepaid expenses are primarily associated with annual agreements that extend through 2025. As of December 31, 2024, the total amount of prepaid expenses is $8,842 and is classified as a current asset on the balance sheet.

(4) Accrued Expenses

The Company's accrued expenses consist of rent liability, accrued payroll and credit cards payable. The balance as of December 31, 2024, is $6,677 and is classified as a current liability on the Company's balance sheet.

(5) Commitment and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(6) Related Party Transactions

The Company has entered into an agreement with one of its stockholders, in which it pays monthly rent of $300 for shared office space. During the year ended December 31, 2024, the Company paid $3,000 to the member, and there was a $600 liability due as of December 31, 2024. The agreement is on a month-to-month basis.

The Company has also entered a note receivable with one of its stockholders, with a principal balance of $7,000. This note has no interest and is due in full in August 2025.

(7) Subsequent events

Management has reviewed and evaluated subsequent events through March 19, 2025, the date on which the financial statements were available to be issued.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

Independent Auditor's Report and Financial Statements

For the Year Ended December 31, 2023

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

Allen, Texas

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McAuley & Crandall, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
Mr. Duct Cleaner Franchise Systems, Inc.

Opinion

We have audited the accompanying financial statements of Mr. Duct Cleaner Franchise Systems, Inc. a Texas corporation), which comprise the statement of financial position as of December 31, 2023, and the related statements of income, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mr. Duct Cleaner Franchise Systems, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mr. Duct Cleaner Franchise Systems, Inc. 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 Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mr. Duct Cleaner Franchise Systems, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	30,831
Accounts Receivable		4,592
Loan to Shareholder		17,000
Total Current Assets		52,423
TOTAL ASSETS	$	52,423
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities		
Accounts Payable	$	2,533
Payroll Liabilities		4,785
Credit Card Liabilities		16,943
Loan from Shareholder		21,668
Total Current Liabilities		45,929
TOTAL LIABILITIES		45,929
STOCKHOLDERS' EQUITY		
Common Stock		1,000
Additional Paid-In Capital		10,000
Retained Earnings		(4,506)
TOTAL STOCKHOLDERS' EQUITY		6,494
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	52,423

See accompanying notes.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

INCOME		
Franchise Fees	$	100,669
Royalty Fees		233,256
Technology Fees		46,515
Other Operating Income		3,300
GROSS PROFIT		383,740
OPERATING EXPENSES		
Advertising and Marketing		90,786
Bank Fees		234
Dues and Subscriptions		263
Insurance		673
Interest		618
Legal and Professional Fees		23,620
Meals and Entertainment		5,243
Miscellaneous		337
Office Expenses		7,884
Office Supplies		71,038
Payroll and Fringe Benefits		148,435
Payroll Taxes		13,457
Postage and Shipping		659
Taxes and Licenses		394
Training		11,270
Travel		3,656
Utilities		912
TOTAL OPERATING EXPENSES		379,480
OPERATING INCOME (LOSS)		4,260
Other Income		
Interest		419
Credit Card Rewards and Points		926
Miscellaneous		14,331
Net Other Income		15,677
NET INCOME	$	19,936

See accompanying notes.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	Common Stock, $1 par	Additional Paid - In Captial	Retained Earnings	Total
Balance, December 31, 2022	$ 1,000	$ 10,000	$ 35,554	$ 46,554
Distributions	-	-	(59,997)	(59,997)
Net Income	-	-	19,936	19,936
Balance, December 31, 2023	$ 1,000	$ 10,000	$ (4,506)	$ 6,494

See accompanying notes.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Fees	$	395,183
Cash Disbursed for Expenses		(370,851)
Cash Received (Paid) for Interest		419
Cash Received (Paid) for Other Income		15,257
Net Cash Provided (Used) by Operating Activities		40,009
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions		(59,997)
(Increase) Decrease in Loan to Shareholder		(12,600)
Increase (Decrease) in Loan from Shareholder		18,268
Net Cash Provided (Used) by Financing Activities		(54,329)
Net Increase (Decrease) in Cash and Cash Equivalents		(14,320)
Cash and Cash Equivalents, Beginning of Year		45,151
Cash and Cash Equivalents, End of Year	$	30,831
Reconciliation of Net Income to Net Cash Used by Operating Activities		
Net Income	$	19,936
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable		11,443
Increase (Decrease) in Accounts Payable		2,534
Increase (Decrease) in Credit Card Liabilities		3,692
Increase (Decrease) in Payroll Liabilities		2,404
Net Cash Provided/(Used) by Operating Activities:	$	40,009

See accompanying notes.

NOTE 1: Nature of Activities

Mr. Duct Cleaner Franchise Systems, Inc. (the "Company" or "Mr. Duct Cleaner") was formed on August 7, 2020 as a corporation in Allen, Texas. Mr. Duct Cleaner is the premier air duct and HVAC system cleaning and dryer vent cleaning company in the Dallas/Fort Wort/Collin County area. The Compay uses specialized equipment and advanced training to clean systems for residential and commercial customers. The Franchisor offers its services to both residential and commercial customers–including homeowners, water and fire damage restoration companies, mold remediation companies, indoor air quality companies, remodeling companies, realtors, and home builders, as well as facility maintenance personnel, HVAC contractors, cleaning crews, and commercial building owners. Mr. Duct Cleaner Franchise Systems, Inc. sells franchising licenses to franchisees. The company completed its initial franchisor documents in July 28, 2020.

NOTE 2: Summary of Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the financial statements of the Mr. Duct Cleaner Franchise Systems, Inc.

Basis of Accounting

The financial statements are presented on an accrual basis of accounting in accordance with standards generally accepted in the United States (GAAP). The accrual basis of accounting recognizes revenues when earned and expenses when related liabilities are incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all money in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The total cash held by the Company as of December 31, 2023 included $0 in money that is not covered by insurance provided by the FDIC.

Accounts Receivable

Accounts receivable are uncollateralized franchisee obligations due under normal trade terms requiring payment within 30 days from the invoice date. The Company does not reduce the carrying amount of accounts receivable by an allowance for bad debt, as management believes as of December 31, 2023 all receivables were collectible.

Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising costs for the year ended December 31, 2023 was $90,786.

NOTE 2: Summary of Accounting Policies (Continued)

Fixed Assets & Equipment

Acquisitions of capital assets which cost more than $2,500 are capitalized. Assets which cost lesser amounts are treated as an expense in the period acquired. Capital assets which are purchased are reported in the financial statements at their historical cost. Depreciation is computed primarily under the straight-line method over 3 to 5 years. Intangible assets will be recorded at cost and will be amortized over their estimated useful lives.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S or the Internal Revenue Code ("IRC"). Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, stockholders are taxed individually on their proportionate share of the Company's taxable income. Accordingly, no provision for federal or state income taxes has been recorded. Deferred income tax assets and liabilities related to state income tax timing differences are not considered material and have not been presented. The Company's federal income tax returns for tax years 2021 and subsequent remain subject to examination by the Internal Revenue Service. No authorities have commenced tax examinations as of December 31, 2023.

NOTE 3: Related Parties

There are unsecured related party loans to shareholders with balances at December 31 as follows:

	2023
Loan to Shareholder	17,000

There are unsecured related party loans from shareholder with balances at December 31 as follows:

	2023
Loan from Shareholder	21,668

NOTE 4: Franchise Revenues

From time to time, the Company has franchised franchisees in markets in which it considers expansion to be of benefit. Franchisees bear all direct costs involved in the development and operation of their franchise. The Company provides franchisees support for territory selection, equipment and technology selection, training, marketing and sales techniques, and opening assistance. The current standard franchise agreement provides for payments to the Company of a nonrefundable franchise fee of $60,000, unless the franchisee is a "conversion candidate" which already performs same or similar services, which are negotiated. Other standard fees include royaty fees wihch are 10% of gross sales paid weekly, marketing fees wihch are 3% of gross sales paid weekly, technology fees wihch are $105 paid weekly. Other fees relate to specific services provided by the franchisor such as training, penalties for violations of the agreement such as late payments or encroaching territories, fees for extensions of time, or other events as outlined in the agreement. The original franchise fee is realized when the contract is signed.

NOTE 5: Compensated Absences

The company does not at this time provide paid sick and vacation to employees. Therefore, no compensated absence liability was recorded.

NOTE 6: Liquidity and Availability of Financial Resources

The following reflects the Company's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual restrictions or internal designations. Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

		2023
Current Assets, Excluding Non-Financial Assets	$	52,423
Prepaid Expenses		-
Deferred Revenue		-
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$	52,423

The Company fees that are used to fund operations and are available to meet annual cash needs for general expenses. Financial assets available to the Company to meet the needs of general expenses was $52,423. During the year ended December 31, 2023, the Company was able to meet its cash needs utilizing current year fees.

NOTE 7: Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes nearly all existing revenue recognition guidance under U.S. accounting principles. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The core principle of the new standard is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The new accounting standard defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. accounting principles. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

The Company adopted the standard on January 1, 2022. Its operating revenue is generated substantially from franchise and related fees. The Company analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers* , and has concluded that no changes are necessary to conform with the new standard. The timing of revenue recognition was not affected by the new standard.

The Company applied the new guidance using the following practical expedients which are provided in Topic 606: completed contracts that began and ended in the same year were not restated; the actual rather than estimated consideration was used to determine the transaction price; and the amount of the transaction price allocated to the remaining performance obligations and details of when the Company expects to recognize that amount as revenue for the year ended December 31, 2023 was not disclosed. The effects of applying these expedients were

NOTE 7: Revenue from Contracts with Customers (Continued)

not significant to the financial statements, therefore the Company determined that there was no material cumulative effect of applying the new standard to the opening balance of stockholders' equity. The Company receives initial franchise fees when entering into new franchise agreements. Initial franchise fees are recognized when substantially earned, generally upon singing the contract. As of December 31, 2023, there were $0 deferred revenues for 2023. For 2023, initial franchise fees were $100,669.

For 2023, technology fees related to point of sale computer systems, software, and peripherals were $46,515. Royalty fees are charged as a percentage of gross sales of 10%, paid weekly. As of December 31, 2023, there were ten franchise agreements in effect and seven locations in operation. For 2023, royalty fees were $233,256. Additionally, marketing revenue was $0. Other income was $3,300.

The Company recognizes the revenue from each of these activities based on its performance obligations completed. Any changes in contract assets and liabilities primarily relate to either party's performance under the contracts. On December 31, 2023, there were receivables in the amount of $4,592 recorded in relation to franchise, royalty, marketing, and technology fees. No impairments were recorded related to the contracts in 2023.

NOTE 8: Leases

The FASB issued a new accounting standard, *Leases* , which will eliminate the concept of operating leases, among other things. This new standard will include substantial changes for accounting by lessees; existing operating leases and all new leases, unless immaterial, will require balance sheet recognition (right to use asset and lease liability). The standard is first effective for the Company with its 2022 fiscal year.

The Company adopted FASB ASC 842, *Leases* , at the beginning of 2022. For 2023, there are no leases required to be included the balance sheet under FASB ASC 842. As a result, adopting FASB ASC 842 had no impact to prior year balance sheet information, and the adoption of this standard has no impact on the results of operations. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. The Organization has not entered into any material short-term lease commitments as of December 31, 2023.

NOTE 9: Management Review of Subsequent Events

Management has evaluated all activities of Mr. Duct Cleaner Franchise Systems, Inc. for potential recognition or disclosure for subsequent events through Arpil 8, 2024, which is the date the financial statements were available to be issued and concluded that no other material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements. The audit report date is the date the financial statements were available to be issued.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

Independent Auditor's Report and Financial Statements

For the Year Ended December 31, 2022

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

Allen, Texas

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
Mr. Duct Cleaner Franchise Systems, Inc.

Opinion

We have audited the accompanying financial statements of Mr. Duct Cleaner Franchise Systems, Inc. a Texas corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of income, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mr. Duct Cleaner Franchise Systems, Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mr. Duct Cleaner Franchise Systems, Inc. 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 Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mr. Duct Cleaner Franchise Systems, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

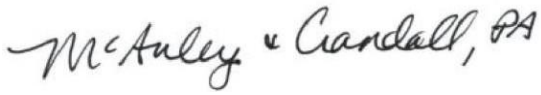
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



McAULEY & CRANDALL, PA
Overland Park, Kansas
May 12, 2023

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2022

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	45,151
Accounts Receivable		3,024
Franchisee Financing		13,011
Loan to Shareholder		4,400
Total Current Assets		65,586
TOTAL ASSETS	$	65,586
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities		
Accounts Payable	$	-
Payroll Liabilities		2,381
Credit Card Liabilities		13,251
Loan from Shareholder		3,400
Total Current Liabilities		19,032
TOTAL LIABILITIES		19,032
STOCKHOLDERS' EQUITY		
Common Stock		1,000
Additional Paid-In Capital		10,000
Retained Earnings		35,554
TOTAL STOCKHOLDERS' EQUITY		46,554
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	65,586

See accompanying notes.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

INCOME		
Franchise Fees	$	186,000
Royalty Fees		156,852
Marketing Fees		47,056
Technology Fees		36,435
GROSS PROFIT		426,343
OPERATING EXPENSES		
Advertising and Marketing		102,132
Bank Fees		318
Contract Labor		1,140
Interest		287
Legal and Professional Fees		111,347
Meals and Entertainment		13,606
Office Expenses		5,683
Office Supplies		50,541
Payroll and Fringe Benefits		113,034
Payroll Taxes		10,366
Supplies		115
Taxes and Licenses		309
Training		2,615
Travel		8,643
Utilities		1,147
TOTAL OPERATING EXPENSES		421,283
OPERATING INCOME (LOSS)		5,060
Other Income		
Interest		2,203
Credit Card Rewards and Points		453
Miscellaneous		81
Net Other Income		2,737
NET INCOME BEFORE TAXES		7,797
INCOME TAXES		
Current		-
Deferred		-
NET INCOME	$	7,797

See accompanying notes.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Common Stock, $1 par	Additional Paid - In Captial	Retained Earnings	Total
Balance, December 31, 2021	$ 1,000	$ 10,000	$ 51,757	$ 62,757
Distributions	-	-	(24,000)	(24,000)
Net Income	-	-	7,797	7,797
Balance, December 31, 2022	$ 1,000	$ 10,000	$ 35,554	$ 46,554

See accompanying notes.

MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Fees	$	446,362
Cash Disbursed for Expenses		(398,469)
Cash Received (Paid) for Interest		2,203
Cash Received (Paid) for Other Income		534
Net Cash Provided (Used) by Operating Activities		50,630
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions		(24,000)
Net Cash Provided (Used) by Financing Activities		(24,000)
Net Increase (Decrease) in Cash and Cash Equivalents		26,630
Cash and Cash Equivalents, Beginning of Year		18,521
Cash and Cash Equivalents, End of Year	$	45,151
Reconciliation of Net Income to Net Cash Used by Operating Activities		
Net Income	$	7,797
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable		
(Increase) Decrease in Due from Employees		
(Increase) Decrease in Accounts Receivable		23,419
(Increase) Decrease in Loan to Shareholder		(3,400)
(Increase) Decrease in Prepaid Expenses		4,632
Increase (Decrease) in Credit Card Liabilities		13,052
Increase (Decrease) in Deferred Revenue		
Increase (Decrease) in Due to DSHS		
Increase (Decrease) in Payroll Liabilities		1,729
Increase (Decrease) in Loan from Shareholder		3,400
Net Cash Provided/(Used) by Operating Activities:	$	50,630

See accompanying notes.

NOTE 1: Nature of Activities

Mr. Duct Cleaner Franchise Systems, Inc. (the "Company" or "Mr. Duct Cleaner") was formed on August 7, 2020 as a corporation in Allen, Texas. Mr. Duct Cleaner is the premier air duct and HVAC system cleaning and dryer vent cleaning company in the Dallas/Fort Wort/Collin County area. The Compay uses specialized equipment and advanced training to clean systems for residential and commercial customers. The Franchisor offers its services to both residential and commercial customers–including homeowners, water and fire damage restoration companies, mold remediation companies, indoor air quality companies, remodeling companies, realtors, and home builders, as well as facility maintenance personnel, HVAC contractors, cleaning crews, and commercial building owners. Mr. Duct Cleaner Franchise Systems, Inc. sells franchising licenses to franchisees. The company completed its initial franchisor documents in July 28, 2020.

NOTE 2: Summary of Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the financial statements of the Mr. Duct Cleaner Franchise Systems, Inc.

Basis of Accounting

The financial statements are presented on an accrual basis of accounting in accordance with standards generally accepted in the United States (GAAP). The accrual basis of accounting recognizes revenues when earned and expenses when related liabilities are incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all money in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The total cash held by the Company as of December 31, 2022 included $0 in money that is not covered by insurance provided by the FDIC.

Accounts Receivable

Accounts receivable are uncollateralized franchisee obligations due under normal trade terms requiring payment within 30 days from the invoice date. The Company does not reduce the carrying amount of accounts receivable by an allowance for bad debt, as management believes as of December 31, 2022 all receivables were collectible.

Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising costs for the year ended December 31, 2022 was $102,132.

NOTE 2: Summary of Accounting Policies (Continued)

Fixed Assets & Equipment

Acquisitions of capital assets which cost more than $2,500 are capitalized. Assets which cost lesser amounts are treated as an expense in the period acquired. Capital assets which are purchased are reported in the financial statements at their historical cost. Depreciation is computed primarily under the straight-line method over 3 to 5 years. Intangible assets will be recorded at cost and will be amortized over their estimated useful lives.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S or the Internal Revenue Code ("IRC"). Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, stockholders are taxed individually on their proportionate share of the Company's taxable income. Accordingly, no provision for federal or state income taxes has been recorded. Deferred income tax assets and liabilities related to state income tax timing differences are not considered material and have not been presented. The Company's federal income tax returns for tax years 2020 and subsequent remain subject to examination by the Internal Revenue Service. No authorities have commenced tax examinations as of December 31, 2022.

NOTE 3: Related Parties

There are unsecured related party loans to shareholders with balances at December 31 as follows:

	2022
Loan to Shareholder	4,400

There are unsecured related party loans from shareholder with balances at December 31 as follows:

	2022
Loan from Shareholder	3,400

NOTE 4: Franchise Revenues

From time to time, the Company has franchised franchisees in markets in which it considers expansion to be of benefit. Franchisees bear all direct costs involved in the development and operation of their franchise. The Company provides franchisees support for territory selection, equipment and technology selection, training, marketing and sales techniques, and opening assistance. The current standard franchise agreement provides for payments to the Company of a nonrefundable franchise fee of $60,000, unless the franchisee is a "conversion candidate" which already performs same or similar services, which are negotiated. Other standard fees include royaty fees wihch are 10% of gross sales paid weekly, marketing fees wihch are 3% of gross sales paid weekly, technology fees wihch are $105 paid weekly. Other fees relate to specific services provided by the franchisor such as training, penalties for violations of the agreement such as late payments or encroaching territories, fees for extensions of time, or other events as outlined in the agreement. The original franchise fee is realized when the contract is signed.

NOTE 5: Compensated Absences

The company does not at this time provide paid sick and vacation to employees. Therefore, no compensated absence liability was recorded.

NOTE 6: Liquidity and Availability of Financial Resources

The following reflects the Company's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual restrictions or internal designations. Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

	2022
Current Assets, Excluding Non-Financial Assets	$ 65,586
Prepaid Expenses	-
Deferred Revenue	-
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$ 65,586

The Company fees that are used to fund operations and are available to meet annual cash needs for general expenses. Financial assets available to the Company to meet the needs of general expenses was $62,186. During the year ended December 31, 2022, the Company was able to meet its cash needs utilizing current year fees.

NOTE 7: Accounting Standards Issued and Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes nearly all existing revenue recognition guidance under U.S. accounting principles. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The core principle of the new standard is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The new accounting standard defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. accounting principles. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

The Company adopted the standard on January 1, 2022. Its operating revenue is generated substantially from franchise and related fees. The Company analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers* , and has concluded that no changes are necessary to conform with the new standard. The timing of revenue recognition was not affected by the new standard.

The Company applied the new guidance using the following practical expedients which are provided in Topic 606: completed contracts that began and ended in the same year were not restated; the actual rather than estimated consideration was used to determine the transaction price; and the amount of the transaction price allocated to the remaining performance obligations and details of when the Company expects to recognize that amount as revenue for the year ended December 31, 2022 was not disclosed. The effects of applying these expedients were

NOTE 7: Accounting Standards Issued and Adopted (Continued)

not significant to the financial statements, therefore the Company determined that there was no material cumulative effect of applying the new standard to the opening balance of stockholders' equity. The Company receives initial franchise fees when entering into new franchise agreements. Initial franchise fees are recognized when substantially earned, generally upon singing the contract. As of December 31, 2022, there were $0 deferred revenues for 2022. For 2022, initial franchise fees were $186,000.

For 2022, technology fees related to point of sale computer systems, software, and peripherals were $36,435. Royalty fees are charged as a percentage of gross sales of 10%, paid weekly. As of December 31, 2022, there were ten franchise agreements in effect and seven locations in operation. For 2022, royalty fees were $156,852. Additionally, marketing revenue was $47,056.

The Company recognizes the revenue from each of these activities based on its performance obligations completed. Any changes in contract assets and liabilities primarily relate to either party's performance under the contracts. On December 31, 2022, there were receivables in the amount of $14,564 recorded in relation to franchise, royalty, marketing, and technology fees. No impairments were recorded related to the contracts in 2022.

The FASB issued a new accounting standard, *Leases* , which will eliminate the concept of operating leases, among other things. This new standard will include substantial changes for accounting by lessees; existing operating leases and all new leases, unless immaterial, will require balance sheet recognition (right to use asset and lease liability). The standard is first effective for the Company with its 2022 fiscal year.

The Company adopted FASB ASC 842, *Leases* , at the beginning of the year. There are no leases required to be included the balance sheet under FASB ASC 842. As a result, adopting FASB ASC 842 had no impact to prior year balance sheet information, and the adoption of this standard has no impact on the results of operations. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. The Organization has not entered into any material short-term lease commitments as of December 31, 2022.

NOTE 8: Management Review of Subsequent Events

Management has evaluated all activities of Mr. Duct Cleaner Franchise Systems, Inc. for potential recognition or disclosure for subsequent events through May 12, 2023, which is the date the financial statements were available to be issued and concluded that no other material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements. The audit report date is the date the financial statements were available to be issued.

Exhibit C

LIST OF OUR CURRENT FRANCHISEES AS OF DECEMBER 31, 2024

Territory	Owners	Address	City	State	Zip	Phone
MDC DENTON & NORTH DALLAS*	JACOB & KELLY GAMBLE*	234 Private Rd 4011	Decatur	TX	76234	940-799-8670
MDC ARLINGTON	EVAN PUGH & AARON BORDEN	1213 Timber Court	Southlake	TX	76092	214-794-8470
MDC FORT WORTH	TERRY & JULIE PRESTON	570 Parker Oaks Ln	Hudson Oaks	TX	76087	817-374-2347
MDC COLLIN CO	LES CLOW	190 E. Stacy Rd. #306 PMB207	Allen	TX	75002	972-322-4356
MDC AUSTIN*	TERRY & JULIE PRESTON	8911 North Capital of Texas Highway	Austin	TX	78759	512-701-1033
MDC SAN ANTONIO NORTH	JOSEPH AND GEORGIA REI	1634 Clifton Court	Grand Prairie	TX	75051	210-426-7368
MDC ORLANDO SOUTH	ALEX & AMANDINE VIBERT	121 S. Orange Ave. #1500	Orlando	FL	32801	321-945-2241
MDC DENVER* *Multi-Territory Owner	MARTIN & LEE WHITE	350 Baron Court	Erie	CO	80516	303-827-1400

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

Exhibit D

LIST OF OUR FRANCHISEES WHO HAVE LEFT THE SYSTEM FROM JANUARY 1, 2024 THROUGH DECEMBER 31, 2024

The following is a list of the city, state and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise License Agreement during the period January 1, 2024, through December 31, 2024, or who have not communicated with Us within 10 weeks of the application date of this Disclosure Document:

Former Franchisee Contact Information

Mr. Duct Cleaner franchisees who left the System as a result of selling their Franchise Business:

STATE	FRANCHISEE NAME	CITY AND STATE	PHONE NUMBER
TEXAS	Ryan & Melissa Kientzler*	Arlington, VA	940-206-0179

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

*Franchisee exited the system through a resale transaction

Exhibit E

STATE-SPECIFIC ADDENDA
ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

The following are additional disclosures for the Franchise Disclosure Document of Mr. Duct Cleaner Franchise Systems, Inc. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT ADDITIONAL DISCLOSURES FOR THE MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF MR. DUCT CLEANER FRANCHISE SYSTEMS, INC.

The following are additional disclosures for the Franchise Disclosure Document of Mr. Duct Cleaner Franchise Systems, Inc. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

1. The following paragraph is added at the end of Item 3 of the Franchise Disclosure Document:
   Except as disclosed above, neither we nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15.

   U.S.C.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.
2. OUR WEBSITE, www.mrductcleaner.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

3. The following paragraphs are added at the end of Item 17 of the Franchise Disclosure Document:

   California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, and the law applies, then the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

Material Modification. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a Franchise Disclosure Document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

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

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur at a suitable location in Dallas County, Texas with the costs being borne as the arbitrator determines. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of the Franchise Agreement restricting venue to a forum outside the State of California.

Releases. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

ILLINOIS

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

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

MARYLAND

1. The "Summary" sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Franchise Disclosure Document are amended by adding the following:

2. Any general releases you sign as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The "Summary" section of Item 17(h), entitled **"Cause" defined – non- curable defaults**, of the Franchise Disclosure Document, is amended by adding the following:

4. The agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 ET seq.), but we and you agree to enforce it to the extent the law allows.

5. The "Summary" section of Item 17(v), entitled **Choice of Forum**, of the Franchise Disclosure Document is amended by adding the following:

   (B) Subject to the Federal Arbitration Act and other federal laws, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

1. The following language is added to the end of Item 17 of the Franchise Disclosure Document: Despite any contradictory provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

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

MICHIGAN

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

A. A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

B. A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT

PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

C. A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

D. A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (I) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

E. A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

F. A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION IS CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THISSTATE.

G. A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

a. THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS ORSTANDARDS.

i. **THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.**

ii. **THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.**

iii. **THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.**

A. **A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENTAND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).**

B. **A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.**

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

MINNESOTA

(1) The following language is added to the end of Item 13:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

(2) The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

(3) Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, and Subd.5.

(4) Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum, or remedies that the laws of the jurisdiction provide.

(5) Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

(6) Minn. Rule Part 2860.4400J might prohibit a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement to the extent the law allows.

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

NEW YORK

(1) The following information is added to the State Cover Page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT G OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

(2) The following paragraphs are added at the beginning of Item 3 of the Franchise Disclosure Document:

Except as provided above, regarding the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal Mark:

(a) No such party has an administrative, criminal, or civil action pending against that person alleging a felony; a violation of a franchise, antitrust, or securities law; fraud; embezzlement;

fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations.

(b) No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

(c) No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor

charge or has been held the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable allegations.

(d) No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity because of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

(3) The following is added to end of the "Summary" sections of Items 17(c), titled **Requirements for franchisee to renew or extend**, and Item 17(m), titled **Conditions for franchisor approval of transfer**,

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

(4) The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

(5) The following is added to the "Summary" sections of Item 17(v), titled "Choice of forum", and 17(w), titled "Choice of law":

The foregoing choice of law and forum should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

(1) The "Summary" sections of Items 17(c), entitled **Requirements for the franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of the transfer**, of the Franchise Agreement and Development Agreement charts in the Franchise Disclosure Document, are amended by adding the following:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

(2) The "Summary" sections of Item 17(i), entitled **Franchisee's obligations on termination/non-renewal**, of the Franchise Agreement and Development Agreement charts in the Franchise Disclosure Document, is amended by adding the following:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.

(3) The "Summary" sections of Item 17(u), entitled **Dispute resolution by arbitration or mediation**, of the Franchise Agreement and Development Agreement charts in the Franchise Disclosure Document, is amended by adding the following:

However, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), the arbitration will be at a site to which we and you mutually agree.

(4) The "Summary" sections of Item 17(v), entitled **Choice of Forum**, of the Franchise Agreement and Development Agreement charts in the Franchise Disclosure Document is amended by adding the following:

Subject to arbitration requirements and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

(a) To the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

(b) The "Summary" sections of Item 17(w), entitled **Choice of law**, of the Franchise Agreement and Development Agreement charts in the Franchise Disclosure Document is amended by adding the following:

Except for the Federal Arbitration Act and other federal law, North Dakota law governs.

RHODE ISLAND

In recognition of the requirements of the State of Rhode Island Franchise Investment Act (the "Act"), §19-28.1 *et seq.,* the Franchise Disclosure Document submitted by Mr. Duct Cleaner Franchise Systems, Inc. for use in the State of Rhode Island is amended as follows:

(1) Item 17 u.- Dispute resolution by arbitration or mediation shall comply with §19-28.1-21 of the Act - Private civil actions - and be amended to read:

(a.) A person who violates any provision of this Act is liable to the franchisee for damages, costs, and attorneys and expert's fees. In the case of a violation of §§ 19-28.1-5, 19-28.1-8, or 19-28.1- 17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation.

(b.) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially

aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.

(3) Item 17 v. - Choice of forum and Item 17 w. - Choice of law shall comply with § 19-28.1-14 of the Act - Jurisdiction and venue - and be amended to read:

A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the "Summary" section of Item 17(h), entitled **"Cause" defined – non- curable defaults**, is amended by adding the following:

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

WASHINGTON

The following paragraph is added at the end of Item 17:

If any of the provisions in this Franchise Disclosure Document or the Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the "Act"), then (if the Act applies by its terms) the provisions of the Act will prevail over the inconsistent terms of the Franchise Disclosure Document and/or Franchise Agreement for any franchises sold in Washington. However, we and you agree to enforce the Franchise Agreement's provisions to the extent the law allows.

RIDER TO THE MR. DUCT CLEANER FRANCHISE SYSTEMS, INC. FRANCHISE AGREEMENT FOR USE IN ILLINOIS

This Rider (the "**Rider**") is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between MR. DUCT CLEANER FRANCHISE SYSTEMS, INC., a Texas corporation located at 190 East Stacy Road. Suite 306-224 Allen, TX 75002 ("**we**," "**us**" "**our**," or "**Franchisor**"), and _____, a _____ whose principal business address is _____ ("**you**," "**your**," or "**Franchisee**").

(1) Background. We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the "**Franchise Agreement**"). This Rider is part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the CENTER that you will operate under the Franchise Agreement was made in the State of Illinois and the CENTER will be in Illinois, and/or (b) you are a resident of Illinois.

(2) The following language is added to the end of the Franchise Agreement:

(a) The provisions of the Franchise Agreement concerning governing law, jurisdiction, venue and choice of law will not constitute a waiver of any right conferred upon Franchisee by the Illinois Franchise Disclosure Act. However, a Franchise Agreement may provide for arbitration outside of Illinois. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

(b) No Waiver of Disclaimer of Reliance. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or

(ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Remainder of Page Left Intentionally Blank - Signature Page to Follow]

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE
Mr. Duct Cleaner _____
Franchise No:

_____
[Entity]

By: _____
Name: _____

Title: _____
Date: _____

Accepted in Allen, Texas
FRANCHISOR

By: _____

Signature
Print Name: _____

Date: _____

ADDENDUM TO MR. DUCT CLEANER FRANCHISE SYSTEMS, INC. FRANCHISE AGREEMENT FOR THE STATE OF MARYLAND

The Mr. Duct Cleaner Franchise Systems, Inc. Franchise Agreement between _____ ("Franchisee" or "You") and Mr. Duct Cleaner Franchise Systems, Inc. ("Franchisor") (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement as of the date signed by us and set forth opposite our signature on this Amendment (the "Amendment"):

MARYLAND LAW MODIFICATIONS

(1) The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

(a) Any representations requiring Franchisee to assent to a release, estoppels or waiver of any liability are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Maryland Franchise and Disclosure Law.
(b) Franchisee may bring an arbitration action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
(c) The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
(d) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise**.**

(2) Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, are satisfied with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.
(3) No Waiver of Disclaimer of Reliance. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE
Mr. Duct Cleaner _____
Franchise No:

_____
[Entity]

By: _____
Name:
Titles:

Print Name: (Name)
Date: _____

Accepted in Allen, Texas
FRANCHISOR

By: _____

Signature
Print Name: _____

Date: _____

AMENDMENT TO MR. DUCT CLEANER FRANCHISE SYSTEMS, INC. FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA

The Mr. Duct Cleaner Franchise Systems, Inc. Franchise Agreement between _____ ("Franchisee" or "You") and Mr. Duct Cleaner Franchise Systems, Inc. ("Franchisor") (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement as of the date signed by us and set forth opposite our signature on this Amendment (the "Amendment"):

MINNESOTA LAW MODIFICATIONS

(1) The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

(a) Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the Marks infringes trademark rights of the third party. Franchisor does not indemnify against the consequences of Franchisee's use of the Marks except in accordance with the requirements of the Franchisor Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within ten (10) days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Franchise Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement shall be superseded by the Act's requirements and shall have no force or effect.

(b) Minnesota law provides franchisees with certain termination and non- renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

(c) If the Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act.

(d) Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor, except in certain specified cases, from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter

80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

(2) Each provision of this Franchise Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independently of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE
Mr. Duct Cleaner _____
Franchise No:

_____
[Entity]

By: _____

Print Name: _____

Title: _____

Date: _____

Accepted in Allen, Texas
FRANCHISOR
By: _____
Name: _____
Title: _____
Date: _____

AMENDMENT TO MR. DUCT CLEANER FRANCHISE SYSTEMS, INC. FRANCHISE AGREEMENT FOR THE STATE OF NEW YORK

The Mr. Duct Cleaner Franchise Systems, Inc. Franchise Agreement between ("Franchisee" or "You") and Mr. Duct Cleaner Franchise Systems, Inc. ("Franchisor") ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment") as of the date signed by us and set forth opposite our signature on this Amendment:

(1) Background. We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the "**Franchise Agreement**"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the CENTER that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the CENTER in New York.

(2) Releases. The following language is added to the end of Sections 5.5(d) of the Franchise Agreement:

However, that to the extent required by Article 33 of the General Business Law of the State of New York, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 are satisfied.

(3) Transfer by Us. The following language is added to the end of Section 5.6 of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

(4) Termination by You. The following language is added to the end of Section 10.2 of the Franchise Agreement:

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

(5) Governing Law and Consent to Jurisdiction. The following language is added to the end of Sections 13.10 and 13.11 of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

(6) Limitation of Claims. The following language is added to the end of Section 13.24 of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non- waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

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

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE
Mr. Duct Cleaner _____
Franchise No:

_____
[Entity]

By: _____
Name: _____

Title: _____

Date: _____

Accepted in Allen, Texas
FRANCHISOR

By: _____
Title: _____

Print Name: _____

Date: _____

AMENDMENT TO MR. DUCT CLEANER FRANCHISE SYSTEMS, INC. FRANCHISE AGREEMENT FOR THE STATE OF NORTH DAKOTA

The Mr. Duct Cleaner Franchise Systems, Inc. Franchise Agreement between _____ ("Franchisee" or "You") and Mr. Duct Cleaner Franchise Systems, Inc. ("Franchisor") (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement as of the date signed by us and set forth opposite our signature on this Amendment (the "Amendment"):

NORTH DAKOTA LAW MODIFICATIONS

(1) The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchises Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

(a) If the Franchisee is required in this Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under North Dakota Law, and such acknowledgments shall be void with respect to claims under the Law.

(b) Covenants not to compete during the term of and upon termination or expiration of the Franchise Agreement are enforceable only under certain conditions according to North Dakota Law. If this Franchise Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

(c) If the Franchise Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under North Dakota Law.

(d) If the Franchise Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

(e) If the Franchise Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

(f) If the Franchise Agreement requires payment of a termination penalty, the requirement may be unenforceable under North Dakota Law.

(g) If required by the North Dakota Franchise Investment Law, Sections 12 and 14 of the Franchise Agreement, Dispute Resolution, shall be deleted in its entirety.

(h) Section 13.24 of the Franchise Agreement, Limitation of Claims, shall have the sentence "The statute of limitations under North Dakota law applies." added to the end of the section as if it were an original part of the Franchise Agreement.

(2) Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE
Mr. Duct Cleaner _____
Franchise No:

_____
[Entity]

By: _____

Name: _____
Title: _____
Date: _____

Accepted in Allen, Texas

FRANCHISOR
By: _____
Name: _____
Title: _____

Date: _____

AMENDMENT TO MR. DUCT CLEANER FRANCHISE SYSTEMS, INC. FRANCHISE AGREEMENT FOR THE STATE OF RHODE ISLAND

The Mr. Duct Cleaner Franchise Systems, Inc. Franchise Agreement between _____ ("Franchisee" or "You") and Mr. Duct Cleaner Franchise Systems, Inc. ("Franchisor") (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement as of the date signed by us and set forth opposite our signature on this Amendment (the "Amendment"):

RHODE ISLAND LAW MODIFICATIONS

(1) The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. ch. 395 Sec. 19-28.1-1 - 19- 28.1-34.

(2) To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

(a) If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

(b) If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Sec. 19-28.1-14.

(3) Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE
Mr. Duct Cleaner _____
Franchise No:

_____
[Entity]

By: _____

Name: _____

Title: _____

Date: _____

Accepted in Allen, Texas

FRANCHISOR
By: _____

Name: _____

Title: _____
Date: _____

AMENDMENT TO MR. DUCT CLEANER FRANCHISE SYSTEMS, INC. FRANCHISE AGREEMENT FOR THE STATE OF WASHINGTON

The Mr. Duct Cleaner Franchise Systems, Inc. Franchise Agreement between _____ ("Franchisee" or "You") and Mr. Duct Cleaner Franchise Systems, Inc. ("Franchisor") dated (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement as of the date signed by us and set forth opposite our signature on this Amendment ("Amendment"):

1. **Background**. We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the CENTER that you will operate under the Franchise Agreement will be in Washington; and/or (b) you are a resident of Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.
2. **Addition of Paragraphs**. The following is added to the end of the Franchise Agreement:
   In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the "**Act**"), the Franchise Agreement shall be modified as follows:

   In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

   RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

   In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

   A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

   Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations is void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

1. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.
2. No Waiver of Disclaimer of Reliance. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Remainder of Page Left Intentionally Blank – Signature Page to Follow]

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE
Mr. Duct Cleaner _____
Franchise No:

_____
[Entity]

By: _____

Name: _____
Title: _____
Date: _____

Accepted in Allen, Texas
FRANCHISOR

By: _____
Name: _____
Title: _____
Date: _____

AMENDMENT TO MR. DUCT CLEANER FRANCHISE SYSTEMS, INC. FRANCHISE AGREEMENT FOR USE IN CALIFORNIA, HAWAII, INDIANA, MICHIGAN, SOUTH DAKOTA, VIRGINIA AND WISCONSIN

The Mr. Duct Cleaner Franchise Systems, Inc. Franchise Agreement between _____ ("Franchisee" or "You") and Mr. Duct Cleaner Franchise Systems, Inc. ("Franchisor") dated (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement as of the date signed by us and set forth opposite our signature on this Amendment ("Amendment"):

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Amendment (the "**Franchise Agreement**"). This Amendment is part of the Franchise Agreement.

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

[Remainder of Page Left Intentionally Blank – Signature Page to Follow]

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE
Mr. Duct Cleaner _____
Franchise No:

_____
[Entity]

By: _____
Name: _____
Title: _____

Date: _____

Accepted in Allen, Texas
FRANCHISOR

By: _____
Name: _____

Title: _____
Date: _____

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE LICENSE AGREEMENT

RIDER TO THE Mr. Duct Cleaner Franchise Systems, Inc.
FRANCHISE LICENSE AGREEMENT
FOR THE STATE OF MINNESOTA

This RIDER is made and entered into as of the date executed and accepted by FRANCHISOR (the "Effective Date") by and between Mr. Duct Cleaner Franchise Systems, Inc., a Texas corporation having a principal place of business at 190 East Stacy Road. Suite 306-224, Allen, TX 75002 ("FRANCHISOR") and _____ ("FRANCHISEE").

1. **BACKGROUND**. FRANCHISOR and You are parties to that certain Franchise License Agreement dated _____, _____ that has been signed concurrently with the signing of this Rider (the "Agreement"). This Rider is annexed to and forms part of the Agreement. This Rider is being signed because (a) the offer or sale of the franchise was made in the State of Minnesota and/or (b) the franchise will be located in Minnesota.

2. **RELEASES.** The following language is added to the end of Sections 1.2, 5.5, and 10.2 of the Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law with respect to claims arising under Minn. Rule 2860.4400D.

3. **TRADEMARKS**. The following sentence is added to the end of Section 6.4: To the extent required by the Minnesota franchise law, FRANCHISOR will protect FRANCHISEE's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

4. **TERMINATION.** The following language is added to the end of Section 10 of the Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that You be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

5. **GOVERNING LAW**. The following language is added to the end of Section 13.10 of the Agreement:

Nothing in this Agreement will abrogate or reduce any of Your rights under Minnesota Statutes Chapter 80C or Your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 13.11 of the Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of Your rights under Minnesota Statutes Chapter 80C or Your rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

7. **WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES.** If and then only to the extent required by the Minnesota Franchises Law, Sections 13.22 and 14.14 of the Agreement are deleted in their entirety.

8. **LIMITATIONS OF CLAIMS.** The following language is added to the end of Section 12 of the Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the date stated on the first page above.

Accepted in Allen, Texas.

FRANCHISEE:

By: _____
[Name]

Date: _____

By:_____
[Name]

Date: _____

FRANCHISOR:
Mr. Duct Cleaner Franchise Systems, Inc.

By:
_____
Authorized Signing Officer
Name: _____
Title: _____
Date: _____

EXHIBIT F

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Status	Date
California	Not applicable	Not applicable
Hawaii	Not applicable	Not applicable
Illinois	Pending	Pending
Indiana	Effective	Marh 3, 2025
Maryland	Not applicable	Not applicable
Michigan	Effective	April 3, 2025
Minnesota	Effective	May 14, 2025
New York	Not applicable	Not applicable
North Dakota	Not applicable	Not applicable
Rhode Island	Not applicable	Not applicable
South Dakota	Effective	April 1, 2025
Virginia	Effective	March 31, 2025
Washington	Not applicable	Not applicable
Wisconsin	Registered	April 1, 2025

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 G

State Administrators and Agents for Service of Process

LIST OF ADMINISTRATORS

CALIFORNIA

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344
(213) 576-7500

HAWAII

Hawaii Commissioner of Securities
State of Hawaii Department of Commerce & Consumer Affairs
Business Registration Division
Securities Commissioner of Securities
King Kalakaua Building
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2744

ILLINOIS

Office of Attorney General
Franchise Bureau
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

INDIANA

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

MARYLAND

MICHIGAN

Consumer Protection Division
Antitrust and Franchise Section
Office of Attorney General
G. Mennen Williams Bldg., 525 W. Ottawa Street Lansing, Michigan 48909
(517) 335-7622

MINNESOTA

Department of Commerce
Franchise Division
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

NEW YORK

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

NORTH DAKOTA

North Dakota Securities Department 600 East Boulevard Avenue
State Capital 14th Floor
Bismarck, North Dakota 58505-0510 (701) 328-2910

RHODE ISLAND

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

Securities Division
Department of Business
Regulations 1511 Pontiac
Avenue
John O. Pastore Complex-
Building 69-1 Cranston, RI
02920
(401) 462-9500

SOUTH DAKOTA

Department of Labor and
Regulation Division of Securities
124 S. Euclid, Second Floor Pierre,
SD 57501
(605) 773-3563

WASHINGTON

Department of Financial
Institutions Securities Division
150 Israel Road SW – 3rd
Floor Tumwater, Washington,
98501
(360) 902-8760

VIRGINIA

State Corporation Commission
Division of Securities and Retail
Franchising 1300 East Main St.,
9th Floor
Richmond, VA 23219
(804) 371-9051

WISCONSIN

Office of the Commissioner of
Securities Department of
Financial Institutions 4822
Madison Yards Way, North
Tower.
Madison, WI 53705
(608) 266-0448

EXHIBIT H

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Mr. Duct Cleaner
Operations & Training Manual

Feb 24, 2025

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EXHIBIT I
RECEIPTS

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Mr. Duct Cleaner Franchise Systems, Inc, 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 a supplier in connection with the proposed franchise sale.

New York and Rhode Island require that we give this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before signing a binding agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Franchise Disclosure Document at least 10 business days before signing a binding agreement or the payment of any consideration, whichever occurs first.

If Mr. Duct Cleaner Franchise Systems, Inc, does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit G.

The franchisor is Mr. Duct Cleaner Franchise Systems, Inc, located at 190 East Stacy Road. Suite 306-224, Allen, TX 75002. Its telephone number is 844-444-DUCT or 469-260-6500. The contact information for Our franchise sellers are: Les Clow, Joseph Rei, Georgia Rei, and _____.

Date of Issuance: March 28, 2025

We authorize the respective state agencies identified on Exhibit G to receive service of process for Us in the particular states.

I received a disclosure document from Mr. Duct Cleaner Franchise Systems, Inc. March 28, 2025, that included the following Exhibits:

Exhibit A:	Our Franchise License Agreement and Appendices
Exhibit B:	Audited Financial Statements
Exhibit C:	List of Our Current Franchisees
Exhibit D:	List of Our Franchisees Who Have Left the System
Exhibit E:	State-Specific Addenda
Exhibit F:	State Effective Dates
Exhibit G:	State Administrators and Agents for Service of Process
Exhibit H:	Table of Contents - Operations Manual
Exhibit I:	Receipts

PROSPECTIVE or RENEWING FRANCHISEE:
All individuals must sign, If franchisee is a business entity (Inc, including spouses: Inc., etc.), please also list the entity and sign again:

_____ (Signature) (Print Name)	Date Received: _____
_____ (Signature) (Print Name)	Date Received: _____
_____ (Signature) (Print Name)	Date Received: _____
_____ (Signature) (Print Name) Entity:	Date Received: _____

KEEP THIS COPY FOR YOUR RECORDS.

This disclosure document is also available in pdf format from Our offices.

We use DocuSign or other electronic signature system to provide proof of delivery and signatures.

If we use other methods then You should return one copy of the signed receipt either by signing, dating, and mailing it to Mr. Duct Cleaner at 190 East Stacy Road. Suite 306-224, Allen, TX 75002, or by emailing a copy of the signed receipt to Mr. Duct Cleaner at les@mrductcleaner.com. You may keep the second copy for Your records.

RECEIPTS

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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If Mr. Duct Cleaner Franchise Systems, Inc, does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit G.

The franchisor is Mr. Duct Cleaner Franchise Systems, Inc, located at 190 East Stacy Road. Suite 306-224, Allen, TX 75002. Its telephone number is 844-444-DUCT or 469-260-6500. The contact information for Our franchise sellers are: Les Clow, Joseph Rei, Georgia Rei, and _____.

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