FRANCHISE DISCLOSURE DOCUMENT

PACIFIC LAWN SPRINKLERS FRANCHISE LLC
A Florida Limited Liability Company
8100 E. Indian School Road, Suite 201
Scottsdale, AZ 85251
800-895-2729
www.pacificfranchise.com
franchising@pacificlawnsprinklers.com

The franchisee will provide certain installation and maintenance services and related products for residential and small commercial facilities based on leads distributed from a call center system.

The total investment necessary to begin operation of a single Pacific Lawn Sprinklers franchise ranges from $96,500 to $184,300, including $39,000 to $59,000 that must be paid to the franchisor.

The total investment necessary to begin operation of a multi-unit Pacific Lawn Sprinklers franchise ranges from $155,500 to $252,300, including $98,000 to $127,000 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in 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 Jason Wiedder at Pacific Lawn Sprinklers Franchise LLC, 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251 and (800) 895-2729.

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: June 5, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G 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 Pacific Lawn Sprinklers business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise 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 Pacific Lawn Sprinklers franchise?	Item 20 or Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risk(s) 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, or litigation only in Arizona. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with franchisor in Arizona than in your own state.

2. **Mandatory Minimum Payments.** You must make minimum royalty payments and minimum local advertising expenditures, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

3. **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.

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

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

Pacific Lawn Sprinklers Franchise LLC ("we", "our" or "us") is a Florida limited liability company that was formed on January 22, 2021, and has its principal place of business at 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. We do business under our corporate and under our trade name "Pacific Lawn Sprinklers." We will refer to the person who buys this franchise as "you" or "your" throughout this Disclosure Document. If the franchise purchaser is a business entity, "you" or "your" also includes each partner, shareholder and/or other owner of that entity.

We are offering franchises for the operation of businesses operating under the "Pacific Lawn Sprinklers" name which provide installation and maintenance services to consumers for both residential and small commercial facilities, including, but not limited to, the service and installation of lawn sprinkler systems, low voltage and LED landscape lighting systems, outdoor drainage systems, and the design and installation of exterior holiday decorations and displays (collectively referred to in this Disclosure Document as the "Services"). You will provide all of the Services based on leads distributed from the Call Center (defined below). You will be granted the right to provide Services to the number of customers we determine may be adequately serviced utilizing a minimum of two (2) Service Vehicles. We began offering businesses of the type being franchised in 2004. We have never offered franchises in any other line of business. Our agents for service of process are listed in Exhibit A.

Our Predecessor, Parents and Affiliates

Our predecessor was Pacific Lawn Sprinklers Franchise LLC, a Florida limited liability company, formed on November 20, 2003, with an address at 1007 N. Federal Highway, #1015, Fort Lauderdale, FL. We merged with our predecessor effective March 31, 2021, and we are the surviving entity.

Our direct and indirect parent companies include:

PARENT COMPANIES		
Company Name	**Principal Business Address**	**Direct or Indirect Parent**
Evive Brands, LLC ("Evive")	Same as ours	Direct
EHC Holding Company, LLC ("EHCH")	630 Fifth Avenue, Suite 400 New York, New York 10111	Indirect
Riverside Micro-Cap Fund VI-A, L.P.*	45 Rockefeller Center 630 Fifth Avenue, Suite 400 New York, New York 10111	Indirect

* Riverside Micro-Cap Fund VI-A, L.P. is part of The Riverside Company, which is a global private equity firm that: (a) focuses on investing in and acquiring growing businesses; and (b) manages the investment funds that are the owner of EHCH. Riverside Micro-Cap Fund VI-A, L.P. indirectly acquired our franchise system in October 2025.

Our affiliate, Pacific Lawn Sprinklers Hub Inc., with an address at 22-42 129th Street, College Point, NY 11356, provides required Call Center services and optional automated collection services to franchisees. We do not have any other affiliates that provide goods or services to franchisees. As further described in the table below, we have 6 affiliates that offer franchises in other lines of business. None of these affiliates have operated a

Pacific Lawn Sprinklers business.

AFFILIATE FRANCHISING COMPANIES				
Franchised Business	**Name of Affiliate Franchisor**	**Principal Place of Business**	**Period of Time Franchises Offered by Affiliate**	**Number of Open Franchisees in US (as of 12/31/2025)**
1. Grasons	B & P Burke, LLC	Same as ours	November 2014 to present	69
2. Assisted Living Locators	ALL Franchising, LLC	Same as ours	August 2022 to present	171
3. Brothers Gutters	Brothers Parsons Franchising LLC	Same as ours	November 2023 to present	401
4. Maid Brigade	MB Franchise Holdings, Inc.	Same as ours	May 2020 to present	286
5. Shine	Shine Development LLC	Same as ours	November 2025 to present	77
6. Executive Home Care	Executive Home Care Franchising, LLC	Same as ours	June 2012 to present	79

1. Grasons is a business that specializes in estate sale and business liquidation services under the trade name GRASONS.

2. Assisted Living Locators is a home-based business that assists seniors and their families in locating assisted living facilities, memory care communities, nursing homes, senior care homes and independent living senior communities under the service mark ASSISTED LIVING LOCATORS.

3. Brothers Gutters is a business that provides gutter installation, maintenance, cleaning, repair, and related services and products under the service mark THE BROTHERS THAT JUST DO GUTTERS.

4. Maid Brigade is a business that provides supervised team cleaning services to home and light commercial cleanings and offers proprietary and other household products for sale using the service mark MAID BRIGADE.

5. Shine is a business that provides residential and commercial window cleaning, pressure washing, screen cleaning, gutter cleaning, house and building detailing and holiday light installation, storage and removal services under the service marks SHINE, SHINE WINDOW CARE AND HOLIDAY LIGHTING, SHINE WINDOW CARE and SHINE HOLIDAY LIGHTING.

6. Executive Home Care is a business that provides (a) in-home comprehensive care and non-medical services to home care clients and (b) supplemental healthcare staffing services to institutional clients, all under the service mark EXECUTIVE HOME CARE.

We do not have any other affiliates that offer franchises in this or any other line of business.

<u>Other Riverside Company Portfolio Franchise Companies</u>

Through various private equity funds managed by The Riverside Company, the following portfolio companies of The Riverside Company offer franchises in the US. While there is no common control between Evive Brands and the franchise platforms listed below and therefore are not considered affiliates required to be disclosed in Item 1, we disclose these franchise companies as The Riverside Company also manages various investment funds that own, in whole or in part, directly or indirectly, these other franchise companies.

For purposes of the tables below, "Time Franchises Offered" includes the period of time franchises have been offered by the current franchisor and its predecessors.

EverSmith Brands

Other Portfolio Companies of The Riverside Company (EverSmith Brands)				
Franchised Business	**Name of Franchisor**	**Principal Place of Business**	**Time Franchises Offered**	**Number of Open Franchisees in US (as of 12/31/2025)**
1. 1-Tom-Plumber	1 TOM Plumber Global LLC	6700 Forum Drive, Suite 150 Orlando, Florida 32821	2020 to present	56
2. US Lawns	U.S. Lawns, Inc.	6700 Forum Drive, Suite 150 Orlando, Florida 32821	1986 to present	208
3. milliCare Floor & Textile Care	milliCare Franchising, LLC	6700 Forum Drive, Suite 150 Orlando, Florida 32821	2011 to present	48 (9 international)
4. Kitchen Guard	Kitchen Guard Franchising, Inc.	6700 Forum Drive, Suite 150 Orlando, Florida 32821	2023 to present	38
5. Prism Specialties	Restoration Specialties Franchise Group, LLC	6700 Forum Drive, Suite 150 Orlando, Florida 32821	2012 to present	90
6. The Seals	The Seals Franchising, LLC	6700 Forum Drive, Suite 150 Orlando, Florida 32821	2019 to present	6
7. Clintar Commercial Outdoor Services	TruServe Groundscare, Inc.	200 Cachet Wood Court, Unit 119 Markham, ON, Canada L6C 0Z8	1982 to present	0 (21 international)

1. 1-Tom-Plumber is a business that offers emergency plumbing services and repairs at commercial and residential properties under the service mark 1-TOM-PLUMBER.

2. US Lawns is a business that offers outdoor commercial property and landscaping service mark US LAWNS.

3. milliCare is a business that offers cleaning and maintenance of floor coverings and interior finishes and related services under the service mark MILLICARE FLOOR & TEXTILE CARE.

4. Kitchen Guard is a business that offers commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services under the service mark KITCHEN GUARD.

5. Prism Specialties is a business that offers electronic, art, textile and document recovery, repair and restoration services under the service mark PRISM SPECIALTIES.

6. The Seals is a business that sells and installs gaskets for refrigeration door units, freezer doors, oven doors, hardware and cutting board under the service mark THE SEALS.

7. Clintar Commercial Outdoor services is a business that offers outdoor commercial property services under the service mark CLINTAR COMMERCIAL OUTDOOR SERVICES.

Head-To-Toe Brands

OTHER PORTFOLIO COMPANIES OF THE RIVERSIDE COMPANY (HEAD-TO-TOE BRANDS)				
Franchised Business	**Name of Franchisor**	**Principal Place of Business**	**Time Franchises Offered**	**Number of Open Franchisees in US (as of 12/31/2025)**
1. Bishops	BCC Franchising, LLC	550 Reserve Street, Suite 380 Southlake, Texas 76092	2007 to present	40
2. Delta Crown	Crown Extension Bar, LLC	550 Reserve Street, Suite 380 Southlake, Texas 76092	2025 to present	1
3. Frenchies Modern Nail Care	Frenchies, LLC	550 Reserve Street, Suite 380 Southlake, Texas 76092	2015 to present	26
4. Lash Lounge	The Lash Franchise Holdings, LLC	550 Reserve Street, Suite 380 Southlake, Texas 76092	2010 to present	131

1. Bishops is a business that offers haircuts, coloring, and barber services under the service mark BISHOPS.

2. Delta Crown is a business offering semi-permanent hair extensions and hair extension-related salon services under the service mark DELTA CROWN.

3. Frenchies is a business that offers hand and foot care under the service mark FRENCHIES MODERN NAIL CARE.

4. Lash Lounge is a business that offers permanent and temporary eyelash and eyebrow extensions and other eye enhancing services under the service mark LASH LOUNGE.

Best Life Brands

OTHER PORTFOLIO COMPANIES OF THE RIVERSIDE COMPANY (BEST LIFE BRANDS)				
Franchised Business	**Name of Franchisor**	**Principal Place of Business**	**Time Franchises Offered**	**Number of Open Franchisees in US (as of 12/31/2025)**
1. Blue Moon Estate Sales	Blue Moon Franchise Systems, LLC	900 Wilshire Drive, Suite 102 Troy, Michigan 48084	2013 to present	136
2. Boost Home Healthcare	Boost Franchise Systems, LLC	900 Wilshire Drive, Suite 102 Troy, Michigan 48084	2021 to present	3
3. CarePatrol	CarePatrol Franchise Systems, LLC	900 Wilshire Drive, Suite 102 Troy, Michigan 48084	2009 to present	215 (2 international)
4. ComForCare Home Care	ComForCare Franchise Systems, LLC	900 Wilshire Drive, Suite 102 Troy, Michigan 48084	2021 to present	270 (19 international)
5. Next Day Access	Next Day Access, LLC	900 Wilshire Drive, Suite 102 Troy, Michigan 48084	2012 to present	91 (1 international)

1. Blue Moon is a business that sells personal property as well as the provision of consignment sales for those who are downsizing, relocating, or are deceased under the service mark BLUE MOON ESTATE SALES.

2. Boost is a business that offers intermittent care ordered by a doctor and performed by a home health aide and other licensed healthcare providers to patients of all ages with acute and chronic long-term complex health conditions within the patient's residence or within health care facilities under the mark BOOST HOME HEALTHCARE.

3. CarePatrol is a business that offers senior living placement, referral, and consulting services to families under the mark CAREPATROL.

4. ComForCare is a business that offers (a) companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (b) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside, and (c) private duty nursing services, all under the mark COMFORCARE HOME CARE.

5. Next Day is a business that offers ramps and other products and accessories that enhance the life of physically disabled or challenged persons under the mark NEXT DAY ACCESS.

Threshold Brands

OTHER PORTFOLIO COMPANIES OF THE RIVERSIDE COMPANY (THRESHOLD BRANDS)				
Franchised Business	**Name of Franchisor**	**Principal Place of Business**	**Time Franchises Offered**	**Number of Open Franchisees in US (as of 12/31/2025)**
1. Maid Pro	Maid Pro Franchise, LLC	77 North Washington Street Boston, Massachusetts 02114	1997 to present	255
2. Men in Kilts	Men in Kilts US, LLC	77 North Washington Street Boston, Massachusetts 02114	2019 to present	27
3. Pestmaster	Pestmaster Franchise Network, LLC	9716 South Virginia St., Suite E Reno, Nevada 89511	2021 to present	75
4. USA insulation	USA Insulation Franchise, LLC	17700 Saint Clair Avenue Cleveland, Ohio 44110	2006 to present	96
5. Granite Garage Floors	Granite Garage Floors Franchising, LLC	110 Mansell Circle, Suite 375 Roswell, Georgia 30075	2013 to present	57
6. Mold Medics	Mold Medics Franchising, LLC	811 Washington Avenue Carnegie, Pennsylvania 15106	2020 to present	18
7. Sir Grout	Sir Grout Franchising, LLC	77 North Washington Street Boston, Massachusetts 02114	2007 to present	91
8. Miracle Method	Miracle Method, LLC	4310 Arrowswest Drive Colorado Springs, Colorado 80907	1996 to present	213 (2 master franchises)
9. Plumbing Paramedics	PHP Franchise, LLC	750 E. 150th Street Noblesville, Indiana 46060	2021 to present	15
10. Heating + Air Paramedics	PHP Franchise, LLC	750 E. 150th Street Noblesville, Indiana 46060	2021 to present	22

1. Maid Pro is a business that offers home cleaning services for residential and commercial customers under the mark MAID PRO.

2. Men in Kilts is a business that offers window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services under the mark MEN IN KILTS.
3. Pestmaster is a business that offers structural and agricultural pest control and related services under the mark PESTMASTER.
4. USA Insulation is a business that offers residential insulation services under the mark USA INSULATION.
5. Granite Garage Floors is a business that sells and installs residential garage floor coating systems under the mark GRANITE GARAGE FLOORS.
6. Mold Medics is a business that offers mold remediation, air duct cleaning, radon testing and mitigation services, and other services and products under the mark MOLD MEDICS.
7. Sir Grout is a business that offers grout and tile cleaning, sealing, caulking and restoration services and other services under the mark SIR GROUT.
8. Miracle Method is a business that offers refinishing and restoration of bathtubs, sinks, showers, tiles, countertops and similar surfaces under the mark MIRACLE METHOD.
9. Plumbing Paramedics is a business that offers plumbing service franchises under the mark PLUMBING PARAMEDICS.
10. Heating + Air Paramedics is a business that offers heating and air conditioning installation and service franchises under the mark HEATING + AIR PARAMEDICS.

The System

Our system includes a method of selling products and providing the Services for the residential and small commercial markets; color scheme and custom lettered vehicles; materials and supplies; using the designated Call Center, which will use its best efforts to dispatch leads for each franchisee and provide back office support and services; methods, specifications and procedures for operations; procedures for management control; training and assistance; and merchandising, advertising and promotional programs, all of which may be changed, improved and further developed (the "System").

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark "Pacific Lawn Sprinklers", which is registered and as is now designated and may in the future be designated by us in writing for use with the System (the "Proprietary Mark").

The Franchise Offered

We offer you a franchise agreement (the "Franchise Agreement") which gives you the right to establish and operate a franchised business for the number of customers we determine may be adequately served by a minimum of two (2) Service Vehicles in an area that we mutually agree on ("Territory"). We refer to the franchise offering that you purchase as the "Franchised Business". The Franchise Agreement gives you the right to use the Proprietary Mark and the System solely with the operation of the Franchised Business, which you must operate from an approved location.

Competition

In general, the lawn sprinkler and improvement businesses are competitive, but quite fragmented. Your competition will come primarily from other businesses offering lawn care, landscaping, and/or home improvement services. In some markets, these businesses are locally based and in other markets may include regional or national chains as competitors.

Industry Specific Laws

You must comply with any state or local licensing or regulatory requirements that may apply to this business. You must meet all local, state, or federal contracting laws that may apply to offering this business. In addition, you may be required to undergo a criminal background check and a credit check. You should seek counsel or contact your state and local agencies for detailed information about applicable laws and regulations. There may be other laws of general applicability that could impact your operation.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer: Ryan Parsons

Mr. Parsons has held the following positions during the prior 5-year period:

Company	Location	Title	Period of Time
Pacific Lawn Sprinklers Franchise LLC	Scottsdale, AZ	Chief Executive Officer	Oct 2025-present
Evive Brands, LLC	Scottsdale, AZ	Chief Executive Officer	Nov 2023-present
MB Franchise Holdings, Inc.	Scottsdale, AZ	Chief Executive Officer	May 2025-present
Executive Home Care Franchising, LLC	Scottsdale, AZ	Chief Executive Officer	Nov 2023-present
B & P Burke, LLC	Scottsdale, AZ	Chief Executive Officer	Nov 2023-present
ALL Franchising, LLC	Scottsdale, AZ	Chief Executive Officer	Nov 2023-present
Shine Development LLC	Scottsdale, AZ	Chief Executive Officer	Nov 2025-present
Brothers Parsons Franchising LLC ("BPF")	Scottsdale, AZ	Chief Executive Officer	Nov 2023-present
The Brothers Franchising Corp. (BPF's predecessor)	Poughkeepsie, NY	Co-Founder & Vice President	Jul 2014-Nov 2023
Brothers Parsons HV LLC (operator of original company-owned The Brothers That Just Do Gutters business)	Poughkeepsie, NY	Vice President	2002-present

Brand Leader: Mary Mahoney

Ms. Mahoney has held the following positions during the prior 5-year period:

Company	Location	Title	Period of Time
Pacific Lawn Sprinklers Franchise LLC	College Point, NY	Brand Leader	Oct 2025-present
	College Point, NY	Chief Technology Officer	2006-present
	College Point, NY	Chief Executive Officer	Jan 2007-Oct 2025

Secretary and Manager: Caroline Quoyeser

Ms. Quoyeser has held the following positions during the prior 5-year period:

Company	Location	Title	Period of Time
Pacific Lawn Sprinklers Franchise LLC	Scottsdale, AZ	President, Secretary & Manager	Oct 2025-present
Evive Brands, LLC	Scottsdale, AZ	President, Secretary & Manager	Feb 2023-present
Executive Home Care Franchising, LLC	Scottsdale, AZ	President, Secretary & Manager	Nov 2021-present
B & P Burke, LLC	Scottsdale, AZ	President, Secretary & Manager	Nov 2021-present
ALL Franchising, LLC	Scottsdale, AZ	President, Secretary & Manager	Aug 2022-present
Shine Development LLC	Scottsdale, AZ	President, Secretary & Manager	Nov 2025-present
Brothers Parsons Franchising LLC	Scottsdale, AZ	President, Secretary & Manager	Nov 2023-present

Company	Location	Title	Period of Time
The Riverside Company	Santa Monica, CA	Assistant Vice President	Jan 2023-present
		Senior Associate	Jun 2021-Jan 2023
		Private Equity Analyst	Jun 2017-Jun 2019
		Summer Analyst	Jun 2016-Aug 2016

Chief Growth Officer: Jason Wiedder

Mr. Wiedder has held the following positions during the prior 5-year period:

Company	Location	Title	Period of Time
Pacific Lawn Sprinklers Franchise LLC	Scottsdale, AZ	Chief Growth Officer	Oct 2025-present
Evive Brands, LLC	Scottsdale, AZ	Chief Growth Officer	Feb 2023-present
MB Franchise Holdings, Inc.	Scottsdale, AZ	Chief Growth Officer	May 2025-present
Executive Home Care Franchising, LLC	Scottsdale, AZ	Chief Growth Officer	Dec 2021-present
B & P Burke, LLC	Scottsdale, AZ	Chief Growth Officer	Dec 2021-present
ALL Franchising, LLC	Scottsdale, AZ	Chief Growth Officer	Aug 2022-present
Shine Development LLC	Scottsdale, AZ	Chief Growth Officer	Nov 2025-present
Brothers Parsons Franchising LLC	Scottsdale, AZ	Chief Growth Officer	Nov 2023-present
Always Best Care	Roseville, CA	VP of Franchise Development	Mar 2018-Dec 2021

Vice President and Manager: L. Joseph Lee

Mr. Lee has held the following positions during the prior 5-year period:

Company	Location	Title	Period of Time
Pacific Lawn Sprinklers Franchise LLC	Scottsdale, AZ	VP & Manager	Oct 2025-present
Evive Brands, LLC	Scottsdale, AZ	VP & Manager	Feb 2023-present
MB Franchise Holdings, Inc.	Scottsdale, AZ	VP & Manager	May 2025-present
Executive Home Care Franchising, LLC	Scottsdale, AZ	VP & Manager	Nov 2021-present
B & P Burke, LLC	Scottsdale, AZ	VP & Manager	Nov 2021-present
ALL Franchising, LLC	Scottsdale, AZ	VP & Manager	Aug 2022-present
Shine Development LLC	Scottsdale, AZ	VP & Manager	Nov 2025-present
Brothers Parsons Franchising LLC	Scottsdale, AZ	VP & Manager	Nov 2023-present
The Riverside Company	Cleveland, OH	Senior Partner	Apr 2013-present
		Principal	Mar 2006-Apr 2013

Chief Financial Officer: Gregory Esgar

Mr. Esgar has held the following positions during the prior 5-year period:

Company	Location	Title	Period of Time
Pacific Lawn Sprinklers Franchise LLC	Scottsdale, AZ	Chief Financial Officer	Oct 2025-present

Company	Location	Title	Period of Time
Evive Brands, LLC	Scottsdale, AZ	Chief Financial Officer	Aug 2023-present
MB Franchise Holdings, Inc.	Scottsdale, AZ	Chief Financial Officer	May 2025-present
Executive Home Care Franchising, LLC	Scottsdale, AZ	Chief Financial Officer	May 2022-present
B & P Burke, LLC	Scottsdale, AZ	Chief Financial Officer	May 2022-present
ALL Franchising, LLC	Scottsdale, AZ	Chief Financial Officer	Aug 2022-present
Shine Development LLC	Scottsdale, AZ	Chief Financial Officer	Nov 2025-present
Brothers Parsons Franchising LLC	Scottsdale, AZ	Chief Financial Officer	Nov 2023-present
Prose Franchising	Phoenix, AZ	Chief Financial Officer	Apr 2018-May 2022

Chairman of the Board: Jordan Lajoie

Mr. Lajoie has held the following positions during the prior 5-year period:

Company	Location	Title	Period of Time
Pacific Lawn Sprinklers Franchise LLC	Scottsdale, AZ	Chairman of the Board	Jul 2025-present
Evive Brands, LLC	Scottsdale, AZ	Chairman of the Board	Jul 2025-present
B & P Burke, LLC	Scottsdale, AZ	Chairman of the Board	Jul 2025-present
MB Franchise Holdings, Inc.	Scottsdale, AZ	Chairman of the Board	Jul 2025-present
Executive Home Care Franchising, LLC	Scottsdale, AZ	Chairman of the Board	Jul 2025-present
ALL Franchising, LLC	Scottsdale, AZ	Chairman of the Board	Jul 2025-present
Shine Development LLC	Scottsdale, AZ	Chairman of the Board	Jul 2025-present
Brothers Parsons Franchising LLC	Scottsdale, AZ	Chairman of the Board	Jul 2025-present
The Riverside Company	Portland, ME	Operating Partner	Jul 2020-present
Pinecrest holdings Inc.	Portland, ME	President	Jul 2022-present

ITEM 3
LITIGATION

The following Settlement Order is currently effective against our affiliate Brothers Parsons Franchising LLC:

On January 6, 2016, our affiliate's predecessor, The Brothers Franchising, Corp., entered into a Settlement Order with the Commonwealth of Virginia, State Corporation Commission, Division of Securities and Retail Franchising relating to an unregistered sale of a franchise territory in Virginia (case number SEC-2015-00056). The transaction at issue involved the sale of a The Brothers That Just Do Gutters franchise territory in Virginia to the father of Ryan and Ken Parsons (who are the co-founders of that franchise system) before the franchise was registered in Virginia. The Settlement Order: (a) required The Brothers Franchising, Corp. to pay a $2,000 penalty plus $500 for the cost of the investigation; and (b) prohibited The Brothers Franchising, Corp. and its successors from violating Virginia's Retail Franchising Act in the future.

Other than this action, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you purchase a franchise, you must pay to us an initial franchise fee upon execution of the Franchise Agreement. The initial franchise fee for your first Franchised Business is $49,900, subject to the discounts described below.

Number of Territories	Initial Franchise Fee per Respective Territory	Total Initial Franchise Fee
1	$49,900	$49,900
2	$39,000	$88,900
3	$29,000	$117,900

The initial franchise fee for your first Franchised Business is $49,900. If you purchase multiple territories at the same time, the initial franchise fee for the second territory is $39,000 and the initial franchise fee for the third territory is $29,000. Accordingly, the total initial franchise fees are $49,900 for one territory, $88,900 for two territories, and $117,900 for three territories. Existing Evive Brands and/or Pacific Lawn Sprinklers franchisees in good standing may be eligible to purchase a Pacific Lawn Sprinklers franchise for an initial franchise fee of $29,900.

The initial franchise fee is payable in a lump sum. The initial franchise fee is fully earned when paid and non-refundable.

VetFran Program Discount

As part of our participation in the VetFran program, we currently offer qualified veterans who satisfy our then-current VetFran eligibility requirements and provide such documentation as we may reasonably request a fifteen percent (15%) reduction in the otherwise applicable initial franchise fee. This discount applies only to the initial franchise fee, may be applied toward the purchase of only one of the franchise concepts offered by us and our affiliates outlined in Item 1, and cannot be combined with any other discount. Accordingly, the discounted initial franchise fee for an eligible veteran purchasing one Pacific Lawn Sprinklers franchise is currently $42,415.

Onboarding Fee

You pay us a $9,100 onboarding fee when you sign the Franchise Agreement, which you pay in consideration of the initial training program we provide to up to five (5) persons. The onboarding fee is nonrefundable and uniformly imposed.

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Date Due	Remarks
Continuing Royalty Fee	10% of Net Revenue for the prior month's operations, subject to the Minimum Continuing Royalty Fee (See Note 2). Minimum Continuing Royalty Fee (annual) is between $25,000 (or 10% of Net Revenue) and $45,000 (or 10% of Net Revenue), depending on the level of the Franchised Business you operate.	10th of each month	Net Revenue is defined as revenues generated, billed but not collected, earned, derived and/or received from customers, whether for cash or credit, plus all other revenues derived from your business, excluding taxes collected from customers, and refunds. We reserve the right to collect your Royalty on a different interval (for example, weekly).
Call Center Administration Fee	Varies based on the level of the Franchised Business you operate. Currently, the annual Call Center Administration Fee is $35,500 for Start Up Level 1, $43,500 for Experienced Level 2, and $59,500 for Mature Level 3, subject to annual increase in an amount not to exceed 4% (See Note 3).	See Note 3.	This fee is payable to our affiliate (currently Pacific Lawn Sprinklers Hub Inc.) and covers its administrative expenses for operating the Call Center. Payment of the annual fee will be based on a payment schedule. See Note 3.
Call Center Automated Collection Fee (optional)	Currently $0.20 per call; rates may increase if carrier increases.	Annually.	This optional fee is payable to our affiliate (currently, Pacific Lawn Sprinklers Hub Inc.) in the event you choose to have our affiliate make collection calls/texts on your behalf. Payment of this will be based on the number of calls and/or texts made on your behalf.
Additional Services Fee (optional)	Varies based on the additional services you operate. We do not currently charge an Additional Services Fee, but we reserve the right to do so at any time in the future.	Annually	At your request, we may, in our sole discretion, authorize you to provide additional services other than sprinkler, drainage, landscape lighting, and exterior holiday decorating. If you choose to provide one or more of these services, the fee will be based on type of service you choose to provide, and payment of the annual fee will be based on a payment schedule.

Type of Fee (Note 1)	Amount	Date Due	Remarks
Bookkeeping Services Fee	$9,500 for Franchise Start Up Level 1; $12,750 for Franchise Experienced Level 2; and $18,050 for Franchise Mature Level 3.	Payable in installments as set forth in Schedule A to the Franchise Agreement and Schedule B to the Call Center Agreement.	This fee is payable to us or our affiliate for bookkeeping and related back-office services provided in connection with your Franchised Business. The applicable amount depends on the level of Franchised Business you operate. This fee is subject to annual increase as provided in Schedule A to the Franchise Agreement and Schedule B to the Call Center Agreement.
Optional Report and Alert Fee	Then-current fee to create and/or send the requested report or alert. Currently, $250 per hour, or a lump sum mutually agreed upon.	As incurred	Subject to the schedules and availability of our support staff, you may request and we will create and send customer reports, email alerts or other dispatches created using information available to us through your computer system or elsewhere. You do not have a right to receive any such report, and we may decline to provide you with these optional services for any reason.

Type of Fee (Note 1)	Amount	Date Due	Remarks
Ongoing / Refresher Training	Then-current training fee. Currently, $500/ day per trainer.	Prior to training.	This fee is paid in connection with additional training/instruction that we may provide on an ongoing basis in connection with the overall operation and development of your Franchised Business. This training may be online, at corporate headquarters or another training location, your Franchised Business, or elsewhere. We reserve the right to charge this fee (and any travel-related expenses) in connection with (a) re-training or replacement training with regards to the portions of the initial training that are designed for the franchisee owner and/or manager, (b) any training we require you to complete to cure a default under your Franchise Agreement with us ("Remedial Training"), (c) training you request we provide (other than the kind of day-to-day assistance described below), (d) training we provide on-site at your Franchised Business, or (e) up to five (5) days of mandatory training in connection with new/updated products, technology, software or system policies. We will not charge any training fee in connection with minor, day-to-day assistance that we provide remotely over the phone or via email, subject to our availability. In addition to our then-current training fee, you will always be responsible for the costs and expenses that are incurred in connection with you and your personnel attending training.
Brand Fund Contribution	Currently, 1% of Net Revenue. We may increase the Brand Fund Contribution on notice to you, but the Brand Fund Contribution will not exceed 3% of Net Revenue during the term of the Franchise Agreement or any successor term. See Note 3.	10th day of each month for the preceding month, or as we otherwise specify.	Payable to us for the Brand Fund. The Brand Fund supports regional, market-wide, and national advertising, marketing, promotion, brand development, customer generation, public relations, and System support. We administer the Brand Fund and determine how it is spent. You are not entitled to a refund or proportionate benefit. See Item 11.

Type of Fee (Note 1)	Amount	Date Due	Remarks
Local Advertising Requirement / Advertising Cooperatives	Per Calendar Year, the greater of: (i) 2% of Net Revenue; or (ii) $36,000. You must also pay any local advertising cooperative assessments if a cooperative is established and approved by us, subject to the limitations in Item 11.	As incurred throughout each Calendar Year. Documentation is due when requested. Any shortfall is due within 10 days after invoice or as we otherwise specify.	You must continuously develop consumer awareness and market penetration in your Territory through local advertising and promotional programs we approve. Brand Fund Contributions are not credited against this requirement. Amounts paid to an approved cooperative are credited against this requirement unless we designate otherwise. If you do not spend or document the required amount, we may require you to pay the shortfall to us or the Brand Fund, or we may spend the shortfall on local advertising for your market.
Technology Fee	Up to $750 per month. Current pricing is $60 per month per ERP license, $64 per month per mobile software license, $25 per user per month for safety/security/email and remote desktop, and $25 per user per month for the training platform. Prices are subject to change based on vendor terms and offerings.	10 days after invoice or as we otherwise specify	Includes amounts you pay us or our affiliate for Technology Systems, including: (a) amounts you pay for proprietary items, (b) amounts we collect from you and remit to third parties, and (c) an administrative fee for managing the technology platform and negotiating/managing relationships with various licensors of the technology. It does not include amounts you pay directly to third parties. We do not currently include monthly phone charges as part of the technology fee, but we may do so in the future.
Transfer Fee	$10,000, reduced to $5,000 if buyer is an existing franchisee	At time of Transfer	Imposed for all Transfers other than Permitted Transfers. If our broker finds the buyer, you must also reimburse any commission we pay our broker. You pay us a $10,000 transfer fee (reduced to $5,000 if the transferee is an existing Pacific Lawn Sprinklers franchisee) to defray our Transfer-related expenses.
Rescheduling Fee	100% of the value of the cancelled job	When billed.	If you do not notify the Call Center at least 7 days prior to rescheduling or canceling a job, you will be required to pay this Rescheduling Fee.
Non-Compliance Fee	Infraction fee between $250 and $2,500	As incurred	This fee will be charged for Non-Compliance with the System Standards as outlined in the Operations Manual.

Type of Fee (Note 1)	Amount	Date Due	Remarks
Special Non-Compliance Fee	200% of the value of the estimate or the work performed (minimum $2,500)	As incurred	This fee will be charged if you perform any estimate or work for a customer without informing the Call Center, whether or not you receive compensation directly from the customer or third party. This fee also applies if you perform any work for customers outside your Territory in breach of the Franchise Agreement. We can also terminate the Franchise Agreement if you engage in these activities.
Initial Training	No fee for up to five (5) persons who attend initial training, except for those persons' travel, meals and lodging. We will determine a per person fee for Additional Personnel Training, which depends on the instructor's fee, travel, lodging, food and materials associated with the training topic.	Pre-payment and pre-registration are required 30 days prior to class for Additional Personnel Training	We do not charge any additional money for the initial training for up to five (5) persons (see Item 11).
Audit	(a) the amount of the deficiency; and (b) if audit is due to non-reporting or understatement, then you must also pay the cost of the audit – see Remarks column	15 days after billing	You pay twice the deficiency; if an audit reveals understatement of greater than 2% or if you fail to furnish information in a timely fashion, you pay twice the deficiency or $500, whichever is greater, plus the cost of the audit and can be terminated. If a deficiency occurs twice in any 12-month period, we have the right to terminate the Franchise Agreement without opportunity for you to cure the default.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement

Type of Fee (Note 1)	Amount	Date Due	Remarks
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify us for losses and expenses we incur due to your operation of the Franchised Business or breach of the Franchise Agreement.
Software Upgrades	This amount has yet to be determined, not to exceed $2,500 per year	As incurred	This covers the cost of upgrading the recommended or approved Software. We anticipate four modules: operations, accounting, customer service and installations. We can increase the modules on notice to you.
Franchisee Convention	Our then-current conference fee, not greater than $1,000 per person.	As incurred	At least one person per franchise must attend this convention, which may last for a day.
Convention - Failure to Attend	$1,500	As incurred	Imposed if you fail to attend a required franchisee convention.
Renewal Fee	10% of our then-current initial franchise fee	Upon renewal	Payable if we offer you, and you accept, a Successor Franchise Agreement (or if renewal is required by applicable law). You may be required to spend up to $10,000 upon each successor term to upgrade or refurbish your Service Vehicle, and this amount may be increased by 10% each term.
Liquidated Damages	2 years of royalty and Brand Fund Contributions. See Note 4.	15 days after termination	Imposed if we terminate due to your default or you wrongfully terminate. See Note 4.
Interest on overdue amounts	3% above the prime rate of interest on the first day of each month or the maximum rate allowable by applicable law. See Note 5.	As agreed	Due on all overdue amounts

Type of Fee (Note 1)	Amount	Date Due	Remarks
Insurance	You must reimburse our costs	As insurance carrier requires	See Note 6. Insurance company sets the premiums and you pay the insurance company, except that if you fail to pay premiums for required insurance, we may pay premiums and charge you for them. Premiums may vary depending upon factors such as the insurance company selected and your claims experience. (See Item 8)

1. All fees are imposed by and payable to us or our affiliates and are non-refundable.

2. **Calculation of Continuing Royalty Fee**: You must pay a Continuing Royalty Fee of 10% of the Net Revenue of the prior month's operations. We will calculate the Continuing Royalty Fee based on the last day of each month, and the Continuing Royalty Fee will be automatically debited from your designated operating account on or before the 10th day of the month for the preceding month. The Continuing Royalty Fee that you pay each Calendar Year (defined, for your first calendar year of operation, as the time between the Effective Date and December 31 of the year of your Effective Date, and for each subsequent calendar year, as January 1 through December 31) will be subject to an annual minimum Continuing Royalty Fee (the "Minimum Continuing Royalty Fee"). If, in any Calendar Year, you have paid a cumulative Continuing Royalty Fee in an amount less than the total Minimum Continuing Royalty Fee due for the Calendar Year, we will invoice you for the remaining balance on December 31, and you must pay us the remaining balance by January 10 of the next Calendar Year. The Minimum Continuing Royalty Fee for each type of franchise is described in the tables below:

Franchise Level	Minimum Continuing Royalty Fee (Annual)
Franchise - Start Up Level 1	Greater of $25,000 or 10% of Net Revenue
Franchise - Experienced Level 2	Greater of $35,000 or 10% of Net Revenue
Franchise - Mature Level 3	Greater of $45,000 or 10% of Net Revenue

(1) Mature (Level 3) franchisees operate in a Territory that, in our sole judgment, has a minimum of 2 years of exposure to the Pacific Lawn Sprinklers brand (or another brand acquired by us); Experienced (Level 2) franchisees operate in an area that, in our sole judgment, has a minimum of 1 year of exposure to the Pacific Lawn Sprinklers brand (or another brand acquired by us); and Start-Up (Level 1) franchisees operate in an area that, in our sole judgment, has less than 1 year of exposure to the Pacific Lawn Sprinklers brand (or another brand acquired by us). As you continue to operate your Franchised Business and brand recognition increases in your Territory, we will, each year

and in our sole judgment, determine whether your Level 1 or Level 2 Franchised Business will be re-categorized as a Level 2 or Level 3 Franchised Business, as applicable.

3. Calculation of Brand Fund Contribution and Other Fees: The Brand Fund Contribution is calculated monthly as a percentage of Net Revenue and will be automatically debited from your designated operating account on or before the 10th day of the month for the preceding month, unless we designate another payment interval or method. The Local Advertising Requirement is calculated on a Calendar Year basis. If you do not spend the required minimum amount or do not provide documentation we request, we may invoice you for the shortfall, require you to pay the shortfall to us or to the Brand Fund, or spend the shortfall on local advertising for your market. The Call Center Administration Fee and the optional Bookkeeping Services Fee are flat rate charges. You must pay us these flat rate fees on the last day of the month on a prorated basis each Calendar Year. As you continue to operate your Franchised Business and brand recognition increases in your Territory, we will, each year and in our sole judgment, determine whether your Level 1 or Level 2 Franchised Business will be re-categorized as a Level 2 or Level 3 Franchised Business, as applicable. Each flat rate fee will be payable in increments as follows:

		Franchise Fees: Franchise Start Up Level 1											
Fee Type	Total Annual	January 5%	February 5%	March 10%	April 20%	May 20%	June 10%	July 5%	August 5%	September 5%	October 5%	November 5%	December 5%
Call Center Administration Fee	$35,500	$1,775	$1,775	$3,550	$7,100	$7,100	$3,550	$1,775	$1,775	$1,775	$1,775	$1,775	$1,775
Bookkeeping Services Fee	$9,500	$475	$475	$950	$1,900	$1,900	$950	$475	$475	$475	$475	$475	$475

		Franchise Fees: Franchise Experienced Level 2											
Fee Type	Total Annual	January 5%	February 5%	March 10%	April 20%	May 20%	June 10%	July 5%	August 5%	September 5%	October 5%	November 5%	December 5%
Call Center Administration Fee	$43,500	$2,175	$2,175	$4,350	$8,700	$8,700	$4,350	$2,175	$2,175	$2,175	$2,175	$2,175	$2,175
Bookkeeping Services Fee	$12,750	$637.50	$637.50	$1,275	$2,550	$2,550	$1,275	$637.50	$637.50	$637.50	$637.50	$637.50	$637.50

		Franchise Fees: Franchise Mature Level 3											
Fee Type	Total Annual	January 5%	February 5%	March 10%	April 20%	May 20%	June 10%	July 5%	August 5%	September 5%	October 5%	November 5%	December 5%
Call Center Administration Fee	$59,500	$2,975	$2,975	$5,950	$11,900	$11,900	$5,950	$2,975	$2,975	$2,975	$2,975	$2,975	$2,975
Bookkeeping Services Fee	$18,050	$902.50	$902.50	$1,805	$3,610	$3,610	$1,805	$902.50	$902.50	$902.50	$902.50	$902.50	$902.50

4. You must pay us liquidated damages if: (a) we terminate the Franchise Agreement due to your default; or (b) you terminate the Franchise Agreement prior to its expiration date (except in accordance with the provisions governing your right to terminate following our uncured breach). Liquidated damages are calculated as the sum of average monthly Continuing Royalty Fees and Brand Fund Contributions imposed during the 12-month period preceding termination (or your entire period of operation if less than 12 months) multiplied by the lesser of: (a) 24; or (b) the total number of months remaining under the term. If you pay us liquidated damages in a timely manner, we may not pursue a claim against you for lost profits (but we may still seek other damages we incur due to your breach).

5. If there is no applicable legal maximum rate, interest will be calculated at the rate of 3% above the prime rate of interest on the first day of each month for the past due amount, as published in The Wall Street Journal.

6. You must maintain the minimum insurance coverage we specify. If you do not purchase the required insurance, we may obtain the insurance for you. We have no duty to do so. If we obtain insurance for you, you must pay the premiums to the insurance company or reimburse us for them. We can change the required coverages and amounts.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT*

(1) Type of Expenditure	(2) Amount	(3) Method of	(4) When Due	(5) To Whom Payment Is to Be Made
Initial Franchise Fee (1)	$29,900 - $49,900	Lump sum	On execution of Franchise Agreement	Us
OnBoarding Fee (2)	$9,100	Lump sum	On execution of Franchise Agreement	Us
Service Vehicle and Equipment (4)(7)	$3,000 - $10,000	Lease/ Lease Finance	As Arranged	Vendors
Office Equipment & Supplies (4)	$1,500 - $2,300	As Arranged	As Arranged	Vendors
Real Property (5)	$0 - $2,000	As Arranged	As Arranged	Suppliers
Leasehold Improvements; Construction Costs (6)	$0	N/A	N/A	N/A
Signage (7)	$2,500 - $8,000	As Arranged	As Arranged	Suppliers
Opening Inventory (8)	$15,000 - $35,000	As Arranged	As Arranged	Suppliers
Tools (9)	$0 - $5,000	As Arranged	As Arranged	Suppliers
Travel and Initial Training (10)	$2,000 - $3,000	As Arranged	As Arranged	Suppliers of transportation, food, lodging

Insurance (11)	$2,500 - $5,000	As Arranged	As Incurred	Insurers
Security Deposits (12)	$0 - $1,000	As Arranged	As Incurred	Lessor, Utility Companies
Professional Fees (13)	$0 - $1,000	As Arranged	As Incurred	Professionals
Supplies (14)	$1,000 - $3,000	As Arranged	As Incurred	Vendors
Additional Funds – 3 Months (15)	$30,000 - $50,000	As Arranged	As Incurred	Vendors, Employees
TOTAL (16)	$96,500 - $184,300			

(1) Type of Expenditure	(2) Amount	(3) Method of	(4) When Due	(5) To Whom Payment Is to Be Made
Multi-Unit Initial Franchise Fee (17)	$88,900 - $117,900	Lump sum	On execution of Franchise Agreement	Us
Initial Investment to Open First Franchised Business	$66,600 to $134,400	This is the total estimated initial investment in Table above, minus the Initial Franchise Fee.		
TOTAL (17)	$155,500 to $252,300			

*None of the expenditures shown on the tables above are refundable except for security deposits. See Note 12.

1 Initial Franchise Fee. The Initial Franchise Fee is $49,900 for your first Franchised Business. Existing Evive and/or Pacific Lawn Sprinklers franchisees in good standing may qualify for a $29,900 initial franchise fee. Qualified veterans who satisfy our then-current VetFran program requirements will receive a fifteen percent (15%) reduction in the otherwise applicable initial franchise fee; this discount may be applied toward the purchase of only one of the franchise concepts offered by us and our affiliates outlined in Item 1 and cannot be combined with any other discounts. The Initial Franchise Fee is non-refundable.

2 Onboarding Fee. The Onboarding Fee is paid to us in consideration of the pre-opening initial training program we provide.

3 [Intentionally Omitted]

4 Equipment. You are required to have service vehicles to operate your business. Depending upon the type of service vehicle, a trailer may be required to transport the vibratory plow necessary for installations. See Item 8 for specifics regarding the vehicle configuration. An existing vehicle may be converted to use in the business if it conforms to our standards. The estimated cost for the vehicle is based on a minimum down payment required to finance a vehicle and vibratory plow. These numbers will vary based on your credit-worthiness. We require that you have a copier; fax/scanner; VOIP phone system; an approved touchscreen phone/tablet running on an Android system capable of signature capture and approved credit card swipe and high-speed internet connection.

5 Real Property. You may, and we strongly recommend, that you operate from your home and therefore will not incur any real estate costs, such as rent, security deposits or utility deposits. If you are not permitted to park your van in front of your home, you may have to rent a parking space.

6 Construction Costs. Our recommendation and standard offering assume that you will operate from your home, and therefore will not incur any construction costs.

7 Signage. You will need to letter your vehicle in accordance with local ordinances, our guidelines and the Operations Manual.

8 Inventory. There is an initial inventory that we require which will range from $15,000 to $35,000 in cost and consists of various parts.

9 Tools. Tools needed in order to provide service to customers including various power tools, ladder, hand tools and a wire locator.

10 Training. The figures in the chart are your expenses during initial training. You will have salary, travel and lodging expenses. For this training program, we provide instructors and instructional materials, but you will need to arrange for transportation, lodging and food for yourself. The cost will depend on the distance you must travel and the type of accommodations you choose. You will be responsible for paying us for our airfare, lodging, local transportation and food for our staff members during the time we train at your location.

11 Insurance. The figures in the chart are based on your estimated quarterly premiums. In rare cases, you will have to pay the entire annual premium in a lump sum; generally, you pay your premiums quarterly or semi-annually. You are also required to obtain automobile liability coverage that meets the minimum specifications we require.

12 Security/Deposits. We estimate that you will need to provide deposits for high-speed Internet, and telephone services. The amount of these deposits will vary depending upon the practices of the utility companies. You will not incur any rent or rent deposits if operating from your home office.

13 Professional Fees. You will need to have an attorney and an accountant and possibly other professionals.

14 Supplies. These include your uniforms, office supplies, stationery and business cards.

15 Additional Funds. You will need capital to support ongoing expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenue during the start-up phase, which we estimate to be three months. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we estimate to be three months.

16 Total. We relied upon our principals' 40+ years of experience in the industry, and our experience offering franchises in this line of business for over 20 years when preparing these figures. We have the option of financing the entire initial franchise fee for franchisees, provided they are creditworthy. The details of this financing option are discussed in Item 10. We do not otherwise provide financing for the initial investment.

17 Multi-Unit Franchise. If you purchase multiple territories at the same time, the initial franchise fee for the second territory is $39,000 and the initial franchise fee for the third territory is $29,000. Accordingly, the total initial franchise fees are $88,900 for two territories, and $117,900 for three territories. Item 5 discusses how the initial franchise fee is calculated. This initial investment estimate assumes you commit to develop either 2 Franchised Businesses (low estimate) or 3 Franchised Businesses (high estimate). This estimate does not include your costs to develop any Franchise Business other than the first Franchised Business you develop.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have developed standards and specifications for the Services provided by you. You must operate your Franchised Business according to these standards. These standards will guide you in operating your Franchised Business and in the performance of the Services. Currently, you must purchase all upgrades to the recommended or approved Software from us or from a designated supplier. We may derive revenue from these upgrades. We do not provide any other items that you would use in operating your Franchised Business.

During the fiscal year ended December 31, 2025, we derived $18,200.74 in rebates from manufacturers in connection with franchisees' required purchases.

In addition to your required purchase or lease of your service vehicles, which, depending on whether you lease or buy the vehicles, represents approximately between 28% to 77% of all purchases and leases required in connection with establishing your Franchised Business and approximately 25% to 30% of all purchases and leases required in operating the Franchised Business, there may be other required purchases from designated or approved suppliers. The service vehicles must be cargo vans or pickup trucks approved by us and capable of providing the Services, and must be equipped with a vibratory plow and trailer, a Global Positioning System which will allow us to know the exact location of your vehicles, a mobile phone and a touch-screen tablet or similar device capable of running Android operating system (or newer), signature capture and credit card processing that we determine.

Except for our affiliate Pacific Lawn Sprinklers Hub Inc., no officer of ours owns any interest in another approved supplier.

We require all of your appointments (including site meetings and estimates) to be scheduled, processed, reviewed and delivered by the designated Call Center. The Call Center will disperse all jobs to you and our other franchisees. The Call Center is currently operated by our affiliate Pacific Lawn Sprinklers Hub Inc. You will be required to sign a Call Center Use Agreement, which is an exhibit to the Franchise Agreement.

In the fiscal year ended December 31, 2025, Pacific Lawn Sprinklers Hub Inc. received $2,317,382.13 in revenues from required purchases of services from franchisees. The source of this information is Pacific Lawn Sprinklers Hub Inc.'s financial records.

Certain manufacturers and suppliers may also provide us payment term discounts, volume discounts, cash rebates, concessions, advertising allowance, discount bonuses and other cash payments based on mandatory and/or voluntary franchisee purchases of computer hardware and software, inventory, fixtures, furnishings, signs and other products and supplies purchased and used by our franchisees. We currently receive a rebate of 5% for all purchases from a required supplier of lighting, Amp Lighting, and we reserve the right to collect additional rebates in the future. Our parent, Evive, receives a rebate of up to 5% of the cost of employee uniforms, merchandise and other branded products and print materials purchased through our online store (this rebate became effective in 2026).

You must use only advertising, marketing, promotional, public relations, lead generation, customer relationship management, reputation management, website, search engine optimization, search engine marketing, social media, email and text marketing, direct mail, yard sign, creative production, analytics, reporting, agency, consulting, media buying, and related materials, programs, campaigns, suppliers, vendors, agencies, and media that we approve or designate. We may require you to purchase or use these services from us, our affiliates, the Brand Fund, or designated or approved suppliers. We may require you to use advertising and marketing materials developed by us, our affiliates, or the Brand Fund, and to participate in approved advertising or marketing programs. We may receive revenue, rebates, commissions, management fees, administrative fees, discounts, markups, or other consideration from suppliers that provide advertising or marketing services, including suppliers used for Brand Fund or local advertising programs.

Except as described above, there are currently no other goods, services, supplies, fixtures, equipment, inventory, computer hardware and software or real estate relating to the establishment or operation of your Franchised Business that you must purchase or lease from us or a designated supplier. You are obligated to purchase or lease equipment, including products and related supplies that meet our minimum standards and specifications or are from suppliers that we approve, and if we develop any proprietary products or equipment in the future, you will be required to purchase these from us or our designated supplier. For example, you must operate your Franchised Business using only the recommended or approved Software and VOIP phone system. We will notify you in our Confidential Operations Manual (the "Manual") or on our Company Intranet site or other communications of our standards and specifications and/or names of approved suppliers. There may be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be considered an approved supplier. There are currently no purchasing or distribution cooperatives, but we expect to have them in the future and we expect to be paid fees from such vendors or approved suppliers. We, from time to time, negotiate purchase arrangements (including price terms) for the benefit of franchisees with North Shore Sprinkler Supply, SiteOne Landscape, Atlantic Irrigation, AGC Irrigation Supply, Ewing Irrigation & Landscape Supply, Heritage Landscape Supply Group, Melrose Irrigation Supply & Sales, and Central Irrigation Supply, each a supplier of sprinkler and landscape lighting supplies. We do not receive any form of consideration for these purchase arrangements.

If you want to use any product, material or render any service that does not comply with the standards of the System or is to be purchased from a supplier that has not yet been approved, you must first submit a written request for approval of the proposed supplier and obtain our approval of the supplier before purchasing any items from this supplier. We will, within a reasonable time (within 30 days), notify you of our decision. We will, from time to time, establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments, financial stability, integrity of standards of service, familiarity with our System and ability to negotiate favorable terms for our franchisees. We do not generally make available to you these criteria for supplier approval. We currently do not charge a fee for evaluating potential suppliers, but we may do so in the future.

You must offer the Services and related products that we approve and which strictly conform to our Operations Manual. You must offer all products and the Services we approve for sale on a continuous basis at your Franchised Business at the time and in the manner we require. No sale of any product or service except those products or services approved by us may be solicited, accepted or made at or from your Franchised Business. If we so request on at least 30 days' notice as part of a general program or standardization effort by us, you must discontinue the marketing of a particular product or service. Then this product or service ceases to be an approved product or service.

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit based on your purchase of particular products or services, use of designated or approved suppliers, or otherwise as a result of your compliance with these requirements.

We may, from time to time, conduct market research and testing to determine consumer trends and salability of new products, materials and services. You must cooperate by participating in our market research programs, test marketing new products and services and providing timely reports and other relevant information regarding marketing research. In connection with such test marketing, you must purchase a reasonable quantity of products to be tested and effectively promote and make a reasonable effort to sell such products, materials and services.

You may not: sell any product or render any service at or from any place except your Franchised Business.

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverage that we require from time to time. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims.

You currently are required to maintain the following minimum insurance coverage: (1) commercial general liability insurance in a form or forms covering all the Services occurring in conjunction with the operation of your Franchised Business or your conduct of business under the Franchise Agreement and all subcontractors, written on an occurrence basis, including coverage for products and completed operations, independent contractors, premises and operations, personal injury, broad form property damage, blanket contractual liability, and third-party-over actions, in an amount at least equal to $1,000,000 per occurrence, $1,000,000 in the aggregate for completed operations, and $2,000,000 general aggregate; (2) general casualty insurance including fire and extended coverage, vandalism, theft, burglary and malicious mischief insurance for the replacement value of your Franchised Business and its contents of between $25,000/$50,000 minimum limits; (3) Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which the work (including the Services) is to be performed by your Franchised Business with minimum limits of $500,000 for bodily injury (for each accident), $500,000 for bodily injury by disease (policy limits), and $500,000 for bodily injury by disease (for each employee); (4) in states where worker's compensation insurance is a monopolistic state-run system, stop gap employer's liability insurance with a minimum limit of $500,000 per accident or disease; (5) business interruption and rent insurance for a period adequate to re-establish normal business operations with coverage adequate to coincide with the value of your Franchised Business premises and its contents; (6) commercial automobile liability coverage for hired, leased, owned, borrowed, or rented vehicles used in connection with the operation of the Franchised Business, of $1,000,000 combined single limit, not less than $1,000,000 for each accident for bodily injury and property damage; and (7) commercial umbrella insurance with minimum coverage of $1,000,000 per occurrence and $2,000,000 in the aggregate. We also recommend, but do not require, that you obtain privacy and cyber security liability insurance. You must maintain all required policies in force during the entire term of the Franchise Agreement and any successor terms. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must: (a) name us (and, if we request, our directors, employees or shareholders) as additional insureds; (b) include a waiver of all subrogation rights against us; and (c) provide us with 30 days' advance written notice of any material modification, cancellation or expiration of the policy. You should consult with a licensed insurance agent to review these minimum insurance limits and obtain the proper desired coverage for your Franchised Business.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in the Franchise Agreement and in other Items of this disclosure document.

	Obligation	Article in Franchise Agreement	Item in Disclosure
(a)	Site selection and acquisition/lease	Article IX	Items 7 and 11
(b)	Pre-opening purchases/lease	Articles V and IX	Items 7 and 11
(c)	Site development and other pre-opening requirements	None	Items 7 and 11
(d)	Initial and ongoing training	Article V	Items 6, 7 and 11
(e)	Opening	Article IX	Item 11
(f)	Fees	Articles VIII, XI, XVI, and XVIII	Items 5, 6, 7 and 8
(g)	Compliance with standards and policies /Operations Manual	Articles VI and IX	Items 8, 11, 14 and 16
(h)	Trademarks and proprietary information	Articles VII and XIV	Items 13 and 14
(i)	Restrictions on products/services offered	Articles III and IX	Items 8 and 16

Obligation		Article in Franchise Agreement	Item in Disclosure
(j)	Warranty and customer service requirements	Article IX	Item 16
(k)	Territorial development and sales quotas	Article III	Item 12
(l)	On-going product/service purchases	Article V	Items 6 and 8
(m)	Maintenance, appearance and remodeling requirements	Article IX	None
(n)	Insurance	Article X	Items 7 and 8
(o)	Advertising	Article XI	Items 6, 7 and 11
(p)	Indemnification	Article XIII	Item 6
(q)	Owner's participation/ management/staffing	Article IX	Items 11 and 15
(r)	Records/reports	Articles IX and XII	Item 6
(s)	Inspection/audits	Articles IX and XII	Item 6
(t)	Transfer	Article XVI	Items 6 and 17
(u)	Renewal	Article IV	Items 6 and 17
(v)	Post-termination obligations	Article XVIII	Item 17
(w)	Non-competition covenants	Article XV	Item 17
(x)	Dispute resolution	Article XX	Item 17
(y)	Other (Liquidated Damages)	Article XVIII	Item 6
(z)	Other (Guaranty)	Article IX	Item 15

ITEM 10
FINANCING

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

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

Except as listed below, we are not required to provide you with any assistance. Before you open your Franchised Business, we will:

1. Inform you of the type of accepted vehicle that you will lease or purchase for your Franchised Business and/or approve your selection of a vehicle to use in connection with your Franchised Business (Franchise Agreement - Section 9.5).

2. Lend or otherwise make available to you one electronic copy of the Manual (Franchise Agreement - Section 5.1) and allow you access to our Company Intranet at a monthly fee paid by you.

3. Provide an initial training program, the cost of which is included in your Onboarding Fee, excluding transportation, lodging, meals and salary (Franchise Agreement - Section 5.3). This training is described in detail later in this Item.

4. Provide, in addition to or in conjunction with the initial training program, additional assistance as we deem advisable (Franchise Agreement - Section 5.3.3).

5. Provide you with access to our directory of franchisees either in print or via intranet (Franchise Agreement - Section 5.14).

During the operation of your Franchised Business, we will:

1. Provide guidance and assistance in the operation of your Franchised Business. Such guidance may be provided in the form of daily intranet communications and periodic telephone communications and the Call Center system. The Call Center will receive leads which it will distribute to you and all of our other franchisees, regardless of where they are located. (Franchise Agreement, Section 5.12)

2. Issue, modify and supplement standards for the System that may regulate any one or more of the following regarding your Franchised Business: (a) hours of operation, (b) marketing and sale of the Services, (c) maintenance of your vehicle, (d) checklists, (e) general rules and regulations for employees, and all other matters that in our sole judgment require standardization and uniformity in all Franchised Businesses.

3. Establish, to the fullest extent allowed by applicable law, maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and the Services. (Franchise Agreement – Section 5.8).

4. Maintain and administer the Brand Fund and local advertising requirements. We maintain and administer a Brand Advertising Fund (the "Brand Fund") to support the development, promotion, advertising, marketing, and protection of the Pacific Lawn Sprinklers brand, Proprietary Marks, Services, and System on a regional, market-wide, and national basis. You must pay the Brand Fund Contribution described in Item 6 and the Franchise Agreement. We determine, in our sole judgment, the manner in which the Brand Fund is spent.

Brand Fund

We may use Brand Fund contributions for any lawful purpose related to advertising, marketing, promotion, brand development, customer generation, public relations, or System support, including:

- national and regional advertising campaigns
- digital and social media advertising
- search engine optimization and search engine marketing
- website development, hosting, maintenance, and optimization
- customer relationship management systems and marketing technology
- referral, gift card, and loyalty programs
- creative design, branding, content production, video production, and photography
- television, radio, streaming, print, and online media purchases
- public relations and reputation management
- market research and analytics
- development of marketing materials and promotional programs
- franchisee marketing support
- administration and management of advertising programs
- agency and consulting fees
- trade shows and sponsorships
- activities intended to maintain quality of customer service and brand confidence
- and other marketing, advertising, promotional, or brand-related activities we approve

We may use Brand Fund contributions to reimburse us or our affiliates for reasonable administrative costs, salaries, overhead, creative expenses, production costs, consulting fees, agency fees, technology costs, legal and accounting expenses, and other costs and expenses incurred in connection with operating and administering the Brand Fund and related advertising programs. We do not anticipate using Brand Fund contributions principally to solicit franchise sales, but we may use the Brand Fund for public relations or brand recognition, for a website that may include franchise opportunity information, and for advertising that includes a notation such as "Franchises Available."

The Brand Fund is not a fiduciary fund, trust, or escrow account for your benefit. We may defer or reduce Brand Fund expenditures and may use contributions collected in one period during subsequent periods. We are not required to spend Brand Fund contributions in your Territory or in proportion to amounts contributed by you or other franchisees. We may spend in any calendar year an amount greater or less than the aggregate contributions made to the Brand Fund during that year, may borrow for the Brand Fund or lend money to it on commercially reasonable terms, and may invest surplus for future use. We may reduce, suspend, terminate, or reinstate the Brand Fund upon 30 days prior written notice. If we terminate the Brand Fund, we will distribute unspent monies, if any, to participating Pacific Lawn Sprinklers businesses in proportion to their respective Brand Fund contributions during the preceding 12-month period. We may, but are not obligated to, provide periodic reports summarizing Brand Fund receipts and expenditures. We will prepare and furnish to you, upon written request, an unaudited annual statement of funds collected and costs incurred. In the calendar year ended December 31, 2025, the Brand Fund spent 0% on Production, 83% on Media Placement, 15% on Administrative Expenses, and 2% on Other expenses, including credit card fees and other miscellaneous fees.

<u>Local Advertising</u>

In addition to your Brand Fund Contributions, you must spend no less than the greater of (i) 2% of Net Revenue or (ii) $36,000 per Calendar Year on local advertising and promotion approved by us. Approved local advertising expenditures may include digital advertising, search engine marketing, local service advertisements, website and search engine optimization services, social media advertising, direct mail campaigns, loyalty and referral reward programs, neighborhood marketing, community sponsorships, home shows and trade events, reputation and review management programs, email and text marketing campaigns, yard signs, and other advertising or promotional activities we approve. Brand Fund Contributions do not count toward this Local Advertising Requirement. You must maintain records and documentation of all local advertising expenditures and provide them to us upon request. Failure to satisfy or document the Local Advertising Requirement constitutes a default under the Franchise Agreement.

If an advertising cooperative is formed and approved by us, you must contribute to the cooperative in the amount determined by the cooperative, subject to any limits we establish. Amounts you pay to an approved advertising cooperative will be credited against your Local Advertising Requirement unless we designate otherwise, but will not reduce your Brand Fund Contribution. The cooperative will determine who will administer the cooperative. For a vote to be binding on its members, the cooperative meeting must be attended by two-thirds (2/3) of its members, and the matter approved by two-thirds (2/3) of the member franchisees present, with each member office having one (1) vote, provided that no franchisee or controlled group of franchisees will have more than twenty-five percent (25%) of the vote in a cooperative regardless of the number of offices owned. Company-owned offices will have one vote per office and will contribute the same as a franchisee-owned office. The written governing documents will be available for review by you. Cooperatives need not prepare annual or periodic financial statements, but if they are prepared, they may be reviewed by you. We may require cooperatives to be formed, changed, dissolved, or merged. There are presently no advertising councils composed of franchisees, but there may be such councils in the future. We may create an advertising council comprised of franchisees and a company representative. This council may vote on advertising policies for the Brand Fund, but we will always have the deciding vote on any advertising policies.

Any use of social media by you or your employees pertaining to the Franchised Business or Services must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. We reserve the right to "occupy" any social media websites/pages and be the sole provider of information regarding the Franchised Business on such websites/pages (e.g., a system-wide Facebook page). At our request, you will promptly modify or remove any online communication pertaining to the Franchised Business that does not comply with the Franchise Agreement or the Manual. You are not prohibited from obtaining customers over the Internet provided your Internet presence and content comply with the requirements of the Franchise Agreement.

Site Selection and Opening

We estimate that between 30 and 60 days will elapse from the date of execution of the Franchise Agreement to the opening of your Franchised Business for business. The Franchise Agreement requires that your Franchised Business be opened for business not later than 60 days after we approve the location for your Franchised Business, which may be your home and which cannot be changed or moved without our consent. We will provide such site selection guidelines and consultation we deem advisable, and we will conduct such site evaluations as we deem advisable as part of our evaluation of your request for site approval. However, we are not required to provide on-site evaluations. Our approval of your proposed site will depend on factors including general location and neighborhood, parking, and size of the building. If we and you cannot agree on a proposed site then your Franchised Business will not be opened and you will forfeit your Initial Franchise Fee. You may not open your Franchised Business for business until: (1) we determine that your Franchised Business has been equipped and stocked with materials and supplies in accordance with plans and specifications we have approved; (2) you have completed our initial training program to our satisfaction; (3) the initial franchise fee and all other amounts due to us have been paid; (4) you have furnished us with all certificates of insurance required by the Franchise Agreement; (5) you are in full compliance with all the terms of the Franchise Agreement; and (6) all items in our opening checklist have been complied with to our satisfaction.

Training Programs

The cost of the training program is included in your Onboarding Fee and will be provided for up to five (5) persons. However, you will be responsible for all costs of travel, food, lodging and other incidental expenses incurred by you and your personnel in attending the training program. (Franchise Agreement - Section 5.3.) In addition, one of our designees will assist you throughout your opening period.

We may also provide, and require that you (and your manager, as appropriate) attend, up to five (5) days of additional training at our designated training facility or another location we designate ("Additional Training"). We may require you to attend Additional Training in connection with new or updated products, technology, software or system policies, or any other reason we deem appropriate in our sole discretion. You may also request that we provide certain additional or refresher training to you, either at one (1) of our designated training facilities or on-site at your Franchised Business. We reserve the right to charge you our then-current training fee (regardless of location). (Franchise Agreement, Section 5.3).

You will be responsible for the costs and expenses associated with you and your designated personnel attending any such additional training described in this Item. (Franchise Agreement, Section 5.3).

The per person cost of the requested class/training or Additional Training will be determined by us based on the cost of the instructor's fee, travel, lodging, food and materials associated with the training topic. You must also pay all expenses of travel, lodging, meals, meeting rooms and materials incurred by our representatives. (Franchise Agreement - Section 5.3.)

When we decide to hold it, you and/or your representative must attend our annual convention.

In addition to initial training, you will also be required to participate in and satisfy all other training programs that we may designate respecting the Franchised Business, including mandatory continuing online training programs that we may implement. We project the following training schedule:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Customer Relations and Service	10	4	OnSite/ at a designated training location / via the Internet
Marketing / Sales Strategies	10	4	OnSite/ at a designated training location / via the Internet
Installation Methods	10	14	OnSite/ at a designated training location / via the Internet
Service Methods	10	14	OnSite/ at a designated training location / via the Internet
Technology	12	4	OnSite/ at a designated training location / via the Internet
Financial Management	10	0	OnSite/ at a designated training location / via the Internet
TOTAL	**62**	**40**	

Notes:

1 Classroom training may include webinars or other online training resources for certain subjects.

2 It is the nature of the business that all aspects of the training are integrated so there are no definitive starting and stopping times. The instructional material consists primarily of the Manual.

3 All of our instructors are part of our management team. Michal Pawluk is our Associate Director of Training and has served in that role since September 2018. The minimum experience of the instructors that is relevant to the subject taught and our operations is from 10 to 40+ years.

Computer Systems and Software

You must own a personal computer or laptop with high-speed internet access. You will use this computer to connect to our dedicated servers to log on to the software system we license to you. You must use this software system to maintain your accounts receivable, accounts payable, service history, dispatch calendar, appointment calendar, etc. We also provide an Outlook platform where you will access e-mail, your calendar, tasks and the company e-mail and telephone directory. You must also have a personal scanner/printer. In addition, you must purchase the approved handheld computer, which must have wireless real time capabilities, to access your daily orders, detail work done and process payment for clients. You must also purchase the approved credit card swipe device.

We will provide you with recommended and approved Software, which is used by our franchisees and which you are required to use in the operation of your Franchised Business. The recommended and approved Software performs some functions for operating your business. You are required to purchase support services for the recommended and approved Software from a supplier we designate. Currently the fees for support services are between $500 and $1,000 per year. You are also required to purchase upgrades to the recommended and approved Software as they become available. The upgrades will be made available by us or our designated supplier. As further detailed in Item 6, you pay us a technology fee for software, technology and related services we provide. As of the date of this Disclosure Document, current pricing is $60 per month per ERP license, $64 per month per mobile software license, $25 per user per month for safety/security/email and remote desktop, and $25 per user per month for the training platform. Prices are subject to change based on vendor terms and offerings. We may increase the technology fee up to $750 per month.

You are required to have a high-speed internet service provider approved by us with internet access and e-mail. We will use these methods to communicate with our franchisees. You will be required to access our Intranet for updates, information and communications. You will be required to pay a monthly fee per user for access to our Intranet. There are no specific contractual obligations limiting the frequency or cost of your obligation to acquire upgrades and updates or to replace obsolete or worn-out hardware or equipment.

We will have independent access to the information and data collected and/or generated by your computer 24 hours a day, 7 days a week, via a high-speed internet connection.

Attached to this Disclosure Document as Exhibit F is the Table of Contents of the Confidential Operations Manual, which contains 298 pages, and consists of the following subjects: Preface (8 pages); Introduction (17 pages); Pre-Opening Procedures (42 pages); Personnel (71 pages); Sales

Procedures (41 pages); Office Procedures (29 pages); Installation Procedures (46 pages); Service and Repair Procedures (30 pages); and Advertising (14 pages).

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.

Location of Franchised Business

The Franchise Agreement grants you the right to operate your Franchise Business solely within your Territory and (if applicable) SSA. You may not relocate to a new Territory or SSA.

You will operate from a home office or other location we approve, which must be within 25 miles of your Territory. You may relocate your home office or other location only with our prior written approval. Your new home office or other location must be within 25 miles of your Territory. Our approval will be based upon many factors, including the viability of the then-current location and demographics (including number of households, size of the space and rental costs relating to the proposed location). You may not relocate your Franchised Business without our prior approval. Our approval will not be unreasonably withheld. This approval should not be construed as an assurance or guaranty that the new site will be successful. Our approval is based on certain limited set of factors, such as the number of residential homes, traffic patterns, size of the premises, lease terms, competition, and similar factors.

Territory and Supplemental Service Area

We will grant you a Territory, which will be described in Exhibit "B" to the Franchise Agreement. We also may (but need not) grant you a Supplemental Service Area which, if applicable, will also be described in Exhibit "B " to the Franchise Agreement. A Supplemental Service Area (or SSA) means a geographic area that:

1. is adjacent to and continuous with your Territory;
2. we have not assigned to another Pacific Lawn Sprinklers business; and
3. we authorize you to service, subject to your continued compliance with the associated Performance Criteria (described further below).

As long as you continue to meet the Performance Criteria: (a) you may operate your Franchised Business within your SSA to the same extent you may operate your Franchised Business within your Territory; and (b) the same territorial protections, limitations and restrictions applicable to your Territory will apply to your SSA. In other words, your SSA will be treated the same as your Territory.

Your Territory will include at least 50,000 Qualified Households unless you specifically request a Territory comprised of a metropolitan area with fewer than 50,000 Qualified Households. The total number of Qualified Households within a franchised Territory and SSA (on a combined basis) typically ranges from 75,000 to 100,000. The maximum number of Qualified Households in a Territory and SSA is 125,000.

We may designate the boundaries of your Territory and SSA in any manner we deem appropriate. We have no obligation to modify your Territory or SSA based on changes to the number of Qualified Households during the term of the Franchise Agreement. We reserve the right to modify the boundaries of your Territory and/or SSA in accordance with our then-current territory guidelines and criteria at the time you renew your franchise or relocate to a new territory (which requires our approval).

Supplemental Service Area Performance Criteria

To retain rights to your SSA you must demonstrate, on a continuing basis, that you are reasonably capable of consistently providing Services to customers in the SSA in accordance with our standards, policies and procedures (the "Performance Criteria"). We may consider any factors we deem relevant in assessing your compliance with the Performance Criteria. Examples of factors indicating a failure to meet the Performance Criteria include:

- insufficient scheduling availability to satisfy demand for services in a timely manner (e.g., speed-to-lead extending beyond 1 to 2 weeks, consistent backlogs during peak season, etc.)
- maintaining an insufficient staff, or an insufficient number of service vehicles, to adequately service the SSA
- failure to allocate a reasonable portion of advertising dollars within the SSA to generate customer leads
- low customer satisfaction levels within the SSA (e.g., excessive customer complaints, warranty/service issues, negative reviews, failure to show up at appointments on time, canceled appointments, etc.)
- low closing rates on quotes within the SSA
- significant declines in revenue or service volume within the SSA
- refusal or inability to expand operational capacity to meet market demand
- failure to participate in required training, coaching, or operational improvement programs

If you fail to satisfy any Performance Criteria, we may take one or more of the following actions:

1. we may revoke all operational and territorial rights and protections granted to you with respect to the SSA (an "SSA Revocation");
2. we may revoke all territorial rights and protections granted to you with respect to the SSA (an "SSA Territorial Rights Revocation");
3. we may reduce the size of the SSA by modifying its boundaries in any manner we deem appropriate (an "SSA Reduction"); or
4. we may implement a combination of an SSA Territorial Rights Revocation and an SSA Reduction.

If we implement an SSA Revocation you must immediately discontinue all business operations within the SSA, send us copies of all data and contracts relating to customers in the SSA, and help transition those customers to another Pacific Lawn Sprinklers business we designate (unless we agree otherwise).

If we implement an SSA Territorial Rights Revocation you may continue to operate the Franchised Business within the SSA (but without any territorial protections) for the period of time we deem appropriate. The Call Center may discontinue routing service requests to you for customers in the SSA.

If we implement an SSA Territorial Rights Revocation and/or SSA Reduction we will retain the right to implement an SSA Revocation at any subsequent point in time we deem appropriate.

Territorial Protections and Limitations

Although we do not grant exclusive territories, we will not authorize any person (other than you) to operate a Pacific Lawn Sprinklers business that is authorized to provide Services to customers at job sites located in your Territory or SSA (provided you satisfy the Performance Criteria) except as otherwise provided below:

Acquisition

We reserve the right to acquire (or be acquired by) another company or system that sells goods or services the same as or similar to the Services you provide, and any outlet of the acquired or acquiring company that is located in your Territory and/or SSA may be converted into a Pacific Lawn Sprinklers business (a "Converted Outlet"). A Converted Outlet may engage in the same business activities as you within your Territory and SSA.

Customers

During the term of your Franchise Agreement we will not authorize another Pacific Lawn Sprinklers business (other than a Converted Outlet) to provide Services to customers in your Territory or SSA unless any of the following apply:

- the customer requests Services from another Pacific Lawn Sprinklers business with whom the customer has a pre-existing personal or business relationship
- the customer received Services from another Pacific Lawn Sprinklers business before you acquired rights to the Territory or SSA
- the customer is a National Account customer (described below) and you decline (or fail to timely accept) our offer to provide Services to the National Account customer in accordance with the contract we negotiate or you otherwise fail to provide Services in accordance with the National Account contract
- the customer requires Services at a time when you lack a state license necessary to lawfully operate your Franchised Business

Targeted Marketing

During the term of your Franchise Agreement we will not authorize another Pacific Lawn Sprinklers business (other than a Converted Outlet) to conduct Targeted Marketing within your Territory or SSA for purposes of soliciting customers. "Targeted Marketing" means advertising or marketing directed into a specific geographic area for the primary purpose of soliciting customers within that area. The term is described in more detail in the Franchise Agreement.

National or Regional Accounts

At any time, we reserve the right (for ourselves and our affiliates) to enter into and/or service national or regional account contracts or strategic alliances or joint ventures with businesses that have locations in 2 or more locations ("National Accounts"). We may establish National Accounts with third party contractors, regardless of whether you previously serviced the customer in the past. As long as you are not in breach of the Franchise Agreement, you will be granted the option to service the locations of these National Accounts in your Territory/SSA as long as you do so under the terms and conditions (including pricing) of the contract we negotiate with the National Account customer. If you do not begin providing or continue servicing an account at the time, in the manner, and under the terms in the contract, we may provide or allow others (including other franchisees) to provide the services to such accounts within your Territory/SSA and you will not be entitled to any compensation for such services.

Alternative Channels of Distribution

We may sell, and license third parties to sell, any goods and services we deem appropriate (including goods and services that are the same as or similar to the goods and Services you sell) within your Territory through Alternative Channels of Distribution, including under the Proprietary Marks or different trademarks. An "Alternative Channel of Distribution" means any channel of distribution other than the sale or rendering of Services from an approved office location or at a customer job site. Examples include the sale of Services (or any other goods or services): (a) through direct marketing, such as the Internet or telemarketing; (b) through retail stores that do not operate under the Proprietary Marks; or (c) at wholesale. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Minimum Performance Criteria

As discussed above, you must satisfy the Performance Criteria to retain rights to your SSA. Your territorial protections do not depend on achieving any other sales volume, market penetration, or other contingency.

Vacant Territories

You may request the right to operate your Franchised Business in a Vacant Territory. A "Vacant Territory" means any geographic area that is adjacent or in close proximity to your Territory or SSA that, as of the relevant date, is neither assigned to nor serviced by another Pacific Lawn Sprinklers business. We may approve or reject your request. If approved, you may operate your Franchised Business in the Vacant Territory (including soliciting, advertising and providing Services to customers in the Vacant Territory), subject to the following:

- you may only operate in the Vacant Territory we designate
- you must demonstrate you are reasonably capable of consistently providing Services to customers in the Vacant Territory in accordance with our standards, policies and procedures
- you must maintain all licenses necessary to lawfully operate in the Vacant Territory
- you receive no territorial rights or protections with respect to the Vacant Territory
- we may at any time for any reason (or for no reason) revoke our approval

If we revoke our approval, you must immediately discontinue business operations in the Vacant Territory, send us copies of all data and contracts relating to customers in the Vacant Territory, and help transition those customers to another Pacific Lawn Sprinklers business we designate (unless we agree otherwise).

Restrictions on Sales and Marketing Activities

You may provide the Services to customers and prospective customers from your approved location only. You may not conduct Targeted Marketing that is directed into any area outside your assigned Territory and/or SSA. You may not engage in any promotional activities or sell any lawn sprinkler installations or related products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system or any interactive electronic document contained in a central computer linked to communications software service providers (collectively, the "Electronic Media") or any other devices sent or directed to customers or prospective customers; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located near your Franchised Business, as determined and approved by us, and will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers located anywhere, you may not make any sales or perform services to customers unless the Call Center directs those leads to you because the Call Center will determine which franchisee will perform these services.

There are no other restrictions on your right to solicit customers from inside or outside your Territory/SSA and, if applicable, Vacant Territory.

Additional Franchises and Territories

We do not grant options, rights of first refusal or similar rights to acquire additional territories or franchises.

Competing Businesses Under Different Marks

Neither we nor our affiliates currently intend to operate or franchise another business under a different trademark that sells products or services similar to Services but we reserve the right to do so.

ITEM 13
TRADEMARKS

We grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise, including the primary service mark "Pacific Lawn Sprinklers" and design (together, the "Proprietary Marks"). "Pacific Lawn Sprinklers" and the other Proprietary Marks which have been registered with the United States Patent and Trademark Office are owned by our affiliate Pacific Lawn Sprinklers LLC, which has licensed them to us by virtue of a perpetual, royalty-free license agreement that was entered into in 2005. This license agreement contains no limitations on our use of the Proprietary Marks. The following marks which will be licensed to you are registered on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration Date	Registration Number
PACIFIC LAWN SPRINKLERS (DESIGN)	01/16/2007	3,199,565
PACIFIC LAWN SPRINKLERS (DESIGN & TAG)	04/24/2007	3,234,617
PACIFIC LAWN SPRINKLERS	04/18/2006	3,083,879
PACIFIC	01/10/2006	3,042,535
THE LEADING NAME IN IRRIGATION	03/20/2007	3,220,624

There are no currently effective determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state or any court, nor is there any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks which may be relevant to their use in this state or in any other state. We have filed Section 9 renewals for all of the Proprietary Marks described above, and filed all required affidavits for the same, including the six- and ten-year Section 8 affidavits of continued use.

There are no agreements currently in effect which limit our right to use or to license others to use the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We may defend you against any third-party claim, suit or demand arising out of your use of the Proprietary Marks. If we, in our sole judgment, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. In the event of any litigation relating to your use of the Proprietary Marks, you must execute any and all documents and do such acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that this litigation is the result of your use of the Proprietary Mark in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out- of-pocket costs in doing these acts.

There are no infringing uses actually known to us that could materially affect your use of the Proprietary Marks in this state or elsewhere.

You must conspicuously post a sign and include on all written materials, including advertisements, stationery, business cards, etc. and on your vehicles the following: "Independently owned and operated."

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it, at our sole judgment. You do not have any right to compensation in the event we substitute, alter or otherwise require you to modify or discontinue using any of the Proprietary Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

There are no patents or pending patent applications that are material to the franchise. You do not receive the right to use an item covered by any registered copyright, but you can use the proprietary and confidential information that is in our Manual, to which we claim common law rights of copyright. The Manual is described in Item 11 and below. Although we have not filed an application for a copyright registration for the Manual, we claim a copyright and the information in it is proprietary and confidential. You must also promptly tell us when you learn about unauthorized use of this proprietary and confidential information. We are not obligated to take any action, but will respond to this information as we think appropriate.

Confidential Operations Manual

You must operate your Franchised Business according to the strict standards, methods, policies and procedures specified in the Manual. We will provide you with electronic access to the Manual for the term of the Franchise Agreement after you complete our initial training program to our satisfaction. A copy of the Manual will be placed in our Company Intranet.

You must treat the Manual, any other of our manuals which are used in the operation of your Franchised Business, and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise give them to any unauthorized person. The Manual will remain our sole property and you must keep your access credentials secure.

We may revise the contents of the Manual, and you must comply with each new or changed standard. You must make sure to regularly check the Company Intranet for any changes to the Manual. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our corporate office will be controlling.

Confidential Information

You must not, during or after the term of the Franchise Agreement, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to you or which you may learn because of your operation under the terms of the Franchise Agreement. Confidential information includes, but is not limited to: (a) price lists and marketing plans and strategies; (b) proprietary computer software functions, capabilities, code, manuals, fixes, work arounds, revision plans, etc., and any proprietary equipment or products that we may develop; (c) customer lists, customer identities, customer contacts and customer preferences (including identities and plans for approaching potential customers); and (d) leasing plans, rates and information. You may divulge this confidential information only to those of your employees who have access to and who operate your Franchised Business. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

Subject to any state laws, if you are an entity, you agree to have a Non-Disclosure and Non-Competition Agreement (the sample form of which is attached as Exhibit "C" of the Franchise Agreement) executed by all of the following persons (as applicable): all of your owners, equity holders, control persons, shareholders, members, partners and general partner(s); all of your officers, directors and managers; and, all persons possessing equivalent positions in any business entity which directly or indirectly owns and/or controls the franchisee entity. We will be a third-party beneficiary of each Non-Disclosure and Non-Competition Agreement with independent enforcement rights.

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

During the term of the Franchise Agreement, and in our judgment, you must attend and complete our initial training program and you (or, if you are a corporation, limited liability company or partnership, a principal, general partner or managing owner of the corporation, limited liability company or partnership) must devote your full time and best efforts to the management and operation of the Franchised Business. Your Managing Owner must have satisfactorily completed our initial training program and must have obtained all licenses, permits and other approvals required to operate the Franchised Business. The Franchised Business must have constant supervision by you or by a designated and approved manager who has satisfactorily completed our training program. You must also maintain a competent, conscientious, trained staff, including a fully trained manager. If you are an individual, we recommend that you be the fully trained manager described above. If you are an entity, we recommend that one of your owners be the fully trained manager.

The franchisee must reside full-time within the Territory and no more than one (1) hour from the Territory. If the franchisee does not satisfy this requirement, the franchisee must employ a designated manager, approved by us, who works full-time in the Franchised Business, resides within the Territory, and resides no more than one (1) hour from the Territory. We impose no limitations as to who you may hire as the manager, except that you must comply with all applicable laws, the manager must not harm the goodwill associated with the System and the Proprietary Mark (which requirement may affect who you hire as your manager), and we have the right to approve or disapprove the manager after training. The manager will not be required to have an equity interest in your business. The manager will be required to attend and complete our training program to our satisfaction, as described in Item 11.

If Franchisee is a business entity, each majority owner of Franchisee (if a corporate entity), the General or Managing Partner (if a limited partnership) or the individual partners (if a standard partnership), and their respective spouses, must sign a personal guarantee in the form of Exhibit E to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the premises and resources of the Franchised Business solely for the operation of the Franchised Business. You must keep your Franchised Business open and in normal operation for the minimum hours and days as we specify. You must respond to emergency calls at all times. You must not use or permit the use of the Franchised Business for any other purpose or activity at any time without first obtaining our written consent. You must operate the Franchised Business in strict conformity with the methods, standards and specifications we may require in the Manual or in writing. You must not change the standards, specifications and procedures without our prior written consent.

You must perform those jobs given to you by the Call Center. If during the term of the Franchise Agreement, you are unable to promptly and properly serve a customer, due to excessive work, you must refer that customer back to the Call Center for dispatch to another franchisee immediately. You must notify the Call Center at least 7 days in advance of any cancellation of a job, and your failure to do so will result in a rescheduling fee.

You must offer only the Services and related products specified by us; you may not change our standards and specifications without our prior written consent; and you must stop selling and offering for sale any services which we may, in our judgment, disapprove in writing at any time. We have the right to change the types of authorized services and there are no limits on our right to make changes.

In addition, you must only use the recommended or approved Software, the supplies and suppliers that we have approved for use at your Franchised Business.

We may supplement, improve or modify the System from time to time. You must comply with all of our reasonable requirements in that regard, including offering and selling new or different products or services as we specify.

You are restricted by the Franchise Agreement, the Manual and any other practice or custom with respect to the goods or the Services which you may offer, which must be approved by us. You are not restricted as to the customers whom you may solicit or service, subject to the restrictions described in Item 12.

You must operate the Franchised Business in strict conformity with all applicable Federal, state and local laws, ordinances and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction and may be implemented or interpreted in a different manner from time to time. It is your sole responsibility to learn of the existence and requirements of all laws, ordinances and regulations applicable to the Franchised Business and to adhere to them and to the then-current implementation or interpretation of them. You are required to honor all warranties on product parts and labor and on the Services.

We may offer prepaid maintenance packages when a customer wishes to prepay for installations and servicing. The Call Center will maintain a trust account with these fees and release them to the franchisee who performs the Services.

In addition, any fees that are generated by the Call Center from central or remote-control monitoring services shall not be distributed to any franchisees and will be paid to us or our designee.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement pertaining to renewal, termination, transfer, and dispute resolution. You should read these provisions in the Franchise Agreement attached to this Disclosure Document. See Exhibit C.

THE FRANCHISE RELATIONSHIP

Provision		Article in Franchise Agreement	Summary
a.	Length of the franchise term	Article IV	Ten years
b.	Renewal or extension of the term	Article IV	You do not have the contractual right to renew (subject to state law). If we offer you the right to renew, the renewal term will be 10 years.

Provision		Article in Franchise Agreement	Summary
c.	Requirements for you to renew or extend	Article IV	If we decide to offer you the right to renew (or if mandated by state law), then in order to renew you must provide notice, comply with the Franchise Agreement, execute a new Franchise Agreement, sign a release, and pay a renewal fee equal to 10% of our then-current initial franchise fee. You may be asked to sign a contract with materially different terms and conditions than your original contract.
d.	Termination by you	Not Applicable	You may seek to terminate your Franchise Agreement on any ground permitted by law
e.	Termination by us without cause	Not Applicable	Not Applicable
f.	Termination by us with cause	Article XVII	Breach of Franchise Agreement and other grounds; see Article XVII for details
g.	"Cause" defined - defaults which can be cured	Article XVII	Breach of Franchise Agreement and other grounds, such as failure to pay fees when due, misuse of Proprietary Marks, sale of an unapproved service; report 3 cancellations in any 12-month period; see Article XVII
h.	"Cause" defined – non-curable defaults	Article XVII	Breach of Franchise Agreement, such as filing for bankruptcy or assignment for the benefit of creditors
i.	Your obligations on termination/non-renewal	Article XVIII	Obligations include discontinue using confidential information and materials, return Manual, and payment of amounts due, including liquidated damages; see Article XVIII
j.	Assignment of contract by us	Article XVI	No restriction on right to transfer
k.	"Transfer" by you - definition	Article XVI	Transfer all or substantially all of the assets of your business
l.	Our approval of transfer by you	Article XVI	We have the right to approve transfers

Provision		Article in Franchise Agreement	Summary
m.	Conditions for our approval of transfer	Article XVI	Includes payment of money owed, non-default, execution of release, transferee qualifications, payment of transfer fee, execution of a new agreement by transferee and payment of the then-current initial training fee
n.	Our right of first refusal to acquire your business	Article XVI	We can match any offer
o.	Our option to purchase your business	Article XVIII; Article XXI	Upon expiration or termination, we can buy your Franchised Business.
p.	Your death or disability	Article XVI	Franchise must be assigned to approved buyer within 60 days
q.	Non-competition covenants during the term of the franchise	Article XV	Includes prohibition on owning or operating business which sells similar services
r.	Non-competition covenants after the franchise is terminated or expires	Article XV	Includes prohibition on owning or operating business which sells similar services for two years and located within 50 miles of any unit in the System
s.	Modification of the agreement	Article XIX	Must be in writing by both parties
t.	Integration/merger clause	Article XXI	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Our merger/integration provision is not intended to disclaim the representations made in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Article XX	We and you must arbitrate all disputes in Maricopa County, AZ. Most disputes must be mediated before arbitration.

Provision	Article in Franchise Agreement	Summary
v. Choice of forum	Article XX	Subject to arbitration requirement, litigation must be at a state or federal district court of competent jurisdiction in the state, county and judicial district in which our principal place of business is then located. Your state law may supersede this provision and it may not be enforceable in your state. See special state disclosures in the state addenda to the Franchise Agreement and Disclosure Document. Subject to applicable state law.
w. Choice of law	Article XX	Arizona law applies. Your state law may supersede this provision and it may not be enforceable in your state. See special state disclosures in the state addenda to the Franchise Agreement and Disclosure Document. Subject to applicable state law.

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

Defined Terms

For purposes of this FPR, the following terms have the meanings given to them below.

"***Combo Franchise***" means a franchise that: (a) is authorized to receive leads from the Call Center for both (i) service, maintenance and repair work and (ii) installation work; and (b) is allotted 2 Service Vehicle Routes under its franchise agreement. As of 2026, we no longer offer Combo Franchises.

"***Company-Owned Outlet***" means any Pacific Lawn Sprinklers business owned by us, our affiliate or a person listed in Item 2 of this Disclosure Document if that person also manages the Pacific Lawn Sprinklers business.

"***Converted Outlet***" means a Pacific Lawn Sprinklers business that was a Company-Owned Outlet sold to a franchisee, or a Franchised Outlet reacquired by us or our affiliate, during the Measuring Year.

"***FPR***" means the financial performance representation set forth in Item 19 of this Disclosure Document.

"***Franchised Outlet***" means any Pacific Lawn Sprinklers business owned by a franchisee.

"***Measuring Year***" means the period of time beginning January 1, 2025 and ending December 31, 2025.

"***Net Revenue***" is defined as revenues generated, billed but not collected, earned, derived and/or received from customers, whether for cash or credit, plus all other revenues derived from the Pacific Lawn Sprinklers business, excluding taxes collected from customers, and refunds.

"***Qualifying Franchised Outlet***" means a Franchised Outlet operated by a Qualifying Franchisee.

"***Qualifying Franchisee***" means a franchisee who: (a) operated their Franchised Outlet throughout the Measuring Year; and (b) is not a Converted Outlet.

"***Service Franchise***" means a franchise that is authorized to receive leads from the Call Center for service, maintenance and repair work, but not installation work, and is ordinarily allotted 1 Service Vehicle Route under its franchise agreement. However, a franchisee who owns a Service Franchise may perform installation work for leads independently generated by the franchisee through its own contacts or customer relationships. As of 2026, we no longer offer Service Franchises.

"***Service Vehicle Route***" or "***SVR***" means a number of customers we prescribe up to (but not exceeding) the number of customers who may be serviced by a single Service Vehicle in a single day.

System Statistics

For purposes of this FPR, each signed franchise agreement is considered a separate Franchised Outlet even though some franchisees: (a) signed multiple franchise agreements but operate them together as a single "franchised business"; and/or (b) operate multiple SVRs under a single (or under multiple) franchise agreements.

This FPR includes data for all 64 Qualifying Franchised Outlets (with 77 SVRs) operated by 45 Qualifying Franchisees. This FPR excludes data from Company-Owned Outlets.

As of December 31, 2025, there were 72 Franchised Outlets (with 85 SVRs) operated by 53 franchisees. Of the 72 Franchised Outlets open on December 31, 2025, we excluded data from:

- 7 Franchised Outlets (with 7 SVRs) operated by 7 franchisees that opened in 2025 and were not open the entire Measuring Year
- 1 Franchised Outlet (with 1 SVR) that was open at the beginning and end of the Measuring Year but temporarily discontinued operations during the Measuring Year

The table below summarizes the statistics and the number of Qualifying Franchised Outlets.

2025 Statistics for Franchised Outlets				**Converted Outlets**	**Qualifying Franchised Outlets**
Open Jan 1, 2025	***Opened***	***Closed***	***Open Dec 31, 2025***		
69	7	4	72	0	64* (23 Combo Franchises & 41 Service Franchises)

The table below summarizes the statistics and the number of Qualifying Franchisees.

2025 Statistics for Franchisees				Converted Outlets	Qualifying Franchisees
Open Jan 1, 2025	***Opened***	***Closed***	***Open Dec 31, 2025***		
50	7	4	53	0	45* (13 Combo Franchisees & 32 Service Franchisees)

* There are no excluded Franchised Outlets or Franchisees in this FPR that closed during 2025 after being open less than 12 months. However, we have excluded 1 Franchised Outlet operated by 1 Franchisee that did not operate throughout the entire Measuring Year due to a temporary closure.

Material Differences

For purposes of this Item 19, certain historical Franchised Outlets operated under franchise agreements that classified the franchised business as either a "Combo Franchise" or a "Service Franchise." These historical classifications are used in this Item 19 only to describe and distinguish the Franchised Outlets and Service Vehicle Routes included in the historical financial performance information presented below. Going forward, all franchisees will receive leads from both (a) service, maintenance and repair work and (b) installation work (same as a Combo Franchise). However, going forward, franchisees will be given 1 SVR and will operate a minimum of 2 Service Vehicles in the SVR.

Prior to 2026, we only offered unprotected service areas which could include the area within a 25-mile radius from the franchisee's approved location. Beginning in 2026, we began offering franchisees: (a) a protected Territory (not subject to any Performance Criteria); and (b) a protected Supplemental Service Area (conditioned upon meeting certain Performance Criteria). The total number of Qualified Households in a Territory and SSA (on a combined basis) typically ranges from 75,000 to 100,000.

There are no other material differences between the operations of the Pacific Lawn Sprinklers businesses operated by the Qualifying Franchisees and the franchised business offered under this Disclosure Document.

Subsets Utilized

This FPR includes data from 45 Qualifying Franchisees that operate 64 Qualifying Franchised Outlets, with a total of 77 Service Vehicle Routes as of December 31, 2025. We created the following subsets based on the number of Franchised Outlets and SVRs operated by Qualifying Franchisees, presented on a combined basis and then broken out between Combo Franchises and Service Franchises:

All Qualifying Franchised Outlets				
Subset	**Number of Franchised Outlets and SVRs Operated by Qualifying Franchisee***	**Number of Qualifying Franchisees**	**Number of Franchised Outlets**	**Number of Service Vehicle Routes**
1	All Qualifying Franchisees	45	64	77
2	Franchisees Operating 1 Franchised Outlet and 1 Service Vehicle Route	23	23	23
3	Franchisees Operating 1 Franchised Outlet and 2 Service Vehicle Routes	8	8	16
4	Franchisees Operating 2 Franchised Outlets and 2 Service Vehicle Routes	5	10	10
5	Franchisees Operating 2 Franchised Outlets	4	8	12

All Qualifying Franchised Outlets				
Subset	**Number of Franchised Outlets and SVRs Operated by Qualifying Franchisee***	**Number of Qualifying Franchisees**	**Number of Franchised Outlets**	**Number of Service Vehicle Routes**
	and 3 Service Vehicle Routes			
6	Franchisees Operating 3 Franchised Outlets and 3 Service Vehicle Routes	4	12	12
7	Franchisees Operating 3 Franchised Outlets and 4 Service Vehicle Routes	1	3	4

Combo Franchises Only				
Subset	**Number of Franchised Outlets and SVRs Operated by Qualifying Franchisee***	**Number of Qualifying Franchisees**	**Number of Franchised Outlets**	**Number of Service Vehicle Routes**
1	All Combo Franchise Qualifying Franchisees	13	23	33
2	Franchisees Operating 1 Franchised Outlet and 2 Service Vehicle Route	6	6	12
3	Franchisees Operating 2 Franchised Outlet and 2 Service Vehicle Routes	1	2	2
4	Franchisees Operating 2 Franchised Outlets and 3 Service Vehicle Routes	3	6	9
5	Franchisees Operating 3 Franchised Outlets and 3 Service Vehicle Routes	2	6	6
6	Franchisees Operating 3 Franchised Outlets and 4 Service Vehicle Routes	1	3	4

Service Franchises Only				
Subset	**Number of Franchised Outlets and SVRs Operated by Qualifying Franchisee***	**Number of Qualifying Franchisees**	**Number of Franchised Outlets**	**Number of Service Vehicle Routes**
1	All Qualifying Franchisees	32	41	44
2	Franchisees Operating 1 Franchised Outlet and 1 Service Vehicle Route	23	23	23
3	Franchisees Operating 1 Franchised Outlet and 2 Service Vehicle Routes	2	2	4
4	Franchisees Operating 2 Franchised Outlets and 2 Service Vehicle Routes	4	8	8
5	Franchisees Operating 2 Franchised Outlets and 3 Service Vehicle Routes	1	2	3
6	Franchisees Operating 3 Franchised Outlets and 3 Service Vehicle Routes	2	6	6

* Qualifying Franchisees are assigned to subsets based on the number of Franchised Outlets and SVRs operated at the end of the Measuring Year. For example, a Qualifying Franchisee with 3 Franchised Outlets who starts the Measuring Year with 4 SVRs and ends the Measuring Year with 3 SVRs would be assigned to Subset 6 in the All Qualifying Franchised Outlets table above (Franchisees Operating 3 SVRs). If a Qualifying Franchisee changes the number of Franchised Outlets owned or SVRs operated during the Measuring Year, we include data from each Franchised Outlet and/or SVR that is started or ended during the Measuring Year. In other words, we may include data attributable to Franchised Outlets and/or SVRs that were not open or operated throughout the entire Measuring Year.

Of the 45 Qualifying Franchisees, none increased or decreased the number of Franchised Outlets owned during the course of the Measuring Year.

Of the 45 Qualifying Franchisees, 3 reduced the number of SVRs operated during the course of the Measuring Year, including 3 Qualifying Franchisees who started the Measuring Year with 4 SVRs and ended the Measuring Year with 3 SVRs. These Qualifying Franchisees are assigned to Subset 5 (1 Qualifying Franchisee) and Subset 6 (2 Qualifying Franchisees) in All Qualifying Franchised Outlets and Subset 4 (1 Qualifying Franchisee) and Subset 5 (2 Qualifying Franchisees) in Combo Franchises Only.

Of the 45 Qualifying Franchisees, 1 increased the number of SVRs operated during the course of the Measuring Year. This Qualifying Franchisee started the Measuring Year with 1 SVR and ended the Measuring Year with 2 SVRs. This Qualifying Franchisee is assigned to Subset 3 in All Qualifying Franchised Outlets and Subset 3 in Service Franchises Only.

Financial Performance Representation

The following tables present Net Revenue generated by Qualifying Franchisees during the Measuring Year, presented on a combined basis and then broken out between Combo Franchises and Service Franchises:

2025 NET REVENUE – ALL QUALIFYING FRANCHISEES						
Subset	**Qualifying Franchisees**	**Net Revenue**				**Number & Percent that Achieved/ Surpassed Average**
		Highest	***Lowest***	***Median***	***Average***	
Subset 1 (All)	45	$2,213,281	$142,962	$532,343	$677,074	19/45 (42.2%)
Subset 2 (1 Franchised Outlet, 1 SVR)	23	$642,087	$142,962	$383,204	$370,914	13/23 (56.5%)
Subset 3 (1 Franchised Outlet, 2 SVRs)	8	$1,107,882	$471,804	$698,905	$734,116	2/8 (25.0%)
Subset 4 (2 Franchised Outlets, 2 SVRs)	5	$888,315	$502,318	$768,905	$761,614	3/5 (60.0%)
Subset 5 (2 Franchised Outlets, 3 SVRs)	4	$1,677,939	$729,032	$1,184,342	$1,193,914	2/4 (50.0%)
Subset 6 (3 Franchised Outlets, 3 SVRs)	4	$2,053,340	$931,009	$1,141,508	$1,316,841	1/4 (25.0%)

2025 Net Revenue – All Qualifying Franchisees						
Subset	**Qualifying Franchisees**	**Net Revenue**				**Number & Percent that Achieved/ Surpassed Average**
		Highest	***Lowest***	***Median***	***Average***	
Subset 7 (3 Franchised Outlets, 4 SVRs)	1	$2,213,281	$2,213,281	$2,213,281	$2,213,281	1/1 (100.0%)

2025 Net Revenue – Combo Franchises Only						
Subset	**Qualifying Franchisees**	**Net Revenue**				**Number & Percent that Achieved/ Surpassed Average**
		Highest	***Lowest***	***Median***	***Average***	
Subset 1 (All Combo Franchises)	13	$2,213,281	$681,237	$1,007,345	$1,145,571	4/13 (30.8%)
Subset 2 (1 Franchised Outlet, 2 SVR)	6	$1,107,882	$681,237	$720,557	$788,046	2/6 (33.3%)
Subset 3 (2 Franchised Outlet, 2 SVRs)	1	$768,905	$768,905	$768,905	$768,905	1/1 (100.0%)
Subset 4 (2 Franchised Outlets, 3 SVRs)	3	$1,677,939	$1,007,345	$1,361,339	$1,348,874	2/3 (66.7%)
Subset 5 (3 Franchised Outlets, 3 SVRs)	2	$2,053,340	$1,082,006	$1,567,673	$1,567,673	1/2 (50.0%)
Subset 6 (3 Franchised Outlets, 4 SVRs)	1	$2,213,281	$2,213,281	$2,213,281	$2,213,281	1/1 (100.0%)

2025 Net Revenue – Service Franchises Only						
Subset	**Qualifying Franchisees**	**Net Revenue**				**Number & Percent that Achieved/ Surpassed Average**
		Highest	***Lowest***	***Median***	***Average***	
Subset 1 (All)	32	$1,201,009	$142,962	$415,500	$486,747	12/32 (37.5%)
Subset 2 (1 Franchised Outlet, 1 SVR)	23	$642,087	$142,962	$383,204	$370,914	13/23 (56.5%)
Subset 3 (1 Franchised Outlet, 2 SVRs)	2	$672,846	$471,804	$572,325	$572,325	1/2 (50.0%)
Subset 4 (2 Franchised Outlets, 2 SVRs)	4	$888,315	$502,318	$824,267	$759,792	3/4 (75.0%)

2025 Net Revenue – Service Franchises Only						
Subset	**Qualifying Franchisees**	**Net Revenue**				**Number & Percent that Achieved/ Surpassed Average**
		Highest	***Lowest***	***Median***	***Average***	
Subset 5 (2 Franchised Outlets, 3 SVRs)	1	$729,032	$729,032	$729,032	$729,032	1/1 (100.0%)
Subset 6 (3 Franchised Outlets, 3 SVRs)	2	$1,201,009	$931,009	$1,066,009	$1,066,009	1/2 (50.0%)

Notes:

1. Source of Data: We prepared this FPR using data from Net Revenue reports submitted by Qualifying Franchisees. The data has not been audited.
2. Historical Results: This FPR reflects the historical results achieved by Qualifying Franchisees.
3. No Expenses: This FPR does not include any expense information.

Some Pacific Lawn Sprinklers businesses have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, 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 our Chief Financial Officer, Gregory Esgar, at 8100 E. Indian School Road, Suite 201, Scottsdale, Arizona 85251, (770) 551-9630, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2023 to 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	66	66	0
	2024	66	69	+3
	2025	69	72	+3
Company-Owned	2023	8	9	+1
	2024	9	9	0
	2025	9	11	+2
Total Outlets	2023	74	75	+1
	2024	75	78	+3
	2025	78	83	+5

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

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2023	0
	2024	0
	2025	0

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

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina-tions	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Florida	2023	4	2	0	0	0	0	6
	2024	6	0	1	0	0	0	5
	2025	5	1	1	0	0	0	5
Georgia	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	1	1	0	0	0	1
New Jersey	2023	7	3	0	0	0	0	10
	2024	10	0	0	0	0	0	10
	2025	10	2	0	0	0	1	11
New York	2023	44	1	0	0	0	4	41
	2024	41	3	0	0	0	0	44
	2025	44	1	0	0	0	0	45
North Carolina	2023	4	0	0	0	0	1	3
	2024	3	1	0	0	0	0	4
	2025	4	1	1	0	0	0	4
Ohio	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Oklahoma	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
South Carolina	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Texas	2023	1	0	0	0	0	0	1
	2024	1	1	1	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina-tions	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
	2025	1	0	0	0	0	0	1
Virginia	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Total	2023	66	6	0	0	0	6	66
	2024	66	5	2	0	0	0	69
	2025	69	7	3	0	0	1	72

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

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Florida	2023	1	1	0	0	1	1
	2024	1	0	0	0	0	1
	2025	1	1	0	0	0	2
Georgia	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	1	0	0	0	1
New York	2023	5	1	0	0	0	6
	2024	6	0	0	0	0	6
	2025	6	0	0	0	0	6
North Carolina	2023	0	1	0	0	0	1
	2024	1	1	0	0	1	1
	2025	1	0	0	0	0	1
Ohio	2023	2	0	0	1	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Total	2023	8	3	0	1	1	9
	2024	9	1	0	0	1	9
	2025	9	2	0	0	0	11

Table 5

Projected Openings
As Of December 31, 2025

Column 1 State	Column 2 Franchise Agreement Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company Owned Outlets In The Next Fiscal Year
New Jersey	0	2	0
New York	0	4	0
South Carolina	0	0	0
Total:	0	6	0

A list of the names of all current franchisees as of the issuance date of this Disclosure Document and their addresses and telephones numbers are listed on Exhibit D to this Disclosure Document.

The name, city, state, business telephone number or, if unknown, the last known home telephone number of every franchisee who has had a Franchised Business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document will be listed on Exhibit E to this Disclosure Document when applicable.

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

During the last three fiscal years, we have not signed any confidentiality clauses with a current or former franchisee in a Franchise Agreement, settlement agreement or any other contract. No current or former franchisees have signed any provisions restricting their ability to speak to you openly about their experience with Pacific Lawn Sprinklers. There are no trademark-specific franchisee organizations associated with the franchise system.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit G are our (i) audited financial statements for the period ending December 31, 2023 and December 31, 2024 and (ii) audited financial statements of EHC Holding Company, LLC, our parent, for the fiscal years ended December 31, 2025. In addition, an unaudited balance sheet, profit and loss statement and cash flow statement of EHC Holding Company, LLC, our parent, as of June 30, 2026 are attached to this Disclosure Document as Exhibit G. Our parent, EHC Holding Company, LLC, guaranteed our performance with you. Attached to this Disclosure Document as Exhibit G-1 is a copy of the guarantee of performance signed by our parent. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The Franchise Agreement, Non-Competition and Non-Disclosure Agreement, Telephone Number

Assignment Agreement and Power of Attorney, Guaranty and Call Center Use Agreement are attached to this Disclosure Document as Exhibit C.

ITEM 23

RECEIPT

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document in Exhibit H. Please return one signed copy to us and retain the other for your records.

EXHIBIT A

AGENTS FOR SERVICE OF PROCESS/STATE ADMINISTRATORS

CALIFORNIA Commissioner of the Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 Agent: California Commissioner of Financial Protection and Innovation	MARYLAND Maryland Division of Securities Office of the Attorney General 200 St. Paul Place, 20th Floor Baltimore, Maryland 21202-2020 (410) 476-6360 Agent: Maryland Securities Commissioner
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 Agent: Commissioner of Securities of the State of Hawaii	MICHIGAN Michigan Department of Commerce Corporations and Securities Bureau 6586 Mercantile Way Lansing, Michigan 48909 (517) 373-7177 Agent: Michigan Department of Commerce
ILLINOIS Attorney General of the State of Illinois 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General	MINNESOTA Market Assurance Division Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 296-4026 Agent: Minnesota Commissioner of Commerce
INDIANA Indiana Securities Commission 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State	NEBRASKA Nebraska Department of Banking and Finance Commerce Court 1230 O Street, Suite 400 P.O. Box 95006 Lincoln, Nebraska 68509-5006

NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Agent: Secretary of State 99 Washington Avenue Albany, NY 12231	SOUTH DAKOTA Division of Securities Department of Revenue and Regulation 445 East Capitol Avenue Pierre, South Dakota 57501 (605) 773-4823 Agent: Director of South Dakota Division Securities
NORTH DAKOTA North Dakota Securities Department 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505 (701) 328-2910 Agent: North Dakota Securities Commissioner	TEXAS Secretary of State P.O. Box 12887 Austin, Texas 78711
OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
RHODE ISLAND Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex Building 69-1 Cranston, Rhode Island 02920 401-462-9527 Agent: Director of Rhode Island Department of Business Regulation	WASHINGTON Department of Financial Institutions, Securities Division PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760 Agents for Service of Process: Director, Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760

EXHIBIT B

STATE SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.
2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
4. The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.
5. The Franchise Agreement requires binding arbitration. The arbitration will occur in Arizona with the costs being borne by the franchisee.
6. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.
7. The Franchise Agreement requires application of the laws of Arizona. In accordance with Section 310.114.1, this provision may not be enforceable under California law.
8. The Franchise Agreement may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
9. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
10. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement may not be enforceable.
11. In California, default interest is limited to 10% per annum.
12. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
13. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

14. OUR WEBSITE (www.pacificfranchise.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

15. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

16. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

17. Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

    (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

    (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

    (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

    (d) Violations of any provision of this division.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

1. The following is added to the Cover Page:

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

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

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

2. Our registered agent in the state authorized to receive service of process:

   Commissioner of Securities of the State of Hawaii
   Department of Commerce and Consumer Affairs
   Business Registration Division
   335 Merchant Street, Room 203
   Honolulu, Hawaii 96813

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled “State Effective Dates”.

4. The states in which this filing is or will be shortly on file include the following: Hawaii, Indiana, Maryland, Minnesota, Rhode Island, Virginia, Washington and Wisconsin.

5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: None.

6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: None.

7. The states, if any, in which the filing of these franchises has been withdrawn include the following: None.

8. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

Illinois law governs the Franchise Agreement(s).

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

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

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

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 in connection with the franchise.

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement is amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document and Franchise Agreement if such provisions are in conflict with Indiana law.
2. The Franchise Agreement is amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.
4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
5. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1(9).
6. Termination penalties are prohibited by law in the State of Indiana. Therefore, the Disclosure Document, the Franchise Agreement is amended to delete all references to any fees or other financial obligations that constitute termination penalties under Indiana law.
7. No release language set forth in the Disclosure Document or Franchise Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
8. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document or Franchise Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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 Disclosure Document are amended by adding the following:

   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.

2. The "Summary" section of Item 17(h), entitled **"Cause" defined – non-curable defaults**, of the Disclosure Document is amended by adding the following:

   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.

3. The "Summary" section of Item 17(v), entitled **Choice of forum**, of the Disclosure Document is amended by adding the following:

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

4. The "Summary" section of Item 17(w), entitled **Choice of law**, of the Disclosure Document is amended by adding the following:

   Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. 11 1050 et seq.), as amended, and as otherwise required by applicable law for claims arising under the Maryland Franchise Registration and Disclosure Law, the Franchise Agreement will be governed by the laws of Arizona.

5. The following language is added to the end of Item 17 of the Disclosure Document:

   Despite any contradicting 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.

6. 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 in connection with the franchise.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document is amended as follows:

1. **THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

2. **THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

3. Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80Cor (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases):

   (a) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and

   (b) that consent to the transfer of the franchise will not be unreasonably withheld.

5. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights 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.

6. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

7. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

8. The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

9. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

10. 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 (a) waiving any claims under

any applicable state franchise law, including fraud in the inducement, or (b) 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 ADDENDUM TO DISCLOSURE DOCUMENT

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the nonwaiver 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 a franchisee”: “You may terminate the agreement on any grounds available by law.”

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum,” and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts-- Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

1. 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.

2. Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

3. Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

4. 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 in connection with the franchise.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

WISCONSIN ADDENDUM TO DISCLOSURE DOCUMENT

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document is amended accordingly.

EXHIBIT C

FRANCHISE AGREEMENT

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

FRANCHISE AGREEMENT

____
FRANCHISEE

____
DATE OF AGREEMENT

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PACIFIC LAWN SPRINKLERS FRANCHISE LLC

FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of________________, 20__ (the "Effective Date") between Pacific Lawn Sprinklers Franchise LLC, a Florida limited liability company with its principal office at 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251 (the "Franchisor"), and____, whose principal address is____, an individual/partnership/corporation formed or incorporated in the State of_________________, who will act under this Agreement under the approved trade name "Pacific Lawn Sprinklers" (the "Franchisee").

W I T N E S S E T H:

WHEREAS, the Franchisor has developed a system of uniform standards, methods, merchandising, and advertising for the operation of a franchise to provide installation and maintenance services and related products for residential and small commercial facilities based on leads distributed from a call center system, based on a method of selling products and providing the Services (as defined below), all of which may be changed, improved and further developed (the "Pacific Lawn Sprinklers" Business or "System") using the trade name, trademark and service mark of "Pacific Lawn Sprinklers" (collectively, the "Proprietary Marks");

WHEREAS, the Franchisee desires to enter into the business of owning and operating a franchise ("Franchised Business") in accordance with the System and wishes to obtain a franchise from the Franchisor for that purpose, as well as to receive the training and other assistance provided by the Franchisor in connection therewith;

WHEREAS, the Franchisee understands and acknowledges the importance of, and benefits to be derived from, the System, as well as the Franchisor's high standards of quality and service and the necessity of operating the Franchised Business hereunder in conformity with the Franchisor's standards and specifications;

WHEREAS, the Franchisee desires to obtain a franchise to use the System and the Proprietary Marks at the location described in Exhibit "A" hereto, pursuant to the provisions hereof, and Franchisee has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Franchise Agreement by counsel of his/her own choosing and represents and warrants that he/she has the business experience and financial ability to operate a Franchised Business;

WHEREAS, the Franchisee acknowledges that Franchisee has read this Agreement and Franchisor's Franchise Disclosure Document and that Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain uniform high standards of quality at all locations and to protect the goodwill of the Proprietary Marks;

WHEREAS, the Franchisor expressly disclaims the making of any warranty or guarantee, expressed or implied, oral or written, regarding the potential revenues, profits or success of the business venture contemplated by this Agreement;

WHEREAS, the Franchisee acknowledges that he/she has no knowledge of, nor has received nor relied upon, any representations or warranties by Franchisor, its officers, directors, shareholders or representatives about the franchise offered hereunder, about Franchisor or its franchising programs and policies that are contrary to the statements in Franchisor's Franchise Disclosure Document or to the terms of this Agreement, or regarding the potential revenues, profits or success of the business venture contemplated hereunder; and

WHEREAS, the Franchisee acknowledges that this Agreement places detailed and substantial obligations on Franchisee, including strict adherence to Franchisor's reasonable present and future requirements regarding facilities, equipment, suppliers, operating procedures, management protocols and procedures, merchandising strategies, sales promotion programs and related matters. Franchisee acknowledges that future improvements, changes and developments in the System may require additional expense to be undertaken by Franchisee.

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH ASSISTANCE OF LEGAL COUNSEL.

NOW, THEREFORE, for and in consideration of the mutual undertakings, covenants, premises and commitments contained hereinabove and below, and other good and valuable consideration , the receipt and sufficiency of which are hereby acknowledged, **IT IS AGREED**, as follows:

ARTICLE I DEFINITIONS

1.1 In addition to any other terms defined in this Agreement, the following definitions shall govern this Agreement:

1.1.1 "Acquisition" means either: (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring Franchisor or its parent, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (b) Franchisor or its parent or affiliate directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

1.1.2 "Agreement" means this document, including all exhibits hereto and documents referenced and incorporated herein, and any documents or agreements modifying the System.

1.1.3 "Alternative Channels of Distribution" means any channel of distribution other than the sale or rendering of Services from an approved office location or at customer job site. Examples include the sale of Services (or any other goods or services): (a) through direct marketing, such as the Internet or telemarketing; (b) through retail stores that do not operate under the Proprietary Marks; or (c) at wholesale.

1.1.4 "Copyrights" means all work rendered in a tangible medium of expression as defined under U.S. Copyright Law, 17 U.S.C. Sec. 101, *et seq.*, that relates to the Franchised Business, whether published or unpublished, whether confidential or not, whether created by Franchisor or one (1) or more of its franchisees, assigned hereunder to and owned by Franchisor and licensed for use by Franchisee as part of the Franchised Business under this Agreement, including without limitation, the Confidential Operations Manual.

1.1.5 "Franchised Business" means the System as licensed to the Franchisee hereunder to use from Franchisee's Facility or Approved Location.

1.1.6 "Know How" means Franchisor's: (a) trade secrets and know-how, whether existing now or created during the term of this Agreement by Franchisor and/or one (1) or more of its franchisees (and assigned back to Franchisor), as conveyed to Franchisee, that relates to, *inter alia*, Franchisor's services and/or processes, marketing practices, and business methods, affairs, tools and techniques, as well as including its customer or prospective customer lists and trade relationships including pricing information, which tends to give Franchisor and its network of franchisees a competitive edge over others who provide the same or similar products or services; (b) inventions that may be protected by the filing of U.S. patent applications under Title 35 of the United States Code and/or foreign statutory counterparts; and (c) all unpublished or otherwise confidential work that has been rendered and "work made for hire" protected under Title 17 of the United States Code and other applicable foreign copyright statutes. Know How need not take the form of any particular tangible medium of expression, but may also be found or contained in the form of records, magnetic media, papers, photographs, catalogs, books, cassettes, videotapes, computer files, or stored or fixed on computer hard or soft disks or diskettes.

1.1.7 "Proprietary Marks" means all the trademarks, service marks, logos, emblems, and indicia of origin licensed to and used or contemplated to be used by Franchisor and/or one (1) or more of its franchisees, including, but not limited to, the trade dress, the marks "Pacific Lawn Sprinklers", "Pacific" the "Pacific Lawn Sprinklers" logo, and other such trade names, service marks and trademarks as may be designated now or hereafter by the Franchisor.

1.1.8 "Proprietary Properties" means the Copyrights, Know How, Proprietary Mark and Software.

1.1.9 "Qualified Household" means a single-family residence with a minimum annual household income of $100,000 as of the relevant date that Franchisor designates the Territory or a Supplemental Service Area.

1.1.10 "Services" means certain improvement and related services, including, but not limited to, the service and installation of lawn sprinkler systems, low voltage and LED landscape lighting systems, outdoor drainage systems, and the design and installation of exterior holiday decorations and displays.

1.1.11 "Software" means the computer software (including all patches, modifications and updates) provided to the Franchisee under this Agreement by which the Franchisee downloads and uploads information relevant to the Franchised Business.

1.1.12 "Supplemental Service Area" or "SSA" means a geographic area that: (a) is adjacent to and continuous with Franchisee's Territory; (b) Franchisor has not assigned to another Pacific Lawn Sprinklers business; and (c) Franchisor authorizes Franchisee to service in accordance with §3.3, subject to Franchisee's continued compliance with the associated Performance Criteria. At any time that Franchisee has satisfied the Performance Criteria and is authorized to service a Supplemental Service Area, any reference in this Agreement to "Territory" shall be deemed to include the Supplemental Service Area.

1.1.13 "Targeted Marketing" means advertising or marketing that is directed into a specific geographic area for the primary purpose of soliciting customers within that area. A person distributing or circulating advertising within their territory and within an area outside their territory is not engaged in Targeted Marketing if: (a) the person uses reasonable efforts to limit distribution or circulation to areas within that person's territory; and (b) most recipients of the advertising are located in such person's territory and there is only incidental distribution or circulation in the area outside such person's territory. Targeted Marketing does not include any marketing Franchisor conducts on a systemwide basis or in connection with the Brand Fund. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual. Examples include direct mail sent to addresses in a given territory, digital advertising sent to devices with IP addresses registered in a given territory and conducting promotional events in a given territory.

1.1.14 "Territory" is the geographic area described in Exhibit "B" that: (a) comprises Franchisee's protected territory; and (b) together with the SSA (if applicable) granted to Franchisee, comprises the geographic area in which Franchisor will route service requests through the Call Center. Franchisor may define the boundaries of Franchisee's Territory in any manner Franchisor deems appropriate.

1.1.15 "Vacant Territory" means any geographic area that is adjacent or in close proximity to Franchisee's Territory and/or SSA that, as of the relevant date, is neither assigned to nor serviced by any other franchised or company-owned Pacific Lawn Sprinklers business.

ARTICLE II
GRANT OF FRANCHISE AND LICENSE

2.1 Subject to the provisions of this Agreement and all documents or other agreements ancillary thereto (the "Agreement"):

2.1.1 Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, the franchise and license to operate a Franchised Business in accordance with Franchisor's specifications and subject to Franchisor's approval.

2.1.2 Franchisee agrees to use the Proprietary Properties solely for the Franchised Business and for no other purpose.

ARTICLE III
FRANCHISEE RESTRICTIONS AND FRANCHISOR'S RESERVED RIGHTS

3.1 **Franchisee's Restrictions**. Franchisee's activities are limited to offering and selling the Services and related products permitted under the System to those customers comprising a minimum of two Service Vehicle Routes within the Territory and, if applicable, Supplemental Service Area. Franchisee has been granted no right of ownership in and/or to any part or all of the Proprietary Properties.

3.2 **Territory.**

3.2.1 **Territory Description.**

(a) Territory Designation. Franchisor hereby grants Franchisee a territory comprised by the geographic area described in Exhibit "B" (the "Territory"). The Territory will include a minimum of 50,000 Qualified Households as of the date Franchisor designates the Territory; *provided, however*, that the Territory will include fewer than 50,000 Qualified

Households if Franchisee requests a specific Territory comprised by a metropolitan area with fewer than 50,000 Qualified Households. Franchisor may use data from any source Franchisor deems appropriate to determine the number of Qualified Households in a geographic area.

(b) Territory Changes. Franchisor need not modify the Territory based on changes to the number of Qualified Households during the Initial Term or during any Successor Franchise Term. Franchisor reserves the right to modify the Territory in accordance with Franchisor's then-current territory guidelines and criteria at such time that: (i) Franchisee enters into a Successor Franchise Agreement; or (ii) Franchisor authorizes Franchisee to relocate the office or other location from which the Franchised Business operates.

3.2.2 **Territorial Protections, Limitations & Restrictions.**

(c) Generally. Except as otherwise provided in the remainder of §3.2.2 below, during the Initial Term Franchisor shall not authorize any person (other than Franchisee) to operate a Franchised Business under the Proprietary Marks that is authorized to provide Services to customers at job sites located in the Territory.

(d) Acquisitions. At any time during the Initial Term Franchisor may engage in Acquisitions and any outlet of the acquired or acquiring company located in the Territory may be converted into a Pacific Lawn Sprinklers business (a "Converted Outlet"). A Converted Outlet may engage in the same business activities as you within the Territory.

(e) Customers. During the Term Franchisor will not authorize another Pacific Lawn Sprinklers business (other than a Converted Outlet) to provide Services at customer job sites located in the Territory unless any of the following circumstances apply: (i) the customer requests Services from another Pacific Lawn Sprinklers business with whom the customer has a pre-existing personal or business relationship; (ii) the customer received Services from another Pacific Lawn Sprinklers business before Franchisee acquired rights to the Territory; (iii) the customer is a National Account customer and Franchisee either declines Franchisor's offer to provide Services to the National Account customer in accordance with the terms of the National Account contract or fails to accept Franchisor's offer to provide Services to the National Account customer in a timely manner; or (iv) Franchisee lacks a material license or permit necessary to lawfully operate the Franchised Business. Franchisor may, but need not, authorize Franchisee to provide Services at customer job sites located in a territory assigned to another Pacific Lawn Sprinklers business if any of the foregoing circumstances apply to Franchisee.

(f) Targeted Marketing. During the Term Franchisor will not authorize another Pacific Lawn Sprinklers business (other than a Converted Outlet) to conduct Targeted Marketing within the Territory for purposes of soliciting customers. Similarly, Franchisee may not conduct Targeting Marketing within territories assigned to other Pacific Lawn Sprinklers businesses. Franchisee is also prohibited from conducting Targeted Marketing within any other area that is not part of (1) Franchisee's Territory or (2) a Vacant Territory in which Franchisor has authorized Franchisee to operate.

(g) Alternative Channels of Distribution. Franchisor reserves the right to sell, and license third parties to sell, goods and services that are the same as or similar to the Services (including under the Proprietary Marks) within the Territory through Alternative Channels of Distribution.

(h) Other Business Activities. Franchisor and its affiliates reserve the right to engage in any other business activities not expressly prohibited by this Agreement anywhere, including within the Territory. Without limiting the generality of the foregoing, Franchisor and its affiliates have the unrestricted right to operate, and grant franchises or licenses to third parties to operate, businesses anywhere within the Territory that provide services that are the same as or similar to the Services under service marks or trademarks that are different than the Proprietary Marks.

3.2.3 **Vacant Territories**. Franchisee may request the right to operate the Franchised Business in a Vacant Territory. Franchisor may approve or reject the request in its sole discretion. If Franchisor grants its approval, Franchisee may operate the Franchised Business in the Vacant Territory Franchisor designates, including soliciting, advertising, and providing Services to customers who reside in the Vacant Territory, subject to the following:

(a) Franchisee may not operate in any Vacant Territory other than the Vacant Territory Franchisor designates;

(b) Franchisee must demonstrate, on a continuing basis, that Franchisee is reasonably capable of consistently providing Services to customers in the Vacant Territory in accordance with Franchisor's standards, policies and procedures;

(c) Franchisee must maintain all Licenses necessary to lawfully operate in the Vacant Territory;

(d) Franchisee will receive no territorial rights or protections with respect to the Vacant Territory; and

(e) Franchisor may at any time for any reason (or for no reason) revoke its approval for Franchisee to operate in the Vacant Territory.

If Franchisor revokes its approval, Franchisee must: (a) immediately discontinue all business operations within the Vacant Territory, including providing Services or engaging in Targeting Marketing within the Vacant Territory; (b) provide Franchisor with a copy of all customer lists and customer data pertaining to customers located in the Vacant Territory (and copies of all related agreements); and (c) upon request, transition all customers in the Vacant Territory to another Pacific Lawn Sprinklers business Franchisor designates. Notwithstanding the foregoing, Franchisor may, in its sole discretion, permit Franchisee to continue to service one or more customers in the Vacant Territory.

3.2.4 **Unauthorized Extraterritorial Sales**. Except as otherwise provided in §3.2.2, §3.2.3 and §3.3, Franchisee is strictly prohibited from operating the Franchised Business outside the Territory. If Franchisee provides an estimate or completes work for a customer outside the Territory in breach of this Agreement, Franchisee must pay Franchisor a Special Non-Compliance Fee of the greater of $2,500 or two hundred percent (200%) of the value of the estimate or the work performed and, in addition, Franchisor shall have the right, but not the obligation, to terminate the Franchise Agreement on notice to Franchisee.

3.3 **Supplemental Service Area.**

3.3.1 **Generally**. Franchisor may, but need not, grant Franchisee the conditional right to operate the Franchised Business and provide Services within an additional geographic area designated by Franchisor (a "Supplemental Service Area" or "SSA") that: (a) is adjacent to and continuous with the Territory; (b) Franchisor has not assigned to another Pacific Lawn Sprinklers business; and (c) Franchisor authorizes Franchisee to service in accordance with this §3.3. Part A of Exhibit "B" specifies whether Franchisor elected to grant Franchisee the right to operate the Franchised Business and provide Services in an SSA. The remaining provisions of §3.3 only apply if Franchisor elected to grant Franchisee the right to operate the Franchised Business and provide Services in an SSA.

3.3.2 **SSA Description**. Franchisor shall designate the geographic area comprising the SSA in Part B of Exhibit “B”. If Franchisee breaches the Performance Criteria and Franchisor elects to implement an SSA Reduction in accordance with §3.3.4, Franchisor shall prepare an amended Exhibit “B” that: (a) designates the new geographic area comprising the SSA (the “Amended SSA”); and (b) upon delivery to Franchisee, shall be deemed to immediately and automatically amend this Agreement, without any need for Franchisee’s signature, to substitute the Amended SSA in place of the original SSA.

3.3.3 **Authorization to Service SSA**. Provided that Franchisee satisfies all Performance Criteria in §3.3.4: (a) Franchisee may operate the Franchised Business and provide Services within the SSA to the same extent that Franchisee may operate the Franchised Business and provide Services within the Territory; and (b) the same territorial protections, limitations and restrictions applicable to the Territory (as set forth in §3.2.2) shall apply to the SSA.

3.3.4 **Performance Criteria**. Franchisor’s election to grant Franchisee the right to operate the Franchised Business and provide Services within the SSA is conditioned upon Franchisee demonstrating, on a continuing basis, that Franchisee is reasonably capable of consistently providing Services to customers in the SSA in accordance with Franchisor’s standards, policies and procedures (the “Performance Criteria”). Franchisor may consider any factors Franchisor deems relevant in assessing Franchisee’s compliance with the Performance Criteria. Examples of factors indicating a failure to meet the Performance Criteria include: (a) insufficient scheduling availability to satisfy demand for services in a timely manner; (b) maintaining an insufficient staff, or an insufficient number of service vehicles, to adequately service the SSA; (c) failure to allocate a reasonable portion of advertising dollars within the SSA to generate customer leads; (d) low customer satisfaction levels within the SSA (for example, excessive customer complaints, warranty/service issues, negative reviews, failure to show up at appointments on time, canceled appointments, etc.); (e) low closing rates on quotes within the SSA; (f) significant declines in revenue or service volume within the SSA; (g) refusal or inability to expand operational capacity to meet market demand; (h) failure to participate in required training, coaching or operational improvement programs; and/or (i) any other relevant factors listed in the Manual. If Franchisee fails to satisfy any Performance Criteria, Franchisor may take any one or more of the following actions, as determined by Franchisor in its sole discretion:

(1) Franchisor may revoke all operational and territorial rights and protections granted to Franchisee with respect to the SSA (an “SSA Revocation”);

(2) Franchisor may revoke all territorial rights and protections granted to Franchisee with respect to the SSA but allow Franchisee to continue to operate the Franchised Business and provide Services within the SSA (but without any territorial protections) for such period of time that Franchisor deems appropriate in its sole discretion (an “SSA Territorial Rights Revocation”);

(3) Franchisor may reduce the size of the SSA by modifying its boundaries in any manner Franchisor deems appropriate (an “SSA Reduction”); or

(4) Franchisor may implement a combination of an SSA Territorial Rights Revocation and an SSA Reduction.

If Franchisor elects to implement an SSA Territorial Rights Revocation, the Call Center may discontinue routing service requests to Franchisee for customers in the SSA. If Franchisor elects to implement an SSA Territorial Rights Revocation and/or SSA Reduction, Franchisor shall retain the right to implement an SSA Revocation at any subsequent point in time Franchisor deems appropriate in its sole discretion.

3.3.5 **SSA Revocation**. If Franchisor elects to implement an SSA Revocation in accordance with §3.3.4, Franchisee must: (a) immediately discontinue all business operations within the SSA, including providing Services or engaging in Targeting Marketing within the SSA; (b) provide Franchisor with a copy of all customer lists and customer data pertaining to customers located in the SSA (and copies of all related agreements); and (c) upon request, transition all customers in the SSA to another Pacific Lawn Sprinklers business Franchisor designates. Notwithstanding the foregoing, Franchisor may, in its sole discretion, permit Franchisee to continue to service one or more customers in the SSA that Franchisor designates following an SSA Revocation.

3.4 **National Accounts**. Franchisor shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of itself, Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to "National Account" customers. These National Account customers can be national or regional companies, third party property managers, or any customer which on its own behalf or through agents, franchisees, or other third parties owns, manages, controls or otherwise has responsibility for a business in more than one (1) location. Any dispute as to whether a particular customer is a National Account shall be determined by Franchisor in its sole discretion and Franchisor's determination shall be final and binding. So long as Franchisee is in substantial compliance with the terms of this Agreement and any other agreements between itself and Franchisor, Franchisee may perform work for National Account customers pursuant to the terms and conditions of the National Account contract or on such terms and conditions as Franchisor in its discretion determines are appropriate. If Franchisee elects not to provide services to a National Account customer in conformity with the terms and conditions of the National Account contract, or fails to make an election within the time specified by Franchisor, after being offered the opportunity by Franchisor, Franchisor shall have the right, exercisable in its sole discretion, to (i) provide, directly or through any affiliate or other franchisee, services to the National Account customer; and/or (ii) contract with another party to provide such services to the National Account customer.

3.5 **Service Vehicle Route.** Each "Service Vehicle Route" shall be limited to those number of customers determined by Franchisor up to but not exceeding the number of customers who may be serviced by a single Service Vehicle in a single day. The franchise granted herein is for the right to operate a minimum of two (2) Service Vehicle Routes. The Service Vehicle Routes shall be limited to the Territory.

ARTICLE IV
TERM AND RENEWAL

4.1 **Term**. The term of this Agreement shall be ten (10) years commencing on the Effective Date of this Agreement, unless sooner terminated in accordance with the provisions of this Agreement (and any amendments thereto) (the "Initial Term").

4.2 **Successor Franchise Terms**. Franchisee does not have the contractual right to renew or extend the Initial Term. However, Franchisor may, in its sole discretion (or to the extent required by applicable law), offer Franchisee the opportunity to enter into Successor Franchise Agreements (as defined in Subsection 4.3. below) for up to two (2) additional consecutive terms, each such term to consist of ten (10) years (each term a "Successor Franchise Term"), if Franchisee has complied with the conditions and procedures set forth in Sections 4.3 and 4.4 below.

4.3 **Requirements for a Successor Franchise Term**. If Franchisor elects to offer Franchisee a Successor Franchise Agreement (or if applicable law requires that such opportunity be offered), Franchisee's right to accept and enter into a Successor Franchise Term is conditioned upon

Franchisee's fulfillment of the following conditions:

4.3.1 Upon Franchisor's offer of a Successor Franchise Agreement (or if applicable law requires such opportunity) and at the commencement of any Successor Franchise Term, Franchisee shall have fully performed all of his/her obligations under the Agreement.

4.3.2 Franchisee, at the commencement of a Successor Franchise Term, shall satisfy:

(i) Franchisor's then-current standards applicable to the System; (ii) the requirements of the then-current Franchise Agreement and all other agreements ancillary thereto; (iii) Franchisor's training requirements, including Franchisee's demonstrable ability to perform all Services which are part of the System at the time of renewal; (iv) the standards set forth in Franchisor's then-current Confidential Operations Manual (the "Manual"); and (v) Franchisor's requests for disclosure of or access to information requested by Franchisor to evaluate Franchisee's ability to perform.

4.3.3 Franchisee shall not be in default of any provision of this Agreement or any other agreement with Franchisor, its affiliates, subsidiaries, and designees, if any.

4.3.4 Franchisee shall have satisfied all monetary obligations to Franchisor, its affiliates, subsidiaries, and designees, if any, and shall have met such obligations in a timely and responsible manner throughout the Initial Term.

4.3.5 Franchisee shall pay to Franchisor a renewal fee equal to ten percent (10%) of Franchisor's then-current initial franchise fee.

4.3.6 Franchisee shall have executed a general release, in form and substance satisfactory to Franchisor and/or its counsel, of any and all present as well as future claims against Franchisor and its affiliates, subsidiaries, and designees, if any, and their respective officers, directors, shareholders, agents, contractors, and employees, in their corporate and individual capacities, arising out of or related to the Agreement.

4.3.7 Franchisee shall be in compliance with Franchisor's then-current qualification and training requirements as set forth in the Manual or elsewhere.

4.4 **Successor Franchise Agreement**. If Franchisor elects to offer Franchisee a Successor Franchise Agreement (or if applicable law requires such opportunity) and Franchisee wishes to accept such offer, Franchisee shall do so by executing Franchisor's then-current form of Successor Franchise Agreement, which agreement shall supersede this Agreement in all respects and shall be binding upon the parties hereto for the term thereof.

4.4.1 The terms of any Successor Franchise Agreement may differ from the terms of this Agreement. Such differences may include, without limitation, a change in the Minimum Continuing Royalty Fee (defined below), Call Center Administration Fees, Bookkeeping Services Fees, Software-related fees, and Brand Contribution Fund Fees, imposed upon Franchisee for any such Successor Franchise Term.

4.4.2 Procedure. If Franchisee wishes to request consideration for a Successor Franchise Agreement, Franchisee shall do so in the following manner:

(a) Not less than one hundred eighty (180) days, but no more than two hundred forty (240) days prior to the expiration of the Initial Term, Franchisee shall, by written notice, inform Franchisor of his/her intention to enter into a Successor Franchise Agreement.

(b) Within thirty (30) days after receipt of Franchisee's request, Franchisor shall deliver to Franchisee a copy of its then-current Disclosure Document (if Franchisor is then legally required and able to do so) and a copy of Franchisee's Successor Franchise Agreement in a form ready to be executed by Franchisee (together, the "Renewal Package"). Franchisee must acknowledge receipt of the Renewal Package in any fashion that Franchisor reasonably specifies.

(c) No sooner than fourteen (14) days but no more than twenty (20) days after Franchisee receives Franchisor's Renewal Package, Franchisee must execute the Successor Franchise Agreement and return it to Franchisor.

(d) If Franchisor elects to offer a Successor Franchise Agreement (or if applicable law requires Franchisor to offer such agreement), and Franchisee has timely complied with all of the procedures set forth herein and, on the date of expiration of the Initial Term, Franchisee satisfies all of the conditions to renewal identified in Section 4.3 of this Agreement, then Franchisor will execute the Successor Franchise Agreement previously executed by Franchisee and will deliver one fully executed copy of the Successor Franchise Agreement to Franchisee.

(e) If Franchisee shall fail to perform any of the acts or fail to deliver any of the notices required pursuant to the provisions of subsections (a), (b), (c) or (d) of this Section 4.4.2 in a timely fashion, such failure shall be deemed an election by Franchisee not to request or accept a Successor Franchise Agreement, and any request for renewal shall expire without further notice or action by Franchisor. If this occurs, this Agreement (and any amendments thereto, including any Franchise, if applicable) will terminate at the end of the Initial Term, except for the post-termination and post-expiration provisions of this Agreement which by their nature will survive.

(f) **Time is of the essence with regard to this Section 4.4.2.**

4.5 **Notice Requirement**. If applicable law requires that Franchisor give notice of expiration to Franchisee prior to the expiration of the Initial Term, this Agreement shall be deemed to remain in effect on a month-to-month basis until Franchisor has given to Franchisee that notice of expiration so required and the applicable period required to pass before the notice becomes effective shall have expired.

ARTICLE V
<u>DUTIES OF FRANCHISOR</u>

5.1 **Confidential Operations Manual and Intranet**.

5.1.1 Franchisor shall, in conjunction with Franchisor's training program and in conformity with the terms and conditions of this Agreement, lend to Franchisee one (1) copy of the Manual or make a copy of the Manual available electronically on a restricted intranet or other website, as described in more detail in Section 5.12 below. Use of any part or all of the Manual shall be only as permitted under this Agreement and during the term thereof.

5.1.2 At Franchisor's option, Franchisor may post the Manual and other communications on a restricted intranet or other website to which Franchisee will have access. If Franchisor does so, Franchisee must periodically monitor the site for any updates to the Manual or other standards, specifications and procedures. Any passwords or other digital identifications necessary to access the Manual on such a site will be deemed to be part of the Confidential Information. Further, Franchisee agrees that he/she will establish the channels of communication with Franchisor and customers as required by Franchisor from time to time, including e-mail, internet and other electronic forms of communication, and that he/she will acquire and maintain any computer or other components necessary for the transmission of such communications.

5.1.3 At Franchisor's option, Franchisor may establish one or more websites to advertise, market and promote Pacific Lawn Sprinklers Businesses, the services they offer and sell, and/or the Pacific Lawn Sprinklers Business franchise opportunity. If Franchisor establishes such a website, Franchisor may designate a web page within the website for each Pacific Lawn Sprinklers Business. Franchisor may implement and periodically modify standards for any such website and individual web pages. Franchisee will not establish a website for his/her Franchised Business, other than the web page(s) designated to describe Franchisee's Franchised Business which are located within Franchisor's website.

5.2 **Additional Materials**. In addition to any other training offered to Franchisee, Franchisor may from time to time furnish to Franchisee other documents and things comprising Copyrights or Know How, including instructions, data, materials, forms or other information developed by Franchisor in connection with the operation of the System. Franchisor shall have the right to incorporate such matters in its Manual and Franchisee shall be required to conduct the operations of the Franchised Business in accordance therewith.

5.3 **Initial Training**. With respect to new franchisees (and not renewal or additional franchisees), within thirty (30) days after the execution of this Agreement, Franchisor will offer and Franchisee will thereafter be required to complete a training program (the "Training Program") of up to four (4) weeks at such location(s) as Franchisor shall designate. Such training program will include training regarding operational, management and marketing training pertaining to the System. The cost of the Training Program for up to five (5) persons is included in the onboarding fee described in Section 8.1 below; however, Franchisee remains responsible for all travel, lodging, meal, wage and incidental expenses associated with attending training. The Training Program will be offered to Franchisee and four (4) additional persons only. If the Franchisee is a corporation or a partnership, its duty to complete the Training Program shall be discharged by the completion of such Training Program by any shareholder owning at least fifty percent (50%) of the issued and outstanding shares of said corporation, or the chief executive officer thereof, or, in the case of a partnership, by any holder of at least fifty percent (50%) of the partnership's equity.

5.3.1 Franchisor will pay no compensation for any services performed by Franchisee in the course of training. Franchisee shall pay all reasonable expenses incurred in connection with and during such training, including, but not limited to, transportation, meals, lodging and other expenses.

5.3.2 Franchisor reserves the right to determine the subject matter and content of its Training Program.

5.3.3 Franchisor shall provide such additional advisory assistance and training as Franchisor deems advisable in the operation of the System, on such terms and conditions as

Franchisor determines and sets forth in its Manual or otherwise. Franchisor may, in its sole and exclusive judgment, cause its representatives to telephone, Zoom or Facetime video calls, or visit Franchisee from time to time for the purpose of rendering advice and consultation with respect to the operation of the Franchised Business, assessing Franchisee's overall performance and determining whether Franchisee is conducting the Franchised Business in compliance with the standards of the System. Franchisee shall comply with all such requests and visitations, and provide all information requested.

5.3.4 Franchisor reserves the right to elect or decline to train any number of individuals representing any number of franchises individually, or at the same time.

5.3.5 In the event of a valid and complete assignment of the Franchised Business by Franchisee to a third party (as provided for hereafter), Franchisor shall train such third party designated by it in the same manner and under the same circumstances as those described above, except that the new franchisee must pay to Franchisor its then-current training fee for each individual required or designated to be trained (in addition to any fees or other requirements attendant to the assignment).

5.3.6 In the event Franchisee hires any personnel to sell Services and related products pursuant to the requirements of this Agreement and the specifications set forth in the Manual, such personnel are required to attend and successfully complete, at Franchisee's cost and expense (including Franchisor's then-current training fee), Franchisor's training program before performing such Services. In this context, Franchisee shall provide to Franchisor, prior to engagement of any such personnel, a resume of the person. Based upon the resume (and an interview, if Franchisor shall so elect), Franchisor may waive the requirement of such training, provided Franchisor, in its sole judgment, shall determine that qualifications are already met for performance hereunder.

5.3.7 Franchisor may waive the training requirements of any personnel if it shall determine, in its sole judgment, that any such personnel has the skill, experience and/or training necessary to operate in accordance with the System.

5.3.8 In addition to the initial training to be provided to Franchisee, Franchisor will provide, at Franchisor's expense, one (1) of its regional service directors for a two (2) to three (3) day opening evaluation period to ensure that Franchisee is following Franchisor's procedures.

5.3.9 If Franchisee requests additional training, Franchisee shall reimburse Franchisor for its costs in providing such training. Franchisor will determine the cost on a per person basis based upon the instructor's fee and the travel, lodging, food and materials costs associated with the training topic.

5.3.10 If Franchisor determines in its sole judgment that additional training is required in connection with new products, technology, software or system policies, Franchisor may provide, and require that Franchisee, as well as any of its management personnel attend, up to five (5) days of additional training ("Additional Training") at a training facility that Franchisor designates. Franchisee may also request that Franchisor provide certain additional or refresher training to Franchisee, either at one (1) of Franchisor's designated training facilities or on-site at Franchisee's Franchised Business. Franchisor reserves the right to charge Franchisee its then-current Training Fee in connection with any Additional Training or training that Franchisor provides at Franchisee's request. Such training will be provided subject to the availability and schedules of Franchisor's training personnel.

5.4 Annual Convention. On an annual basis and in Franchisor's judgment, at Franchisee's cost and expense (including Franchisor's then-current annual convention fee, not to exceed One Thousand Dollars ($1,000) per person), Franchisee or one (1) member of Franchisee's staff is required to attend Franchisor's annual convention at a location determined by the Franchisor. Attendance at this convention is required, and a failure to attend shall be grounds for termination, unless failure to attend is due to an illness or act of God. If Franchisee fails to attend a required annual convention, Franchisee must pay Franchisor a failure-to-attend fee of One Thousand Five Hundred Dollars ($1,500).

5.5 **Compliance with Manual**. In order to maintain uniformity of concept and quality, all proprietary materials and forms used by Franchisee shall be purchased from Franchisor or its affiliates in accordance with the terms and procedures set forth in the Manual. The use or sale of unapproved products or services shall constitute a material and incurable breach of this Agreement.

5.5.1 Franchisor shall, at all times during the term of this Agreement, provide information pertaining to sources of supply of any products or materials which may be used in the System.

5.6 **Software**. Franchisor or a third party will license to Franchisee the Software, as may be made available from time to time and made part of the System. In connection therewith, Franchisee may be required to execute a software license agreement provided by the third party vendor and such other license agreements which may be applicable to additional or revised software used in the System. Any and all warranties for such software shall be provided by the third party vendor and not by the Franchisor.

5.6.1 In addition to the training to be provided by Franchisor, during the term of this Agreement, at an additional charge to Franchisee, Franchisor or its designee will provide to Franchisee at Franchisee's request such amount of technical advice on the use of the Software in addition to the Training Program as Franchisor, in its sole judgment, determines to be reasonably necessary.

5.6.2 Franchisor will make available to Franchisee, at an annual maintenance fee of Three Hundred Fifty ($350) Dollars per module (or the then-current fee) ("Maintenance Fee"), any routine standard updates, modifications, revisions and enhancements to the Software ("Updates"). This Agreement will apply to the Software in its initial form, as well as any form so updated, modified, revised and/or enhanced. Franchisor may, in its sole discretion upon notice to Franchisee, increase the Maintenance Fee annually in an amount not to exceed 4% of the immediately preceding year's Maintenance Fee.

5.7 **Computer Hardware and VOIP Phone System**. Franchisor shall specify the particular computer hardware, peripheral equipment, handheld devices, credit card processing equipment and VOIP phone system which Franchisee must purchase, lease, license or subscribe to.

5.8 **Pricing**. Franchisor reserves the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices Franchisee may charge for Services and related products. These rights may include (without limitation) prescribing the maximum and/or minimum prices which Franchisee may charge customers for the Services and related products offered by Franchisee's Franchised Business; recommending prices; advertising specific prices for some or all Services and related products offered by Franchisee's Franchised Business; to engage in marketing, promotional and related campaigns which Franchisee must participate in and which may directly or indirectly impact Franchisee's prices; and, otherwise mandating, directly or indirectly, the maximum and/or minimum prices which Franchisee's Franchised

Business may charge the public for the Services and related products it offers. Franchisor may engage in any such activity either periodically or throughout the Term of this Agreement. Further, Franchisor may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. Franchisee acknowledge that the prices Franchisor prescribes or suggests may or may not optimize the revenues or profitability of Franchisee's Franchised Business and Franchisee irrevocably waive any and all claims arising from the establishment or suggestion of Franchisee's Franchised Business' prices.

5.9 **Brand Development Fund**. Franchisor shall administer the Brand Development Fund ("Brand Fund") as is more fully described in Section 11.2 hereof.

5.10 **Force Majeure**. Delays in the performance by Franchisor or its designee of any obligations hereunder which are not the fault of or within the reasonable control of Franchisor including, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders, shall not give rise to a default by Franchisor hereunder. Rather, Franchisee shall be required to extend the time of performance of any such obligations for the period of such delay or for such other reasonable period of time as may be appropriate in the circumstances.

5.11 **Intranet**. Franchisor may produce and distribute communications to its franchisees via its intranet system and all franchisees must subscribe to this intranet service.

5.12 **Call Center**. Franchisor or its designee, may own, operate and maintain a national Call Center ("Call Center"), which will operate for the benefit of all franchisees in the System and which Franchisee must use. The Call Center will derive the majority of Franchisee's appointments from its advertising and networking. The Call Center will use its best efforts to maintain a staff sufficient to distribute leads and drive business to its franchisees. The Call Center may provide back office bookkeeping services to Franchisee at an additional cost and may also bill and collect the fees for the Services performed by Franchisee. Franchisee shall be required to execute a Call Center Use Agreement in the form attached hereto as Exhibit "F".

5.13 **Refresher Training**. To develop and maintain cooperation and friendship with other franchisees, to enhance the ability to operate the Franchised Business properly, to learn the most recent developments in business methods for the Franchised Business and to take instructions from Franchisor on new or revised procedures or requirements, Franchisee may be required to attend refresher training courses lasting up to five (5) days conducted by Franchisor for franchisees, to be held at a location to be determined by Franchisor.

5.13.1 Franchisee will pay the costs of the personnel and their expenses in conducting such refresher training program, and Franchisee shall be responsible for his/her own travel expenses, meals and lodging, including those of his/her Manager(s), if any. However, Franchisor shall be under no obligation to conduct such program until, in Franchisor's sole and absolute judgment, it is advisable to do so.

5.13.2 Franchisee may be excused from attending any meetings only for reasonable necessity, after prior notice in writing to Franchisor. However, regardless of any excuses, Franchisee must attend a make-up session to be arranged by Franchisor at a date and location to be selected by Franchisor. The cost of organizing and conducting each such make-up session, including the fees of any guest lecturer, rental of a meeting place and audio-visual materials and equipment, and reasonable compensation for the time of Franchisor personnel required to organize such make-up session, shall be borne in equal shares by all those who attend it. Failure to attend a make-up session after missing a regional meeting shall be deemed good cause for termination of this Agreement.

5.13.3 Franchisee's Manager(s), if any, must attend and complete, at Franchisee's expense, all the meetings and training sessions described herein, in addition to Franchisee and to the same extent as Franchisee.

5.14 **Franchisee Directory**. To assist in the efficient operation of the Franchised Business, Franchisor shall provide and Franchisee shall assist Franchisor in the continuous development and maintenance of the following directory for use solely within the System:

5.14.1 Franchisee Directory. To assist Franchisee in maintaining contact with other franchisees, Franchisor shall publish, from time to time, a directory of the names and telephone numbers of every franchisee in the System.

5.15 **Installation and Service Requests**. The Call Center shall direct all orders for installation or service requests from potential customers to the franchisee within whose Territory the customer resides. If Franchisee is unable to complete such request for installation or service requests to the customer, Franchisor shall have the right to fulfill such order itself, or the Call Center shall direct such order to another franchisee, without compensating Franchisee for his/her failed efforts. Franchisee shall be required to provide at least seven (7) days' notice to the designated Call Center for any cancelled appointments. Failure to do so shall cause Franchisor to impose a rescheduling fee of one hundred percent (100%) of the value of the cancelled job, Franchisor shall have the right, but not the duty to terminate this Franchise Agreement. It is understood and accepted that a Franchisee shall be required to handle any service call before taking in any new installation calls.

5.16 **Supply Manual**. Franchisor will publish and distribute from time to time a supply manual suggesting sources of supply for forms, signs, cards, stationery and other items necessary to operate a modern business offering the Services. The suggested source of supply for items may be Franchisor, an affiliate of Franchisor or an independent supplier. Franchisee may purchase supplies either from a source of supply suggested by Franchisor or from any other supplier which can first demonstrate to the satisfaction of Franchisor that its products or services meet the specifications established from time to time by Franchisor.

ARTICLE VI
CONFIDENTIAL OPERATIONS MANUAL

6.1 **Conduct of Franchised Business**. In order to protect the reputation and goodwill of the Franchisor, the System, and Proprietary Properties, and to maintain requisite operating standards under the Proprietary Marks, Franchisee shall conduct his or her Franchised Business in strict accordance with the provisions, standards, and procedures set forth in this Agreement and in the Manual.

6.2 **Confidential Information**. Franchisee shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein as confidential Know How, and shall use all efforts to maintain such information as secret and confidential in accordance with the terms and conditions governing Know How and Copyrights, including, without limitation, the following: Franchisee shall not, at any time, without the Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

6.3 **Sole Property of Franchisor**. The Manual shall at all times remain the sole property of the Franchisor, and shall be returned to the Franchisor immediately upon expiration or termination of this Agreement.

6.4 **Revisions**. The Franchisor may, from time to time, revise the contents of the Manual when it reasonably considers such revisions to be necessary to improve or maintain the standards of the System and Franchisee expressly agrees to comply with each new or changed standard, provided, however, that such revisions are made for all franchisees and are reasonable in nature. Any revisions to the contents of the Manual shall be deemed effective seven (7) days after the date of mailing or providing same electronically of such revisions to Franchisee, unless otherwise specified by the Franchisor.

Franchisee acknowledges the contents of the Manual and any revisions or modifications made thereto shall constitute additional provisions of and modifications to this Agreement as if fully set forth herein.

6.5 **Modification of Standards**. Franchisor and Franchisee acknowledge there may be circumstances that require the Franchisee to modify the implementation of the standards and guidelines set forth in the Manual. The Franchisor and Franchisee recognize the Manual is an operational guideline for conducting the Franchisee's business operations and, although the Franchisee shall use his/her best efforts to faithfully follow the standards and guidelines set forth in the Manual, the Franchisor shall be permitted to modify the operational standards and guidelines so that Franchisee's business is best served.

6.6 **Improvements**. To the extent that any improvements, inventions or discoveries are made by Franchisee, or Franchisee's employees or agents, during the course of this Agreement and relating to the Proprietary Properties or System ("improvements"), such improvements shall be deemed assigned to and owned by Franchisor for the purpose of improving the entirety of the franchised network and the provision of services in accordance with the System. All documents and other information concerning any such improvements shall be disclosed to Franchisor promptly after creation or invention. Franchisor shall, in its sole judgment, decide whether such improvements are worthy of inclusion in the System and the best and most practical method of implementation and protection. Franchisee shall execute all documents reasonably necessary to perfect Franchisor's ownership in and to any such improvements and shall cooperate with Franchisor in the creation, implementation, use and protection thereof.

ARTICLE VII
PROPRIETARY MARKS, TRADE NAMES AND COPYRIGHTED MATERIALS

7.1 **License**. The license granted in Section 2.1 hereof does not grant Franchisee any right, title or interest, at law or in equity, in or to any of the Proprietary Properties, including the Proprietary Marks, Copyrights, and Know How, except as provided by said license. Further, such license applies only to those portions of the Proprietary Properties which have been, or may be, designated in writing by Franchisor for use by Franchisee in conjunction with the operation of the Franchised Business. Franchisee shall not represent to others, or conduct himself/herself in any manner that might indicate to others, that he/she possesses any other legal or equitable rights in or to the Proprietary Properties by virtue of the license granted hereunder. Franchisee must conspicuously post a sign and include on all written materials, including without limitation all advertisements, stationery, and business cards, and on Franchisee's vehicles, the following verbiage: "Independently owned and operated." Execution of this Agreement by Franchisee shall further set forth Franchisee's consent that the Proprietary Marks, Copyrights and Know How are valid and enforceable (without defense or recourse). Franchisee represents and warrants that he/she will not attack the validity or enforceability of any of the Proprietary Properties, or assist another in any such attack, during the course of this Agreement or thereafter. The terms of this paragraph shall survive termination or expiration of this Agreement for any reason, in addition to any of the other remedies or survival provisions otherwise contained herein.

7.2 **Quality Standards.** Franchisee agrees that the nature and quality of: all services rendered by Franchisee in connection with Franchisor's Proprietary Marks; all goods sold by Franchisee under Franchisor's Proprietary Marks; and all related advertising, promotional and other related use of Franchisor's Proprietary Marks by Franchisee shall conform to standards set by and be under the control of Franchisor.

7.3 **Quality Maintenance.** Franchisee agrees to cooperate with Franchisor in facilitating Franchisor's control of the nature and quality of Franchisor's Proprietary Marks, to permit reasonable inspection of Franchisee's operation, and to supply Franchisor with specimen of all uses of Franchisor's Proprietary Marks upon request. Franchisee shall comply with all applicable laws and regulations and obtain all appropriate government approvals pertaining to the sale, distribution and advertising of services and goods which may be covered by this agreement.

7.4 **No Act in Derogation**. Franchisee shall not do or permit any act in derogation of any of the rights of Franchisor to its Proprietary Properties.

7.5 **No Dispute**. Franchisee shall not contest or dispute Franchisor's title to any part or all of the Proprietary Properties.

7.6 **Use of Proprietary Properties**. Franchisee shall use the Proprietary Properties solely in accordance with this Agreement and the Manual.

7.6.1 Franchisee agrees to use Franchisor's Proprietary Marks only in the form and manner and with appropriate legends as prescribed from time to time by Franchisor, and not to use any other service marks or trademark in combination with any of Franchisor's Proprietary Marks without prior written approval of Franchisor.

7.7 **Identification of Franchisee**. Franchisee shall not use the Proprietary Properties, or any words, phrases, symbols, trade dress, colors, logos or materials which Franchisor deems confusingly similar thereto, in his/her trade name (or for any other purpose) without Franchisor's prior written approval. In that connection, Franchisee shall identify himself/herself to the public as doing business as "Pacific Lawn Sprinklers" as designated in the opening paragraph of this Agreement.

7.7.1 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify himself/herself as the owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as Franchisor may designate in writing.

7.8 **Discontinuance of Use**. In addition to all post-termination provisions contained in this Agreement, Franchisee agrees that after the expiration or termination of this Agreement, Franchisee shall discontinue the use of the cellular telephone number(s) of the Franchised Business and shall not advertise in any telephone directory under the name "Pacific Lawn Sprinklers" or any other name, phrase or logo used by the System, discontinue use of any or all of the Proprietary Properties, and not use any words, phrases, logos, designs, colors, trade dress or the like that in any manner may cause customer confusion, or resemble, be confusingly similar to, or be a colorable imitation of the Proprietary Properties. Additionally, upon demand of the Franchisor, Franchisee shall direct his/her local telephone company to transfer such telephone number(s) to Franchisor or its designee by utilization of the Assignment of Telephone Numbers form to be executed by Franchisee, the form of which is annexed hereto as Exhibit "D". If Franchisee fails promptly to direct his/her telephone company to effect such transfer, Franchisee hereby irrevocably appoints Franchisor as his/her attorney-in-fact to so act.

7.9 **Franchisor to Defend**. If Franchisee receives notice of or learns of any actual or potential claim, suit or demand that has been or may be asserted against him/her or Franchisor involving any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Properties, Franchisee shall promptly notify Franchisor of any such actual or potential claim, suit or demand. Thereupon, Franchisor shall promptly take such action as it may deem necessary in its sole judgment to address any such claim. Franchisor shall have the sole right to defend compromise or settle any such claim, using attorneys of its own choosing, and Franchisee agrees to cooperate fully with Franchisor in connection with the defense of any such claim. Franchisor shall protect, defend and indemnify Franchisee in connection with such claim unless the claim, suit or demand arises out of or relates to Franchisee's use of the Proprietary Properties in violation of this Agreement, the Manual or otherwise.

7.10 **Notification of Infringement**. If Franchisee learns of any unauthorized use of the Proprietary Properties, Franchisee shall promptly notify Franchisor of the facts relating to such alleged infringing use. Franchisor shall, in its judgment, determine whether or not to take any action with respect to such information. Franchisee shall have no right to take any action with respect to any unauthorized use of the Proprietary Properties without the prior written consent of Franchisor.

7.10.1 Franchisee agrees to notify Franchisor of any unauthorized use of Franchisor's Proprietary Marks by others promptly as it comes to Franchisee's attention. Franchisor shall have the right in its sole judgment to bring infringement or unfair competition proceedings involving Franchisor's Proprietary Marks.

7.11 **Limited License**. Franchisee understands and agrees that the limited license to use the Proprietary Properties granted hereby applies only to such properties as are designated by Franchisor, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that he/she is bound not to represent in any manner that he/she has acquired any ownership or equitable rights in any of the Proprietary Properties by virtue of the limited license granted hereunder, or by virtue of Franchisee's use or creation of any of the Proprietary Properties, or upon any other basis.

7.11.1 If it becomes advisable at any time, in the sole judgment of Franchisor, to modify or discontinue use of any aspect of the Proprietary Properties and/or to adopt or use one or more additional or substitute items, then Franchisee shall be obligated to comply with any such instruction by Franchisor. The sole obligation of Franchisor in such event shall be to reimburse Franchisee for his/her documented, verified and reasonable expenses of compliance, such as changing signs, stationery, etc. Franchisee waives any other claim arising from or relating to any change, modification or substitution to the Proprietary Properties. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any such addition, modification, substitution or discontinuation, except as provided herein. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

ARTICLE VIII
PAYMENTS TO FRANCHISOR

8.1 Initial Franchise Fee and Onboarding Fee. Upon execution of this Agreement and to initiate the franchise rights conveyed hereunder, Franchisee shall pay to Franchisor an Initial Franchise Fee in the amount set forth on Schedule "A." If Franchisee qualifies under Franchisor's then-current VetFran program requirements, the otherwise applicable Initial Franchise Fee will be reduced by fifteen percent (15%), provided that this discount may be applied toward the purchase of only one franchise concept offered by Franchisor or its affiliates and cannot be combined with any other discount. In addition to the Initial Franchise Fee, Franchisee shall pay to Franchisor a non-refundable onboarding fee of Nine Thousand One Hundred Dollars ($9,100) in consideration of the initial training program Franchisor provides to up to five (5) persons. The Initial Franchise Fee and onboarding fee are not refundable in whole or in part and are deemed fully earned upon execution of this Agreement.

8.2 [Intentionally Omitted]

8.3 **Continuing Royalty Fee**. In addition to the Initial Franchise Fee and onboarding fee, Franchisee shall pay Franchisor a monthly Continuing Royalty Fee equal to 10% of Net Revenue ("Continuing Royalty Fee"). The Continuing Royalty Fee is payable on the tenth (10th) day of each month based on Net Revenue for the preceding month.

8.3.1 As used in this Agreement, the term "Net Revenue" shall mean and include the actual gross revenues billed to customers by Franchisee (including sub-contractors) in connection with the Services and related products sold and performed for such customers, whether for cash or credit or barter, plus any other revenues derived from the operation of the Franchised Business by Franchisee, but excluding federal, state or municipal sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authorities, and customer refunds.

8.3.2 **Minimum Continuing Royalty Fee.** The Continuing Royalty Fee that Franchisee pays each Calendar Year (defined, for Franchisee's first calendar year of operation, as the time between the Effective Date and December 31 of the year of the Effective Date, and for each subsequent calendar year, as January 1 through December 31) will be subject to the annual minimum Continuing Royalty Fee, as set forth on Schedule "A" (the "Minimum Continuing Royalty Fee"). The Minimum Continuing Royalty Fee shall be determined based on the applicable Level of the Franchised Business (as described in more detail in Section 8.9 and Schedule A). Franchisor may, in its sole discretion upon notice to Franchisee, increase the Minimum Continuing Royalty Fee applicable to each Level annually in an amount not to exceed 4% of the immediately preceding year's Minimum Continuing Royalty Fee. Franchisor will invoice Franchisee for the Continuing Royalty Fee on the last day of each month, and the Continuing Royalty Fee will be due on or before the tenth (10^{th}) day of the month for the preceding month. If, in any Calendar Year, Franchisee has paid a cumulative Continuing Royalty Fee in an amount less than the total Minimum Continuing Royalty Fee due for the Calendar Year, Franchisor will invoice Franchisee for the remaining balance on December 31, and Franchisee must pay Franchisor the remaining balance by January 10 of the next Calendar Year.

8.4 **Brand Fund Contribution**. In addition to the Initial Franchise Fee, onboarding fee, and Continuing Royalty Fee, Franchisee shall pay to Franchisor a Brand Fund Contribution equal to one percent (1%) of Net Revenue for the preceding month. Franchisor may increase the Brand Fund Contribution upon notice to Franchisee; provided, however, that the Brand Fund Contribution will not exceed three percent (3%) of Net Revenue during the term of this Agreement or any successor term unless otherwise limited by applicable law. The Brand Fund Contribution shall be expended or administered as provided in Article XI. The Brand Fund Contribution is payable on the tenth (10th) day of each month based on Net Revenue for the preceding month, or at such other times and in such other manner as Franchisor designates.

8.5 **Local Advertising and Promotional Expenditures**. In addition to the Brand Fund Contribution, Franchisee shall continuously develop and maintain consumer awareness and market penetration within the Territory through local advertising and promotional programs approved by Franchisor. For each Calendar Year, Franchisee shall spend not less than the greater of: (i) two percent (2%) of Net Revenue; or (ii) Thirty-Six Thousand Dollars ($36,000) on approved local advertising and promotion (the "Local Advertising Requirement"). For Franchisee's first partial Calendar Year, the dollar-based portion of the Local Advertising Requirement shall be prorated based on the portion of the Calendar Year during which Franchisee operates the Franchised Business. Brand Fund Contributions do not count toward the Local Advertising Requirement. Amounts paid to an advertising cooperative approved by Franchisor will be credited against the Local Advertising Requirement unless Franchisor designates otherwise. Franchisee shall maintain records and documentation of all advertising expenditures and provide such records to Franchisor upon request in the form and manner Franchisor requires. If Franchisee fails to spend or document the required Local Advertising Requirement for any Calendar Year, Franchisor may, in addition to all other remedies, require Franchisee to pay the shortfall to Franchisor or the Brand Fund, or Franchisor may itself spend or direct the spending of the shortfall on local advertising or promotion for Franchisee's market and charge the amount to Franchisee. Failure to satisfy or document the Local Advertising Requirement constitutes a default under this Agreement.

8.6 **Call Center Administration Fee**. In addition to the Initial Franchise Fee, Continuing Royalty Fee, onboarding fee, Brand Fund Contribution, and Local Advertising Requirement, Franchisee shall pay to Franchisor's designated Call Center an annual Administration Fee (the "Call Center Administration Fee") equal to the amount set forth on Schedule "A". The Call Center Administration Fee shall be determined based on the applicable Level of the Franchised Business (as described in more detail in Section 8.9 and Schedule A). Franchisor may, in its sole discretion upon notice to Franchisee, increase the Call Center Administration Fee applicable to each Level annually in an amount not to exceed 4% of the immediately preceding year's Call Center Administration Fee. The annual Call Center Administration Fee is payable monthly on a prorated basis each Calendar Year.

8.6.1 The Call Center Administration Fee will be payable on the last day of each month in increments according to a schedule. Five percent (5%) of the Call Center Administration Fee shall be paid in each of the months of January, February, July, August, September, October, November and December; ten percent (10%) shall be paid in each of March and June; and twenty percent (20%) shall be paid in each of April and May.

For Franchisee's first partial Calendar Year, Franchisee is only required to pay the Call Center Administration Fee due for the month Franchisee commences operation of the Franchised Business, and for the remaining months in the Calendar Year (as described above).

8.7 **Technology Fee**. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading technology systems. Certain technology systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary technology systems (or components thereof) that become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, sign our prescribed form of license agreement governing use of proprietary technology systems (or components thereof). We may enter into master agreements with licensors of third-party technology and charge you for amounts we pay them based on your use of their third-party technology. We may charge you a technology fee, which includes all amounts you pay us and our affiliates relating to technology systems, including amounts paid for proprietary items and amounts we collect from you and remit to suppliers of third-party technology. The technology fee may change based on changes to technology systems or prices charged by third parties with whom we enter into master agreements. The technology fee may include a reasonable administrative fee for the time, money and resources we invest to administer the technology platform and associated components, negotiate and manage contracts with third-party licensors, and collect and remit technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include amounts you pay directly to third-party suppliers. The technology fee is due 10 days after invoicing or as we otherwise specify. We list the current technology fee in the Manual.

8.8 **Other Fees.** Franchisee shall have the option, but not the obligation, to provide services other than sprinkler, drainage, landscape lighting and exterior holiday decorations, if and as any additional service lines are offered by Franchisor. Franchisor may charge a “per occurrence” fee or an annualized and/or prorated fee for these additional services. Currently, Franchisor offers an automated collection call service where Franchisor or an affiliate will make collection calls/texts on Franchisee’s behalf. The current fee for this service is $0.20 per call or text. Franchisor reserves the right to increase this fee if carrier rates increase.

8.9 **Levels**. The annual Minimum Continuing Royalty Fee, Call Center Administration Fee, and Bookkeeping Services Fee are each based on the applicable “Level” of the Franchised Business. The Level is determined, in Franchisor’s sole discretion, based on the amount of exposure Franchisee’s Territory has to the Pacific Lawn Sprinklers brand (or another brand acquired by Franchisor). “Level 1” franchisees operate in an area that has less than 1 year of applicable exposure; “Level 2” franchisees operate in an area that has a minimum of 1 year of applicable exposure; and “Level 3” franchisees operate in a Territory that has a minimum of 2 years of applicable exposure. Franchisor may, each year and in its sole judgment, determine whether Franchisee’s Level 1 or Level 2 Franchised Business will be re-categorized as a Level 2 or Level 3 Franchised Business, as applicable. The Brand Fund Contribution and Local Advertising Requirement are not based on Franchisee’s Level and are calculated as described in Sections 8.4 and 8.5.

8.10 **Commencement of the Business**. Franchisee’s obligations to pay the Continuing Royalty Fee, Brand Fund Contribution, Call Center Administration Fee, and Optional Bookkeeping Services Fee, and to satisfy the Local Advertising Requirement, accrue on the day that Franchisee commences operation of the Franchised Business. “Commencement of the Business” shall be on the day that Franchisee begins operating in the normal course of business, including (by way of example and without limitation) when Franchisee begins performing Services for customers or otherwise begins soliciting or servicing customers under the Proprietary Marks.

8.4 **Payment Method Calculation**. Any amounts due and owing hereunder shall be computed monthly and netted out of the amounts due to the franchisee (if any). Except as otherwise provided herein, all amounts are payable on the tenth (10th) day of each month for the prior month's operations.

8.5 **Right of Set Off**. Franchisee agrees to pay promptly, when due, all taxes and assessments that may be assessed or otherwise due against Franchisee's income, premises, equipment and/or supplies used in connection with Franchisee's business, to discharge all liens and encumbrances of every kind and character created or placed upon or against any of said property and to pay all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of said business. In the event Franchisee should default in making any such payment, Franchisor, or Franchisor's affiliate, shall be authorized, but not required, to pay the same on Franchisee's behalf, and Franchisee covenants promptly to reimburse Franchisor, or Franchisor's affiliate, for any such payment. Franchisor, or Franchisor's affiliate, shall also maintain the right of set off to permit deductions of any such amounts from payments that may be due Franchisee hereunder. Any such amounts advanced by Franchisor, or Franchisor's affiliate, shall be due and payable immediately on Franchisee's receipt of written demand from Franchisor, or Franchisor's affiliate.

8.6 **Default**. Any default by Franchisee in the timely payment of any indebtedness of Franchisee owing to Franchisor, or to any affiliate of Franchisor, or the default by Franchisee in the payment of any indebtedness of Franchisee with respect to which Franchisor or any of the affiliates of Franchisor is a guarantor, co-signer, endorser or obligor, shall constitute a breach of this Franchise Agreement, rendering the same subject to termination in accordance with the provisions of Article XVII hereof.

8.7 **Application of Funds**. Franchisee waives any and all existing and future claims and set offs against any amounts due hereunder to Franchisor, or to any affiliate of Franchisor, which amounts shall be paid when due regardless of any other claims which Franchisee may have against Franchisor, or any affiliate of Franchisor. However, Franchisor, or Franchisor's affiliate, shall be entitled to apply or cause to be applied against amounts due to it any amounts which may from time to time be held by Franchisor, or Franchisor's affiliate, on Franchisee's behalf or be owed to Franchisee by Franchisor, or by Franchisor's affiliate. Notwithstanding any designation by Franchisee, Franchisor, or Franchisor's affiliate, shall use sound business judgment and be reasonable in applying any payments received from Franchisee, whether designated as payable to Franchisor, Franchisor's affiliate, the Brand Development Fund or otherwise, to any past due or other indebtedness of Franchisee for fees, advertising contributions, purchases, interest or otherwise. Franchisor, or Franchisor's affiliate, may set off from any amounts that may be owed to Franchisee any amount that Franchisee owes to Franchisor, or Franchisor's affiliate, or with respect to any payment. In particular, Franchisor, or Franchisor's affiliate, may retain any amounts it has received for Franchisee's account (whether rebates or other funds and whether paid by or due from suppliers or otherwise) as a credit and payment against any amounts that Franchisee owes or will owe to Franchisor, or to any affiliate of Franchisor, or with respect to any advertising contribution. Franchisor, or Franchisor's affiliate, may do so without notice at any time. However, Franchisee does not have the right to offset or withhold payments owed to Franchisor, or to any affiliate of Franchisor, for amounts purportedly due Franchisee from Franchisor, or from any affiliate of Franchisor. Franchisor, or Franchisor's affiliate, may condition Franchisee's participation in any program (including, but not limited to, any program involving payments from third party suppliers or otherwise) as Franchisor, or Franchisor's affiliate, determines in its reasonable judgment, including, but not limited to, Franchisee being a "Pacific Lawn Sprinklers" franchisee in good standing and not in default under this or any other agreement with Franchisor, or Franchisor's affiliate. Franchisee agrees that he/she will not withhold any amounts otherwise due to Franchisor, or to any affiliate of Franchisor, as a result of any dispute of any nature, but will pay such amounts to Franchisor, or to any affiliate of Franchisor, and only thereafter seek reimbursement.

8.8 **Interest on Late Payments**. All royalty and service fees, advertising contributions, lease payments, amounts due for purchases by Franchisee from the Franchisor, and other amounts which Franchisee owes to the Franchisor shall bear interest after due date at the maximum interest rate permitted by law. If there is no applicable legal maximum rate, interest will be calculated at the rate of three percent (3%) above the prime rate of interest on the first day of each month for the past due amount, as published in The Wall Street Journal. Franchisee acknowledges that this Section 8.11 shall not constitute the Franchisor's agreement to accept such payments after same are due or a commitment by the Franchisor to extend credit to, or otherwise finance Franchisee's Franchised Business. Further, Franchisee acknowledges that his failure to pay all amounts when due shall constitute grounds for termination of this Agreement.

8.9 **Optional Report and Alert Fee**. Subject to the schedules and availability of Franchisor's support staff, Franchisee may request, and Franchisor may create and send, customer reports, email alerts or other dispatches created using information available to us through your computer system or elsewhere. Franchisee will pay Franchisor's then-current hourly fee for the time spend preparing and transmitting these reports and/or alerts, unless Franchisor and Franchisee mutually agree upon a per project fee. Franchisee acknowledges and agrees that it does not have a right to receive any such report or alert, and further acknowledges that Franchisor may decline to provide Franchisee with these optional services for any reason.

8.10 **Application of Payments**. Notwithstanding any designation by Franchisee, the Franchisor may, in its sole judgment, apply any payments by Franchisee to any of his past due indebtedness for royalty and service fees, advertising contributions, purchases from the Franchisor or its affiliates, interest or any other indebtedness.

8.11 **Method of Payment - Electronic Funds Transfer**. The Royalty Fee and any other fees owed to Franchisor or its affiliates, will be automatically debited from Franchisee's operating account on a monthly basis throughout the term of this Agreement, unless Franchisor provides reasonable written notice that Franchisor is modifying the collection interval (*e.g.*, notifying Franchisee that Franchisor will be collecting Royalty Fee and other recurring amounts due on a weekly rather than monthly basis, with such monthly fees based on the Net Revenue of the Franchised Business over the preceding calendar month). All fees, penalties, and other amounts owed by Franchisee to Franchisor or its affiliates, whether accruing weekly, monthly, annually or as-incurred, will be debited from Franchisee's operating account by Franchisor as such amounts become owed. Franchisee agrees to complete and execute an "Electronic Funds Transfer Agreement" (attached as Exhibit H to this Agreement) and any other form, including, without limitation, an "Electronic Debit Authorization" (attached thereto) for the purpose of authorizing an electronic debit, and to submit any information required by Franchisor for such authorization.

8.12 **Volume Discounts and Rebates From Franchisee Purchases**: Franchisor reserves the right to receive payments, discounts or other incentives, including payment term discounts, volume discounts, cash rebates, concessions, advertising allowances, or discount bonuses (collectively "Discounts"), whether by way of cash, kind or credit, from any manufacturer or supplier designated by Franchisor, whether or not on account of purchases made (i) by Franchisor for its own account or for Franchisee's account, or franchisees generally, or (ii) by Franchisee directly for its own account. Franchisor is entitled to retain the whole of the amount or any part of such Discounts as it deems appropriate from time to time.

ARTICLE IX
OBLIGATIONS OF FRANCHISEE

9.1 **Obligations of Franchisee**. Each component of the System is vital to Franchisor, to the network of other franchisees of the System and to the operation of the Franchised Business, as well as to the members of the purchasing public who have come to rely upon Franchisor and its network for reliability and promptness. Compliance with each such component is of the essence to this Agreement. Hence, Franchisee undertakes to conduct the Franchised Business at all times in full compliance with the System and each of its components. It is expressly understood and agreed that such services include, but are not limited to, providing Services and related products to customers and such other related services as may be offered by Franchisor to the System from time to time. Franchisor may, from time to time, conduct market research and testing to determine consumer trends and salability of new products and services. Franchisee must cooperate by participating in Franchisor's market research programs, test marketing new products and related services and providing timely reports and other relevant information regarding marketing research. In connection with such test marketing, Franchisee must purchase a reasonable quantity of products to be tested and effectively promote and make a reasonable effort to sell such products and related services.

9.1.1 Franchisee shall operate the Franchised Business in an efficient and professional manner in accordance with the highest ethical and moral standards. Franchisee shall, as well, comply with all recommendations and standards of quality and service prescribed from time to time by Franchisor in the Manual or otherwise.

9.1.2 We recommend, but do not require, Franchisee to operate from his/her home and that all service and installation calls, as applicable, emanate from Franchisee's home address. The home or office from which Franchisee operates must be within 25 miles of the Territory. Franchisee may not relocate business operations to a new home or office unless: (a) Franchisor approves the new home or office prior to relocation; and (b) the new home or office is located within 25 miles of the Territory.

9.2 **Development of Business**. After execution of this Agreement and payment of the Initial Franchise Fee, onboarding fee and any other amounts then due under this Agreement, Franchisee must equip the Franchised Business, complete his/her training (as required by Section 5.3 of this Agreement), and commence operation of the Franchised Business no later than thirty (30) days after the completion of training.

9.2.1 Franchisee shall be excused from the timely performance of his/her obligations under this Section if the cause of delay is beyond the reasonable control of Franchisee. Such cause would include, by way of illustration, strikes, fires and acts of God or other causes which Franchisee could not, by the exercise of due diligence, have reasonably avoided.

9.3 **Compliance with Laws and Good Business Practices**. Franchisee shall secure and maintain in force in its name all required licenses, permits and certificates relating to the operation of the Franchised Business. Franchisee shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including without limitation all government regulations relating to environmental protection, occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales taxes. Franchisee shall, in all dealings with customers, suppliers, the Franchisor and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the business of the Franchisor and the goodwill associated with the Marks and other Pacific Lawn Sprinklers Businesses. Franchisee shall be required to wear any uniforms that Franchisor determines, in the best interests of the System, to have all of its franchisees wear. Failure to wear such designated uniforms shall cause Franchisor to provide Franchisee notice of violations of its systems and procedures and which could, in turn, lead to a notice of termination of this Agreement.

9.4 **Franchisee to Supervise**. Franchisee is required personally and directly to operate and exercise daily supervision over the operation of the Franchised Business, unless otherwise permitted in writing by Franchisor. Franchisee must reside full-time within the Territory and no more than one (1) hour from the Territory, unless otherwise approved in writing by Franchisor, and must successfully complete Franchisor's initial training program and obtain and maintain all licenses and permits required to operate the Franchised Business.

9.4.1 If Franchisee is a corporation, limited liability company or partnership, any principal owner, managing member, general partner, chief executive officer or managing owner approved by Franchisor may fulfill the requirement set forth in Section 9.4 above, provided such person satisfies all residency, training, licensing and supervision requirements set forth therein. If no such person satisfies the residence requirement set forth in Section 9.4 above, Franchisee must employ a designated manager, approved by Franchisor, who works full-time in the Franchised Business, resides full-time within the Territory and no more than one (1) hour from the Territory, and has successfully completed Franchisor's initial training program and obtained any required licenses and permits.

9.5 **Service Vehicle**. Franchisee shall be obligated to purchase or lease the type of service vehicle required by Franchisor to be used in the operation of the Franchised Business, the specifications for which are set forth in the Manual.

9.5.1 Use of Service Vehicle. Franchisee and his/her employees, agents and independent contractors shall travel to customers' and prospective customers' residential or small commercial properties only in vehicles (hereinafter referred to as "Service Vehicles") that have been acquired, designed, equipped, painted, decaled, decorated and/or otherwise outfitted as specified and approved by Franchisor and no others. It is acknowledged that such restriction is necessary to present a uniform appearance to the public. Franchisee understands and acknowledges that the Service Vehicle shall only be used for "Pacific Lawn Sprinklers" sanctioned projects and work, and for no other purpose.

9.5.2 Condition. Franchisee shall maintain his/her Service Vehicles in good working order, performing scheduled maintenance as recommended by the manufacturer and repairing all malfunctions promptly. Franchisee shall be required to replace a Service Vehicle every ten (10) years.

9.5.3 Cleanliness and Appearance. Franchisee shall keep all of his/her Service Vehicles neat and clean, and consistent with the image of the Franchised Business as a professionally operated installation and servicing business.

9.5.4 Disposition. Under no circumstances shall Franchisee allow a Service Vehicle to come into the possession of anyone who is not a "Pacific Lawn Sprinklers" franchisee without first removing and/or obliterating all the Proprietary Marks.

9.5.5 Safe Driving. Franchisee shall hire and use only safe and courteous drivers of his/her Service Vehicles.

9.5.6 Compliance with Law. Franchisee shall at all times cause himself/herself and his/her employees, agents and independent contractors, along with all Service Vehicles, to be in full compliance with all applicable laws and regulations pertaining to all Service Vehicles.

9.5.7 Taxes and License Fees. Franchisee shall promptly pay all license and use charges and taxes assessed on or pertaining to his/her Service Vehicles, and shall hold Franchisor harmless therefrom.

9.5.8 Inspection. The Franchisor, by its agents, employees and attorneys, shall have the right at all times during business hours, and without prior notice to Franchisee, to inspect the interior and exterior of Franchisee's Service Vehicles to ascertain if Franchisee is in compliance with this Agreement. Such inspection may include verification of correct registration, licensing and insurance. Franchisee shall cooperate, and shall cause his/her employees to cooperate, fully with such inspection, and shall give his/her permission as may be necessary to allow Franchisor to obtain government and insurance company records pertaining to ownership and operation of the Service Vehicles, and promptly deliver the information and documentation referred to herein to Franchisor, upon Franchisor's request.

9.5.9 Reports. Franchisee shall, when upon adding a Service Vehicle to the Franchised Business, report to Franchisor in writing the identity of the Service Vehicle Franchisee is adding. Also, Franchisee shall, from time to time as requested by Franchisor or pursuant to this Agreement, report to Franchisor in writing the identity of all Service Vehicles Franchisee is then using in connection with the Franchised Business. Franchisee shall also report to Franchisor in writing each time Franchisee disposes of any Service Vehicle, setting forth the date of disposition, the name and address of the purchaser and a description of the measures taken to obliterate all resemblance to a Pacific Lawn Sprinklers Service Vehicle. These reports shall also include such other information as Franchisor may reasonably require, and shall be made on such forms, and at such times, as prescribed by Franchisor.

9.6 **Acknowledgments**. Franchisee acknowledges that he/she is one of a number of franchisees, each of whose success depends in substantial part on the integrity, reputation and marketing efforts of each other franchisee. Franchisee further acknowledges that the value of the Proprietary Marks and of membership in the Pacific Lawn Sprinklers System to Franchisee, to Franchisor and to each other franchisee depends on the maintenance of uniform standards of quality, integrity and appearance. Franchisee further acknowledges that any action which impairs the reputation and goodwill of the Proprietary Marks, impairs or adversely affects the objectives of the Franchisor or brings the Franchisor into disrepute, or departs from the uniform practices specified by Franchisor, will be likely to injure all members of the System.

9.7 **Franchisor's Directives**. Franchisee agrees that he/she will at all times adopt and follow all the Franchisor's directives concerning the appearance of Franchisee's Premises and Service Vehicles, the quality and appearance of goods and services offered, the appearance of Franchisee and his/her staff, other business practices and other matters likely to affect the public perception of the Pacific Lawn Sprinklers System as a unified and reliable network of companies. Franchisee will offer all of, and only, the goods and services which Franchisor authorizes.

9.8 **Variances**. Complete and detailed uniformity under many varying conditions may not be possible or practicable, and Franchisor therefore reserves the right and privilege, at the sole and absolute judgment of Franchisor and as Franchisor may deem in the best interest of all concerned in any specific instance, to vary standards to accommodate special needs of Franchisee, or those of any other franchisee, based upon the peculiarities of a particular site or location, density of population, business potential, population of trade area, existing business practices, requirements of local law or local custom, or any other condition which Franchisor deems to be of importance to the successful operation of such franchisee's business. Further, Franchisor may from time to time allow certain franchisees to depart from normal System standards and routines in certain respects in order to experiment with or test new products or services, equipment, Service Vehicles, designs, procedures and the like. In no event shall such variance, or such testing, be deemed a waiver of any of Franchisor's rights, or an excuse from performance of any of Franchisee's duties hereunder. Franchisor may at any time require Franchisee to commence full compliance with all of Franchisor's standards and procedures. Franchisor shall not under any circumstances be required to grant any variance to Franchisee. Nothing contained in this Article is intended to confer on Franchisee any right to compel Franchisor to grant a variance to Franchisee or to grant, withdraw or modify any variance given to any other franchisee. Such matters shall at all times remain within the sole and absolute judgment of Franchisor.

9.9 **Customer Referrals**. Franchisee must refer prospective customers to the designated Call Center. Franchisee agrees that he/she will not undertake any work that he/she is not capable of performing promptly and properly or work not referred to him/her from the Call Center. If Franchisee is prevented by the terms of this Section from accepting one (1) or more new customers, Franchisee will refer each such prospective customer to the Call Center for disbursement to the appropriate franchisee.

9.10 **Former Franchisees**. Franchisee acknowledges that former franchisees (those whose franchise agreements have expired or have been terminated) are in a position to compete unfairly with the Franchisee and/or other members of the System, and to cause great injury to the reputation of the System and/or the Proprietary Marks. Franchisee therefore agrees as follows:

9.10.1 Franchisee will not sell, loan, give or otherwise transfer or deliver to any former franchisee, or allow any former franchisee to copy or otherwise obtain, any confidential business information about the System; any advertising or promotional materials produced by the Brand Development Fund or by Franchisor or which bear any of the Proprietary Marks; any other materials or publications of Franchisor, including, without limitation, the Manual; any directory or roster of franchisees or Approved Suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about the Franchised Business or the System which is not available to the public.

9.10.2 Franchisee will not refer prospective customers to any former franchisee.

9.10.3 Franchisee will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time and place of any meetings of franchisees.

9.10.4 If Franchisee observes any former franchisee using any of the Proprietary Marks in any way, or utilizing business premises or motor vehicles from which the Proprietary Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observation to Franchisor, along with all details available to Franchisee.

9.10.5 Franchisee shall in general have no dealings with a former franchisee which Franchisee, under this Agreement, could not have with a person who has never been a Pacific Lawn Sprinklers franchisee.

9.10.6 The provisions of Section 9.10 of this Agreement shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise agreement. Franchisee shall be deemed to be on such notice when:

(i) Franchisee receives a new Franchisee Directory in which such franchise does not appear; or

(ii) Franchisee receives written notice from Franchisor that one (1) or more particular franchise agreements have expired or have been terminated.

9.11 **Computer Hardware**. Franchisee shall (at his/her sole cost and expense) acquire computer hardware meeting Franchisor's specifications. Franchisee understands and acknowledges that such computer hardware is required to utilize the Software.

9.12 **Authorized Products and Services**. The reputation and goodwill of the Franchisor is based upon, and can be maintained and enhanced only by the use of high-quality Services and related products and services. Franchisee agrees, therefore, that he/she will only offer such Services and related products and other services that the Franchisor shall authorize for the Franchised Business, including but not limited to any newly developed proprietary products or equipment by the Franchisor. Franchisee further agrees that he/she will not sell any Pacific Lawn Sprinklers customer list(s) or customer contracts, or otherwise use any Pacific Lawn Sprinklers customer list(s) for any purpose other than in connection with the operation of his/her Franchised Business. Franchisee agrees that he/she will not, without the prior written approval by the Franchisor, offer or sell any type of service or offer, sell or use any product that is not authorized by Franchisor for the Franchised Business. Franchisee further agrees that any equipment used in Pacific Lawn Sprinklers Businesses shall not be used for any purpose other than the operation of his/her Franchised Business in compliance with this Agreement.

Franchisee and Franchisor agree that the handling of prohibited products, which are products other than the Services or other products authorized by Franchisor, shall result in damages to Franchisor, which damages shall range from Two Hundred Fifty Dollars ($250) to Two Thousand Five Hundred Dollars ($2,500). The amount of damages shall be immediately payable by Franchisee to Franchisor upon demand. Franchisor's right to collect such damages shall be in addition to any other right or remedy Franchisor may have, including the right to strictly enforce or terminate this Agreement.

9.13 **Approved Products and Supplies**. Franchisee agrees that all products and supplies used in his/her Franchised Business shall comply with the Franchisor's specifications and quality standards. The Franchisor shall provide Franchisee with a list of approved products and supplies and shall from time to time issue revisions thereto. If Franchisee wishes to use any type or brand of product or supply item or wishes to purchase products or supplies from a supplier that is not currently approved by the Franchisor, Franchisee shall notify the Franchisor of his/her desire to do so and submit to the Franchisor specifications, photographs, samples and/or other information requested by the Franchisor. The Franchisor shall, within a reasonable time, determine whether such products, supplies or such supplier meets its specifications and standards and notify Franchisee whether he/she is authorized to use such product or supply item or purchase from such supplier.

9.14 **Employee Training**. Franchisee shall offer such continuing training programs to his/her personnel as are specified in the Manual.

9.15 **Advertising**. Franchisee shall comply with all of the obligations regarding advertising as are set forth in Article XI of this Agreement.

9.16 **Hours of Operation**. The Franchisee shall operate his/her Franchised Business during those hours prescribed in the Manual.

9.17 **Inspection**. Franchisor or any of its authorized agents or representatives may, upon reasonable notice, inspect the Franchised Business during normal business hours to determine whether it is in compliance with this Agreement and with the System.

9.17.1 Further, Franchisee understands and consents to Franchisor's ability to access all files, data, accounts, reports and the like resulting from Franchisee's transmission of any required reports to Franchisor via computer.

9.18 **Reports**. Franchisee shall submit to Franchisor such reports regarding the Franchised Business as Franchisor prescribes in the Manual.

9.19 **Good Faith**. Franchisee shall act in good faith and use his/her best efforts to comply with his/her obligations under this Agreement, and shall cooperate with Franchisor in accomplishing the purposes of this Agreement. Further, Franchisee shall not directly or indirectly engage in any activities which would be detrimental to or interfere with the operation or reputation of the Franchised Business, the Franchisor, the System, or the operations of any other franchisee.

9.20 **Ethics**. Franchisee agrees to conduct his/her business in a manner that complies with the terms and intent of this Agreement; with national, state and local laws, regulations and ordinances; and with the Franchisor's Code of Ethics (if and when adopted and published by Franchisor). Franchisee hereby authorized any federal, local or state body regulating or supervising landscaping, improvement, and related practices to release to Franchisor information related to complaints and to any disciplinary actions taken based upon Franchisee's practices. Franchisee agrees to notify Franchisor within five (5) business days of any such complaints or disciplinary actions. Franchisee also agrees to maintain all permits, certificates and licenses (necessary for his/her franchise operation) in good standing and in accordance with applicable laws and regulations.

9.21 **Guaranty**. Upon execution of this Agreement, the majority owners of Franchisee (if a corporate entity), the General or Managing Partner (if a limited partnership) or the individual partners (if a standard partnership) shall each execute the Guaranty in the form annexed hereto as Exhibit E of all obligations hereunder, including those of payment of money.

9.22 **Warranties**. Franchisee must offer warranty terms on all sales made by the Franchisee in conformity with this Section, and as may be more specifically provided in the Manual. Franchisee may establish reasonable limitations intended to prevent serious abuse of this warranty policy, provided those limitations comply with such restrictions as Franchisor may include in the Manual, or elsewhere.

9.23 **Prepaid Service Contracts**. Franchisor or its designated Call Center, and as part of the Call Center's responsibilities, may issue prepaid installation and service/maintenance contracts to customers. As a result, payments will be remitted to the Call Center who will hold these funds in escrow for all system franchisees and release these funds to the franchisee who performs the relevant services. Each such franchisee shall be required to remit the appropriate Continuing Royalty Fee on such released funds.

9.24 **Monitoring Systems**. Franchisee acknowledges that Franchisor or its designee may develop a remote monitoring system for customers. The proceeds of any fees charged for this monitoring service shall be paid to the Franchisor or its designee and Franchisee shall not be entitled to participate in such fees.

9.25. **PCI Compliance**. Franchisee agrees to abide by (i) the Payment Card Industry ("PCI") Data Security Standards enacted by the applicable card associations (as they may be modified at any time and from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published at any time and from time to time by payment card companies and applicable to customer credit card and debit card information. If Franchisee knows of or suspects a security breach, Franchisee must immediately notify Franchisor. Franchisee will promptly identify and remediate the source of the compromise. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers from whom Franchisee collects data or personal information.

ARTICLE X
INSURANCE

10.1 Prior to opening the Franchised Business for business, Franchisee must obtain the following minimum insurance coverage under policies of insurance issued by carriers having an A.M. Best rating of "A" or better: (1) commercial general liability insurance in a form or forms covering all the Services occurring in conjunction with the operation of the Franchised Business or Franchisee's conduct of business pursuant to this Agreement and all subcontractors, written on an occurrence basis, including coverage for products and completed operations, independent contractors, premises and operations, personal injury, broad form property damage, blanket contractual liability, and third-party-over actions, in an amount at least equal to $1,000,000 per occurrence, $1,000,000 in the aggregate for completed operations, and $2,000,000 general aggregate; (2) general casualty insurance including fire and extended coverage, vandalism, theft, burglary and malicious mischief insurance for the replacement value of the Franchised Business and its contents of between $25,000/$50,000 minimum limits; (3) Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which the work (including the Services) is to be performed by the Franchised Business with minimum limits of $500,000 for bodily injury (for each accident), $500,000 for bodily injury by disease (policy limits), and $500,000 for bodily injury by disease (for each employee); (4) in states where worker's compensation insurance is a monopolistic state-run system, stop gap employer's liability insurance with a minimum limit of $500,000 per accident or disease; (5) business interruption and rent insurance for a period adequate to re-establish normal business operations with coverage adequate to coincide with the value of the Franchised Business premises and its contents; (6) commercial automobile liability coverage for hired, leased, owned, borrowed, or rented vehicles used in connection with the operation of the Franchised Business, of $1,000,000 combined single limit, not less than $1,000,000 for each accident for bodily injury and property damage; and (7) commercial umbrella insurance with minimum coverage of $1,000,000 per occurrence and $2,000,000 in the aggregate. Franchisee must maintain all required policies in force during the entire term of this Agreement and any renewals thereof. Franchisor may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must: (a) name

Franchisor and its affiliates (and, if Franchisor so requests, the directors, employees or shareholders of Franchisor and the directors, employees or shareholders of its affiliates) as additional insureds; (b) include a waiver of all subrogation rights against Franchisor and its affiliates; and (c) provide Franchisor with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy. Franchisee acknowledges that Franchisee should consult with a licensed insurance agent to review the minimum insurance limits described above and obtain the proper desired coverage for the Franchised Business.

Before the expiration of the term of each insurance policy, Franchisee must furnish Franchisor with a Certificate of Insurance for each policy to be maintained for the upcoming term, along with evidence of the payment of the premium for each. If Franchisee does not maintain the required insurance coverage, or does not furnish Franchisor with satisfactory evidence of the required insurance coverage and the payment of the premiums for same, Franchisor may obtain, at its option and in addition to its other rights and remedies under this Agreement, any required insurance coverage on Franchisee's behalf. If Franchisor does that, Franchisee agrees to fully cooperate with Franchisor in its effort to obtain the insurance policies, promptly execute all forms or instruments required to obtain or maintain the insurance, allow any inspections of the Franchised Business which are required to obtain or maintain the insurance and pay to Franchisor, on demand, any costs and premiums Franchisor incurs, including interest.

10.2 Franchisee's obligation to maintain insurance coverage, as described in this Agreement, will not be reduced in any manner by reason of any separate insurance Franchisor maintains on its own behalf, nor will Franchisor's maintenance of that insurance relieve Franchisee of any obligations under this Article X.

10.3 If Franchisee fails or refuses to purchase or maintain the prescribed insurance coverage, or to comply with any other requirement set forth in this Article X, Franchisor shall have the right, without waiver of any other remedies, to secure such insurance on Franchisee's behalf, at Franchisee's expense, through agents and insurance companies of Franchisor's choosing, and to take all other action necessary to protect its interests hereunder, or in the alternative, Franchisor shall have the right to terminate this Franchise Agreement.

ARTICLE XI
ADVERTISING

11.1 **Approval by Franchisor.** Franchisee shall use for advertising, marketing, promotional, public relations, and customer generation activities only those materials, concepts, campaigns, suppliers, vendors, agencies, media, and programs that have been furnished or approved in advance by Franchisor by specification in the Manual or otherwise. Franchisee shall not use any advertising, marketing, or promotional materials or programs that Franchisor has disapproved or that do not comply with the System standards.

11.2 **Brand Fund.** Franchisor maintains and administers a Brand Advertising Fund (the "Brand Fund") to support the development, promotion, advertising, marketing, and protection of the Pacific Lawn Sprinklers brand, Proprietary Marks, Services, and System on a regional, market-wide, and national basis. Advertising and promotional activities conducted through the Brand Fund shall be funded by Brand Fund Contributions paid by Franchisee and other participating Pacific Lawn Sprinklers businesses. Franchisor will have sole discretion regarding Brand Fund programs and expenditures.

Franchisor may use Brand Fund contributions for any lawful purpose related to advertising, marketing, promotion, brand development, customer generation, public relations, or System support, including national and regional advertising campaigns; digital and social media advertising; search engine optimization and search engine marketing; website development, hosting, maintenance, and optimization; customer relationship management systems and marketing technology; referral, gift card, and loyalty programs; creative design, branding, content production, video production, and photography; television, radio, streaming, print, and online media purchases; public relations and reputation management; market research and analytics; development of marketing materials and promotional programs; franchisee marketing support; administration and management of advertising programs; agency and consulting fees; trade shows and sponsorships; activities intended to maintain quality of customer service and brand confidence; and other marketing, advertising, promotional, or brand-related activities Franchisor approves.

Franchisor may cause the Brand Fund to reimburse Franchisor or its affiliates for reasonable administrative costs, salaries, overhead, creative expenses, production costs, consulting fees, agency fees, technology costs, accounting expenses, legal expenses, collection costs, and other expenses incurred in connection with the operation and administration of the Brand Fund and related advertising programs. Brand Fund contributions will not be used principally to solicit franchise sales, but Franchisor may use the Brand Fund for public relations or brand recognition, for the creation and maintenance of websites or online content that may include information about franchise opportunities, and for advertising that includes a notation such as "Franchises Available." Franchisor and its affiliates shall not be liable for any act or omission with respect to the Brand Fund that is consistent with this Agreement or undertaken in good faith.

The Brand Fund is not a fiduciary fund, trust, or escrow account for Franchisee's benefit. Franchisor is not obligated to maintain the Brand Fund in a separate account or to spend in any fiscal period an amount equal to the total contributions to the Brand Fund during that period. Franchisor may defer or reduce Brand Fund expenditures and may use contributions collected in one period during subsequent periods. Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions made to the Brand Fund during that year, may lend money to or borrow money for the Brand Fund on commercially reasonable terms, and may invest any surplus for future Brand Fund use. Franchisor may incorporate the Brand Fund or operate it through a separate entity whenever Franchisor deems appropriate, and the successor entity will have all rights and duties specified in this Section.

Franchisee understands and acknowledges that the Brand Fund is intended to maximize general public recognition and patronage of Pacific Lawn Sprinklers businesses and the Proprietary Marks. Franchisor is not required to spend Brand Fund contributions in Franchisee's Territory, Supplemental Service Area, or any other area, or in proportion to amounts contributed by Franchisee or other franchisees. Franchisor has no obligation to ensure that Franchisee benefits directly or in proportion to Franchisee's Brand Fund Contributions from Brand Fund programs or expenditures. Any Pacific Lawn Sprinklers business owned by Franchisor or an affiliate may, but is not required to, contribute to the Brand Fund on the same basis as Franchisee.

Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund Contributions at the Brand Fund's expense. Franchisor may forgive, waive, settle, and compromise all claims by or against the Brand Fund. Franchisor may at any time defer or reduce the Brand Fund Contributions of a Pacific Lawn Sprinklers business and, upon thirty (30) days prior written notice to Franchisee, reduce or suspend Brand Fund contributions or operations for one or more periods of any length and terminate and, if terminated, reinstate the Brand Fund. If

Franchisor terminates the Brand Fund, Franchisor will distribute unspent monies, if any, to all participating Pacific Lawn Sprinklers businesses, whether franchised or operated by Franchisor or its affiliates, in proportion to their respective Brand Fund Contributions during the preceding twelve (12) month period. Franchisor may, but is not obligated to, provide Franchisee with periodic reports summarizing Brand Fund receipts and expenditures.

11.3 Local Advertising. Franchisee must continuously develop and maintain consumer awareness and market penetration within the Territory through local advertising and promotional programs approved by Franchisor. Franchisee must spend no less than the Local Advertising Requirement described in Section 8.5 during each Calendar Year. Approved local advertising expenditures may include digital advertising; search engine marketing; local service advertisements; website and search engine optimization services; social media advertising; direct mail campaigns; loyalty and referral reward programs; neighborhood marketing; community sponsorships; home shows and trade events; reputation and review management programs; email and text marketing campaigns; yard signs; and other advertising or promotional activities approved by Franchisor. Brand Fund Contributions do not count toward the Local Advertising Requirement. Franchisee shall maintain records and documentation of all local advertising expenditures and provide such records to Franchisor upon request in the form and manner Franchisor requires. If Franchisee fails to spend or document the required Local Advertising Requirement for any Calendar Year, Franchisor may require Franchisee to pay the shortfall to Franchisor or the Brand Fund, or Franchisor may itself spend or direct the spending of the shortfall on local advertising or promotion for Franchisee's market and charge the amount to Franchisee. Failure to timely pay Brand Fund Contributions or satisfy or document the Local Advertising Requirement constitutes a default under this Agreement.

11.4 Advertising Cooperatives; Local Councils; Social Media. Franchisor may establish, change, dissolve, or merge local, regional, or market advertising cooperatives or councils on such terms as Franchisor determines. If Franchisor establishes or approves an advertising cooperative for Franchisee's market, Franchisee must join, participate in, and contribute to the cooperative in the amounts and manner approved by Franchisor. Amounts Franchisee pays to an approved advertising cooperative will be credited against the Local Advertising Requirement unless Franchisor designates otherwise, but will not reduce Franchisee's Brand Fund Contribution. Each cooperative may adopt its own bylaws, rules, and procedures subject to Franchisor's approval, but no cooperative action may restrict Franchisee's rights or obligations under this Agreement. Any use of Social Media by Franchisee pertaining to the Franchised Business or featuring the Proprietary Marks must be in good taste and not linked to controversial, unethical, immoral, illegal, or inappropriate content. Franchisor reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the Franchised Business on such websites/pages. At Franchisor's request, Franchisee will promptly modify or remove any online communication pertaining to the Franchised Business that does not comply with this Agreement or the Manual.

ARTICLE XII
REPORTING AND FINANCIAL MANAGEMENT REQUIREMENTS

12.1 **Record Keeping**. Franchisee shall keep true and accurate records, including those which may be specified by Franchisor from time to time, from which all sums payable under this Agreement and the dates of accrual thereof may be readily determined. Franchisee shall keep such records on his/her business premises at all times, unless Franchisor permits them to be kept at another location. In any event, Franchisee shall at all times inform Franchisor of any change in the location of Franchisee's said records. Franchisee shall be required to make all data and records available to Franchisor, twenty-four (24) hours per day, seven (7) days per week, via a high-speed internet connection.

12.2 **Reporting Systems**. Franchisee agrees to utilize such reporting and financial control systems as Franchisor may direct.

12.2.1 Franchisee shall maintain on forms approved or provided by Franchisor a monthly sales report and monthly profit and loss statement accurately reflecting the operations and condition of said business.

12.2.2 Franchisee shall employ such methods of filing, record-keeping, bookkeeping, accounting and reporting as Franchisor shall from time to time reasonably require.

12.2.3 Franchisee shall adopt and shall strictly adhere to such methods for control and protection of cash receipts (and of records pertaining thereto) as Franchisor may from time to time direct.

12.2.4 Franchisee will submit a profit and loss statement to Franchisor not later than January 31 of each year that accurately reflects the operations and condition of said business in the prior calendar year.

12.2.5 Within 5-days of submitting Franchisee's annual tax return to the IRS, Franchisee will provide Franchisor with a true and correct copy of the filed tax return.

12.3 **Reports**. To enable Franchisor to verify the Continuing Royalty Fees, payments and contributions due hereunder and to monitor the progress of Franchisee and Franchisee's compliance with this Agreement, in addition to reports otherwise required under this Agreement, Franchisee shall provide to Franchisor quarterly written reports in such form as Franchisor may prescribe. In addition, Franchisor shall, at all times, have on-line access to Franchisee's reports.

12.3.1 In the event that Franchisee fails for any reason to provide any of the reports hereinabove required within the prescribed time, Franchisee shall pay a late reporting charge of Fifty Dollars ($50.00) for each month (or week, if applicable) during which the same report remains undelivered. It is agreed that Franchisor's damages in the event of Franchisee's failure to deliver such reports would be unreasonably difficult to ascertain with certainty, and that the foregoing charges are a reasonable estimate of such damages and not a penalty or forfeiture. Neither the requirement nor the receipt of such late charges shall be deemed to waive or restrict the right of Franchisor to declare a default in, and terminate, this Agreement for Franchisee's failure to make timely reports.

12.3.2 Reports shall be deemed timely made if personally delivered to the offices of Franchisor, electronically transmitted to and received by Franchisor, or postmarked by the U.S. Postal Service (with proper first-class postage prepaid) on or before the required date.

12.4 **Audit**. Franchisor and its authorized representatives shall have the right at all times during the business day to enter Franchisee's Franchised Business or any other location where books and records relative to the Franchised Business are kept, and/or to request, be supplied with and to inspect, copy and audit such books and records, including, without limitation, Franchisee's state and federal income tax returns and state sales and use tax and personal income and property tax returns, including those of Franchisee's spouse, as applicable, and any other business(es) they may own, and Franchisee hereby waives any privileges with regard to any tax returns. Franchisee shall cooperate completely and in good faith with such audit, and shall provide and explain all records requested by such auditor or necessary to provide information sought by such auditor.

12.4.1 In the event that any such inspection or audit reveals a variance of two percent (2%) or more from amounts reported by Franchisee to Franchisor, Franchisee shall pay two (2) times the amount of the deficiency or Five Hundred Dollars ($500), whichever is greater, and shall reimburse Franchisor for the cost of such audit. In addition to any other rights it may have, including the right of termination of this Agreement, Franchisor may conduct such further periodic audits and/or inspections of Franchisee's books and records as it reasonably deems necessary for up to one (1) year thereafter at Franchisee's sole expense, including, without limitation, reasonable professional fees, travel, and lodging expenses directly related thereto.

12.4.2 If such audit or inspection discloses that Franchisee has underpaid any sums due Franchisor under this Agreement, Franchisee shall pay the same immediately. If such audit or inspection reveals any overpayment by Franchisee, the amount thereof shall be credited against royalty fees and advertising contributions next falling due.

12.4.3 In the event that there is a deficiency two (2) times in any twelve (12) month period, this second deficiency shall be considered a material default of this Agreement and Franchisor shall have the right to terminate this Agreement without providing Franchisee the opportunity to cure the default.

12.4.4 If Franchisee performs any work for a customer without informing Franchisor's Call Center and receives compensation directly from the customer, Franchisee must pay Franchisor a Special Non-Compliance Fee of the greater of $2,500 or two hundred percent (200%) of the value of the estimate or the work performed and, in addition, Franchisor shall have the right, but not the obligation, to terminate the Franchise Agreement on notice to Franchisee.

ARTICLE XIII
INDEPENDENT CONTRACTOR AND INDEMNIFICATION

13.1 **Independent Parties**. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee is, and shall at all times be and remain an independent contractor, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

13.2 **Independent Contractor**. During the term of this Agreement and any renewal hereof, Franchisee shall hold himself/herself out to the public as an independent contractor operating the business pursuant to a franchise granted by the Franchisor. Franchisee shall take such affirmative action as may be necessary to indicate same, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Service Vehicle, business cards, and letterhead, the content of which the Franchisor reserves the right to specify.

13.3 **Indemnification by Franchisee**. Franchisee agrees at all times to defend, at his/her own cost, and to indemnify and hold harmless to the fullest extent permitted by law, Franchisor, its corporate parent, the corporate subsidiaries, affiliates, successors, assigns, and designees of either entity and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each (Franchisor and all others hereinafter referred to collectively as "Indemnities") from all losses and expenses (as hereinafter defined) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: Franchisee's infringement or any other violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; Franchisee's violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander or any other form of defamation by Franchisee; Franchisee's violation or breach of any warranty, representation, agreement, or obligation in this Agreement; any acts, errors, or omissions of Franchisee or any of his/her agents, servants, employees, contractors, partners, proprietors, affiliates, or in any manner in connection with the Franchised Business; the inaccuracy, lack of authenticity, or non-disclosure of any information by Franchisee; any service provided by Franchisee at, from, or related to the operation from the Service Vehicle; any services provided by any affiliated or non-affiliated participating entity. For the purpose of this Section, the term "losses and expenses" shall be deemed to include all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, arbitrators' fees, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices, and other such amounts incurred in connection with the matters described. Franchisee agrees to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. The foregoing indemnification shall not apply to losses or expenses arising from Franchisor's gross negligence or willful acts.

13.3.1 At the expense and risk of Franchisee, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that Franchisor will seek the advice and counsel of Franchisee and shall keep Franchisee informed with regard to any such proposed or contemplated settlement(s). Such an undertaking by Franchisor shall in no manner or form diminish Franchisee's obligation to indemnify Franchisor and to hold it harmless.

13.3.2 All losses and expenses incurred under this Section 13.3 shall be chargeable to and paid by Franchisee pursuant to his/her obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity or defense.

13.3.3 Indemnities do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee may contract, regardless of the purpose. Franchisee shall hold harmless and indemnify Indemnities for all losses and expenses which may arise out of any acts, errors, or omissions of these third parties.

13.3.4 Under no circumstances shall Indemnities be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee. Franchisee agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Indemnities from Franchisee.

ARTICLE XIV
CONFIDENTIAL INFORMATION

14.1 Franchisee shall not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information or Know How concerning, among other things, customer identities and information, as well as the methods of operation of the Franchised Business hereunder which may be communicated to Franchisee, or of which Franchisee may become apprised, by virtue of the operation of the System under this Agreement. Franchisee shall divulge such confidential information only to such of his/her employees or officers and directors who must have access to it in order to operate the Franchised Business. Any and all information, knowledge and know how, including, without limitation, the materials, equipment, specifications, techniques, and other data which the Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to his/her attention prior to disclosure thereof by the Franchisor; or which, at the time of disclosure by the Franchisor to Franchisee, had become a part of the public domain through publication or communication by others; or which, after disclosure to Franchisee by the Franchisor, becomes a part of the public domain through publication or communication by others.

14.2 If Franchisee is an entity, Franchisee shall require the following personnel (as applicable) to execute the Non-Competition and Non-Disclosure Agreement in the form provided as Exhibit C hereto: all of Franchisee's owners, equity holders, control persons, shareholders, members, partners and general partner(s); all of Franchisee's officers, directors and managers; and, all persons possessing equivalent positions in any business entity which directly or indirectly owns and/or controls Franchisee. It is expressly understood that Franchisor is designated as a third party beneficiary of such covenants with the independent right to enforce them. In addition to the above, Franchisee's Manager(s), if any, must also execute the Non-Competition and Non-Disclosure Agreement in the form provided as Exhibit C hereto.

14.3 Franchisee acknowledges that any actual or threatened failure to comply with the requirements of this Article XIV will cause the Franchisor to suffer immediate and irreparable injury, non-compensable by the payment of mere money damages, permitting Franchisor with or without notice to seek immediate injunctive relief. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by the Franchisor when Franchisor seeks to obtain specific performance or an injunction against violation of the requirements of this Article XIV.

ARTICLE XV
COVENANTS NOT TO COMPETE

15.1 **In-Term Covenants**. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee shall receive valuable training and confidential information, including, without limitation, information regarding the promotional, operational, sales, and marketing methods and techniques of the Franchisor and the System, and that the covenants not to compete set forth below are fair and reasonable and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience, and education which afford Franchisee the opportunity to derive income from other endeavors. Franchisee covenants that during the term of this Agreement and for a period of two (2) years thereafter, except as otherwise approved in writing by the Franchisor, Franchisee shall not, either directly or indirectly, for himself/herself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

15.1.1 Divert or attempt to divert any business or customer of the Franchised Business hereunder 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 Proprietary Marks and the System;

15.1.2 Knowingly employ or seek to employ any person who is at that time employed by the Franchisor or its affiliates, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment (subject to applicable law); or

15.1.3 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business (including any business operated by Franchisee prior to entry into this Agreement) specializing, in whole or in part, in the activities conducted by the Franchisee, and any other type of service which Franchisee may be authorized to render hereunder and sell any other products and services which Franchisee may be authorized to sell hereunder.

15.2 **Post-Term Covenants**. Franchisee covenants that, except as otherwise approved in writing by the Franchisor, Franchisee shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, or upon transfer of this Agreement or the Franchised Business pursuant to Article XVI hereof, and continuing for two (2) years thereafter (and in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for himself/herself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business specializing, in whole or in part, in the activities conducted by the Franchisee or any other type of service which Franchisee may be authorized to render hereunder:

15.2.1 Within a radius of fifty (50) miles of Franchisee's premises or Approved Location; or

15.2.2 Within a radius of fifty (50) miles of the location of any business using the System and/or the Proprietary Marks, whether franchised or owned by the Franchisor or its subsidiary or affiliated companies.

15.3 **Amendment of Covenants**. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article XV is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which the 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 part of this Article XV.

15.4 **Franchisor May Amend**. Franchisee understands and acknowledges that the Franchisor shall have the right, in its sole judgment, to reduce the scope of any covenant set forth in Sections 15.1 and 15.2 of this Agreement, or any portion thereof, without Franchisee's written consent, effective immediately upon receipt by Franchisee of written notice thereof. Franchisee agrees that he/she shall comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of this Article XV.

15.5 **Existence of Claim**. Franchisee expressly agrees that the existence of any claim that he/she may have against the Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Franchisor of the covenants in this Article XV.

15.6 **Injunction**. Franchisee acknowledges that any threatened or actual failure to comply with the requirements of this Article XV would cause the Franchisor to suffer immediate and irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the *ex parte* entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article XV. The Franchisor may further avail itself of any other legal or equitable rights and remedies which it may have under this Agreement, statute, common law or otherwise.

15.7 **Additional Covenants**. At the Franchisor's request, Franchisee shall require and obtain execution of covenants identical in scope to those set forth in this Article XV (including covenants applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons:

15.7.1 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation;

15.7.2 The general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership; and

15.7.3 Each covenant required to be executed pursuant to this Section 15.7 shall be on a form supplied by the Franchisor, including, without limitation, specific identification of the Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of a covenant required by this Section 15.7 shall constitute a default under Section 17.2 hereof.

ARTICLE XVI
ASSIGNMENT AND RIGHT OF FIRST REFUSAL

16.1 **Assignment by Franchisor**. Franchisor shall have the right, without the need for Franchisee's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, corporation or other legal entity provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor herein and Franchisee receives a statement from both Franchisor and its transferee to that effect. Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. Franchisee further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Proprietary Marks (or any variation thereof) and System and/or the loss of association with or identification of Pacific Lawn Sprinklers Franchise LLC as Franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business, regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as "Pacific Lawn Sprinklers" facilities operating under the Proprietary Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be proximate to Franchisee's location.

If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the business of providing Services and related products or to offer or sell any products or related services to Franchisee.

Franchisee acknowledges that Franchisor may assign this Agreement as part of a sale, transfer or other disposition of all or part of the System to an entity or entities which engage(s) in similar or competitive businesses. Franchisee acknowledges that any such successor shall be deemed to possess, in addition to all other rights, those specific rights reserved to Franchisor in Section 3.2 hereof.

16.2 **Assignment by Franchisee**. Neither Franchisee's interest in this Franchise Agreement nor any of his/her rights or privileges hereunder, nor the Franchised Business nor any interest therein, may be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, without the prior written consent of Franchisor, which shall not be unreasonably withheld, and without the Franchisee first complying with Section 16.2.1 hereof. (The use of the term "assignment" herein encompasses any actual or purported assignment, sale, transfer or other arrangement having the purpose or effect of shifting ownership or control interests in the Franchised Business.) Any actual or purported assignment of this Agreement or of the Franchised Business in violation of the terms hereof shall be null and void and shall constitute an incurable breach of this Agreement. The actual or purported transfer in the aggregate of more than fifty percent (50%) of the Franchised Business shall be deemed to be an "assignment" hereunder.

16.2.1 Franchisor's consent (such consent not to be unreasonably withheld) to any assignment is subject to the following conditions:

(a) The assignee must demonstrate that it has the skills, qualifications, licensing and economic resources necessary, in Franchisor's judgment, to conduct the Franchised Business and to fulfill its obligations to Franchisee and to Franchisor.

(b) The assignee must expressly assume in writing all of the obligations of Franchisee under this Franchise Agreement.

(c) As of the date of any such assignment, Franchisee shall have fully complied with all of his/her obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor.

(d) The assignee must execute a new Franchise Agreement with a new term in the form and on the terms and conditions then being offered by Franchisor to franchisees.

(e) Franchisee shall pay Franchisor a transfer fee in the amount of Ten Thousand Dollars ($10,000), reduced to Five Thousand Dollars ($5,000) if the assignee is an existing Pacific Lawn Sprinklers franchisee. If Franchisor's broker finds the assignee, Franchisee must also reimburse any commission Franchisor pays to its broker.

(f) The assignee shall satisfactorily complete the training then required of all new franchisees and pay the then-current initial training fee.

(g) Franchisor shall be furnished copies of the executed contract between Franchisee and any such assignee and all related documentation.

(h) The Franchisee must have executed a general release in a form satisfactory to the Franchisor of any and all claims against the Franchisor, its subsidiaries, affiliates, and designees, and its officers, directors, shareholders and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

(i) The assignee shall not be affiliated in any way with a competitor of Franchisor.

16.2.2 Upon the death of Franchisee, or in the event Franchisee is determined to suffer any legal incapacity (or, if Franchisee is a corporation or partnership, then upon the death or legal incapacity of the shareholder or partner responsible for the operation of Franchised Business), the transfer of Franchisee's interest to his/her heirs, legatees, personal representatives or conservators, surviving partner(s) or fellow shareholder(s), as applicable, shall not constitute an "assignment" hereunder and shall not give rise to the Franchisor's right of first refusal to purchase the Franchised Business as set forth in Section 15.4 hereof, if the following conditions are met:The heirs, legatees, personal representatives, conservators, surviving partner(s) or fellow shareholder(s), as applicable, meet the Franchisor's standards for qualification of new franchisees and agree in writing to be bound by the terms and conditions of this Agreement.

(a) Within sixty (60) days after the death or incapacity of the Franchisee (or, if Franchisee is a corporation or a partnership, within sixty (60) days after the death or incapacity of the principal shareholder or partner of Franchisee responsible for the operation of the Franchised Business), a person designated by Franchisee's heirs, legatees, personal representative(s), conservator(s), surviving partners or fellow shareholders, as applicable, shall have satisfactorily completed Franchisor's then- current training requirements, including payment to Franchisor of the then-current initial training fee. If at the time of such death or incapacity Franchisee has employed a manager who has satisfactorily completed any version of Franchisor's Training Program, this requirement shall be deemed satisfied.

16.3 **Transfer to a Corporation**. In the event Franchisee desires to transfer his/her interests herein to a corporation formed by Franchisee solely for the convenience of ownership, Franchisee must obtain the prior written consent of Franchisor, which consent shall be granted if:

16.3.1 Franchisee shall be the owner of all the voting stock of the corporation or, if Franchisee comprises more than one (1) individual, each such individual shall have the same proportionate ownership interest in the corporation as it held in Franchised Business prior to the contemplated transfer; and

16.3.2 Appropriate forms of corporate resolutions and minutes, which have been duly adopted, are furnished to Franchisor prior to the transfer.

16.4 **Right of First Refusal**. The right of Franchisee to assign, transfer or sell his/her interest in this Agreement (voluntarily or by operation of law) and/or the Franchised Business, as provided above, shall be subject to Franchisor's right of first refusal with respect thereto. (Franchisor shall maintain the option of waiving this right in writing.) That is, Franchisor shall have the right to be offered by Franchisee the opportunity to purchase such interest in this Agreement and/or the Franchised Business on the terms and conditions which have been offered to and accepted by a third party in a wholly arms- length transaction. Franchisor's right of first refusal shall be exercised in the following manner:

16.4.1 Franchisee shall serve upon Franchisor a written notice setting forth all of the terms and conditions of the proposed assignment which shall specify the purchase price established by the parties and include reasonably complete information concerning the identity, financial standing and character of the proposed purchaser. Franchisee shall attach to such notice a copy of a binding agreement between Franchisee and the proposed purchaser, which agreement shall, however, be subject to cancellation if Franchisor exercises its right of first refusal hereunder or disapproves of the proposed transfer under Section 16.2.

16.4.2 Within thirty (30) days after Franchisor's receipt of such notice (or, if Franchisor shall request additional information, within thirty (30) days after receipt of such additional information), Franchisor may, at its option, purchase the Franchised Business upon the terms and conditions specified in the notice and the agreement attached thereto.

16.4.3 If Franchisor shall elect not to exercise its right of first refusal and shall consent to an assignment, Franchisee shall, subject to the provisions of this Article, be free to assign this Agreement and/or the Franchised Business to such proposed assignee on the terms and conditions specified in said notice and the agreement attached thereto. If, however, the terms of such agreement shall be materially modified after submission thereof to the Franchisor, Franchisor shall have such right to evaluate such modified agreement for an additional thirty (30) days and, if it chooses to do so, exercise its right of first refusal with respect thereto.

16.5 **Franchisor Must Approve**. Franchisee shall not have the right to pledge, encumber, hypothecate or otherwise give any third party any security interest in this Agreement or in the Proprietary Properties or the Franchised Business in any manner whatsoever without the express written permission of Franchisor, which permission may be withheld for any reason.

ARTICLE XVII
DEFAULT AND TERMINATION

17.1 **Termination Without Notice**. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee or the Franchised Business shall become insolvent; or if Franchisee shall make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by or against Franchisee or the Franchised Business and is not dismissed within sixty (60) days of the filing thereof; or if Franchisee or the Franchised Business is adjudicated as bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver or other custodian of Franchisee or the Franchised Business or its assets is filed and consented to by Franchisee or the Franchised Business; or if a receiver or other permanent or temporary custodian of Franchisee's assets or property, or any part thereof, or of the Franchised Business is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee or the Franchised Business; or if a final judgment against Franchisee or the Franchised Business remains unsatisfied or of record for thirty (30) days or longer (unless a supersedes bond is filed); or if Franchisee or the Franchised Business is dissolved; or if a suit to foreclose any lien or mortgage against the Franchisee or the Franchised Business with respect to his/her or its personal, real or mixed property is instituted against Franchisee or the Franchised Business and is not dismissed within thirty (30) days from the date such suit is instituted; or if execution is levied against Franchisee or the Franchised Business or the property of either of them; or if the real or personal property of Franchisee or the Franchised Business shall be sold after levy thereupon by any sheriff, marshal or constable.

17.2 **Termination Without Right to Cure**. Upon the occurrence of any of the following events, Franchisee shall be deemed to be in default and Franchisor may, in its sole and exclusive judgment, terminate this Agreement and all rights granted hereunder without affording Franchisee any opportunity to cure the default. Termination under this Section shall be effective immediately upon the earlier of the occurrence of any of the following or receipt of notice by Franchisee:

17.2.1 If Franchisee abandons the Franchised Business by failing to operate such business for a period of ten (10) consecutive days, or any shorter period after which it is reasonable for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchised Business, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the reasonable control of Franchisee;

17.2.2 If Franchisee, or any owner or shareholder, director or officer of a corporate franchisee, or any partner or officer of a franchisee conducting business as a partnership, is convicted of a felony, a fraud, a crime involving moral turpitude or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, or the goodwill associated therewith;

17.2.3 If the Franchisee makes any material misrepresentation relating to the creation, acquisition or operation of the Franchised Business or engages in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Business, Franchisor or the System;

17.2.4 If the Franchisee fails, for a period of ten (10) days after notification of non- compliance by any duly constituted authority, to comply with any federal, state or local law, regulation or requirement applicable to the operation of the Franchised Business, including the requirement to perform Services, and fails promptly to notify Franchisor of such notification and the steps taken to cure any such non-compliance;

17.2.5 If Franchisee repeatedly fails to comply with one (1) or more requirements of this Agreement, whether or not such failures are ultimately corrected;

17.2.6 If a second default by Franchisee occurs within any twelve (12) month period, notwithstanding that a prior default was cured;

17.2.7 If Franchisee's default under this Agreement is by its very nature incapable of being cured, including, but not limited to, failure to complete service orders given to Franchisee by the Call Center in a timely fashion and according to Franchisor's standards;

17.2.8 If Franchisee fails to attend and successfully complete Franchisor's Training Program or fails to attend the annual convention;

17.2.9 If Franchisee (or any of its shareholders, directors, officers or partners) acquires any interest in a business similar to the Franchised Business, except that Franchisee or such other persons may own less than five percent (5%) of the shares of any company listed on any national or regional securities exchange or whose shares are traded through the National Association of Securities Dealers Automated Quotation System (NASDAQ);

17.2.10 If Franchisee engages in the unauthorized use or duplication of any aspect of Franchisor's business, services or products;

17.2.11 If Franchisee engages in the unauthorized disclosure of any confidential information or Know How relating to the Franchisor, the Franchised Business or the System;

17.2.12 If Franchisee sells, sublicenses, assigns or transfers any interest in this Agreement or the Franchised Business in violation of this Agreement;

17.2.13 If Franchisee violates any covenant not to compete set forth in Article XV of this Agreement; If Franchisee fails to pay the balance of the Initial Franchise Fee or fails to commence the operation of the Franchised Business within the time provided in this Agreement;

17.2.14 If Franchisee misrepresents, substitutes or "palms off" non-authentic services and/or products for or as Franchisor's services and/or products;

17.2.15 If Franchisee knowingly maintains false books or records or submits any false reports to anyone;

17.2.16 If Franchisee purports to transfer any rights or obligations under this Agreement or any interest in Franchisee to any third party without Franchisor's prior written consent or otherwise in violation of the terms of this Agreement;

17.2.17 If Franchisee fails to timely forward installations and related services fees received by Franchisee, it being conclusively established hereunder that installations and related services fees received by Franchisee in a manner other than by payment by Franchisor to Franchisee constitutes "trust" money that does not belong to, nor can be retained by, Franchisee, and any receipt or retention of such "trust" money by Franchisee shall create a preferred debt to Franchisor carrying priority over every single other debt that Franchisee may have, of any kind or nature, whether preferred or secured. For the purposes of this paragraph, such retention by Franchisee shall be deemed a violation of Franchisee's fiduciary duties to Franchisor and conversion, subjecting Franchisee to criminal and civil liability. In the event of any such retention, as established by an affidavit of Franchisor setting forth the basis for Franchisor's finding of any such retention, Franchisee consents to the entry of an immediate provisional, injunctive and other remedies by a court of competent jurisdiction directing that such moneys be restrained and immediately paid over to Franchisor. Should there be insufficient funds to restrain and pay over any such amounts to Franchisor, Franchisee consents to the immediate seizure and sale of any and all assets that Franchisee may own or pay over to Franchisor the retained amounts;

17.2.18 If Franchisee violates any state or federal law or ordinance that in any manner relates to or impacts upon the provision of or ability to provide Services and related products and other services hereunder by Franchisee as an entity, or by any individuals who exercise any level of dominion or control over the operations of Franchisee, including, without limitation, a conviction based upon such a violation, allegation or charge of such violation without explanation that Franchisor shall deem to be reasonably satisfactory, or failure on Franchisee's part to inform Franchisor of the existence of, threat of, charge or allegation of, or conviction of such violation;

17.2.19 If Franchisee fails or refuses to perform Services for customers;

17.2.20 If Franchisee has cancelled three (3) appointments in any twelve (12) month period;

17.2.21 If Franchisee performs any work for a customer without informing Franchisor's Call Center and receives compensation directly from the customer; or

17.2.22 If Franchisee fails to comply with any other provision or requirement of this Agreement or the Manual.

17.2 **Termination With Right to Cure**. Except as provided in Sections 17.1 and 17.2 of this Agreement, Franchisee shall have thirty (30) days after receipt from Franchisor of a written notice of termination in which to remedy any default hereunder (or, if the default cannot reasonably be cured within such thirty (30) days, to initiate within that time substantial and continuing action to cure the default) and to provide evidence thereof to Franchisor. If any default is not cured within that time (or if substantial and continuing action to cure the default is not initiated within that time), or such other period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of the thirty (30) day period, or such longer period as applicable law may require. Such defaults shall include, without limitation, the occurrence of any of the following events:

17.2.1 If Franchisee fails, refuses or neglects promptly to pay when due any monies owed to Franchisor (or its affiliates, subsidiaries or designees) or to Franchisee's landlord or fails, refuses or neglects promptly to submit financial or other information required by Franchisor under this Agreement, or makes any false statements in connection therewith;

17.2.2 If Franchisee fails to maintain and operate the Franchised Business in accordance with the provisions or requirements of this Agreement or the Manual;

17.2.3 If Franchisee fails to obtain Franchisor's prior written approval or consent where the same is required pursuant to this Agreement;

17.2.4 If Franchisee misuses, or uses in an unauthorized manner, any of Franchisor's Proprietary Marks, Know How, Copyrights or Software or materially impairs the goodwill associated therewith or Franchisor's rights therein;

17.2.5 If Franchisee participates in any business or in the marketing of any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to any of the Proprietary Marks;

17.2.6 If Franchisee offers or sells, as part of the Franchised Business, any unapproved service or fails to offer or provide on a regular basis all services which comprise part of the System;

17.2.7 If Franchisee, by act or omission, permits a violation of any law, ordinance, rule or regulation of any governmental entity to remain uncorrected in the absence of a good faith dispute over its applicability or legality and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom; or

17.2.8 If Franchisee fails to obtain and maintain all required insurance policies or fails to name Franchisor as an additional insured thereunder in accordance with the terms of this

Agreement.

17.3 **Cross-Defaults, Non-Exclusive Remedies, etc.** Any default by Franchisee (or any person/Company affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee). Any default by Franchisee (or any person/Company affiliated with Franchisee) under any other agreement, including, but not limited to, any lease and/or sublease, between Franchisor (or any affiliate of Franchisor) and Franchisee (or any person/Company affiliated with Franchisee), and any default by Franchisee (or any person/Company affiliated with Franchisee) under any obligation to Franchisor (or any affiliate of Franchisor) may be regarded as a default under this Agreement. Any default by Franchisee (or any person/Company affiliated with Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any affiliate of Franchisor and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee).

In each of the foregoing cases, Franchisor (and any affiliate of Franchisor) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any person/Company affiliated with Franchisee) and Franchisor's (and/or Franchisor's affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

17.4 **Limitation on Rights of Termination**. Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by Franchisor that the grounds for termination set forth herein do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. Franchisor shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination thereof.

ARTICLE XVIII
FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION

18.1 **Discontinue Use of Proprietary Properties**. In the event of termination or expiration of this Franchise Agreement, Franchisee shall forthwith discontinue the use of the Proprietary Marks, Know How, Copyrights and Software, and Franchisee shall not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that he/she is in any manner affiliated with Franchisor or a "Pacific Lawn Sprinklers" business, or any business similar thereto, and Franchisee shall not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's confidential information, knowledge or know-how concerning the operation, products, services, trade secrets, procedures, policies, techniques or materials or by virtue of the relationship established by this Agreement, including, without limitation, the following:

18.1.1 Standards, specifications or descriptions of Franchisor's products and services;

18.1.2 Franchisor's Manual and any supplements thereto;

18.1.3 Any forms, advertising matter, marks, devices, signs, insignia, slogans or designs used from time to time in connection with the Franchised Business;

18.1.4 Any copyrights, trademarks, trade names and patents now or hereafter applied for or granted in connection therewith, or any marks, logos, words or phrases confusingly similar thereto or colorable imitations thereof;

18.1.5 Any telephone number listed in any telephone directory under the name "Pacific Lawn Sprinklers" or any similar designation or directory listing which relates to the Franchised Business; and

18.1.6 Any and all of the systems, procedures, techniques, criteria, concepts, designs, advertising and promotional techniques, products or service specifications, and all other components, specifications and standards which comprise (or in the future may comprise) part of the System.

18.2 **Cancellation of Name**. Upon termination or expiration of this Agreement (and any amendment), Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains any name or mark identical or similar to "Pacific Lawn Sprinklers" or any other name, trademark or service mark of Franchisor, and Franchisee shall furnish Franchisor with proof of discharge of this obligation within thirty (30) days following the termination or expiration of this Agreement.

18.3 **Franchisor is Attorney-in-Fact**. Franchisor may, if Franchisee fails or refuses to do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary to cause discontinuation of Franchisee's use of the name "Pacific Lawn Sprinklers" or any other related or similar name or use thereunder, and Franchisor is thereby irrevocably appointed by Franchisee as Franchisee's attorney-in-fact to do so.

18.4 **Continuation of Obligations**. The expiration or termination of this Franchise Agreement shall be without prejudice to the rights of Franchisor against Franchisee, and such expiration or termination shall not relieve Franchisee of any of his/her obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee which by their nature survive the expiration or termination of this Agreement.

18.5 **Cease Using Telephone Numbers**. Upon termination or expiration of this Agreement, Franchisee shall cease and desist from using any telephone and/or cellular telephone number(s) listed in any telephone directory under the name "Pacific Lawn Sprinklers" or any other name similar thereto and, upon demand of the Franchisor, shall direct the telephone company servicing the Franchised Business to transfer said telephone number(s) to Franchisor, or to such other person or persons at such location or locations as Franchisor shall direct.

18.6 **Payment of Sums Due**. Upon termination or expiration of this Agreement, Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries, affiliates or designees, including, without limitation, all accrued and unpaid Continuing Royalty Fees, Brand Fund Contributions, Call Center Administration Fees, Bookkeeping Services Fees, Technology Fees, local advertising shortfalls, and any other amounts due under this Agreement. In the event of termination based upon a default of

Franchisee, such sums shall include all damages, costs and expenses, including actual attorneys' fees, incurred by Franchisor as a result of the default. The obligation created hereunder shall 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, signs, inventory, fixtures or other assets owned by Franchisee at the time of default.

18.7 **Post-Term Covenants**. Upon termination or expiration of this Agreement (and any amendment), Franchisee shall comply with the post-term covenants not to compete set forth in Article XV hereof.

18.8 **Franchisor May Purchase**. Upon termination or expiration of this Agreement (and any amendment) for any reason whatsoever, Franchisor or its designee shall have the option (but not the obligation) for a period of sixty (60) days from such termination or expiration to purchase all of Franchisee's right, title and interest in the Franchised Business (including, without limitation, inventory and supplies) for a purchase price (the "Purchase Price") equal to the sum of two (2) times the amount of earnings before interest, taxes, depreciation and amortization ("EBITDA") of the Franchised Business for the twelve (12) month period of operations preceding such termination or expiration, less the total of (a) the amount of any indebtedness remaining against or secured by any such assets; (b) the amount of any indebtedness or obligation owed by Franchisee to Franchisor, its affiliates, subsidiaries or designees; (c) the amount of any indebtedness or obligation for which Franchisee or the Franchised Business is liable (directly or indirectly, contingently or otherwise) and for which Franchisor is or may become liable (directly or indirectly, contingently or otherwise) upon acquiring the Franchised Business or otherwise; and (d) all amounts advanced by Franchisor, or which Franchisor has paid, or which Franchisor has become obligated to pay, on behalf of the Franchisee for any reason whatsoever (including, without limitation, interim sums required to be advanced for operations prior to the date of Franchisor's (or its designee's) exercise of the option granted hereunder).

18.8.1 If the parties cannot agree upon the Purchase Price within a reasonable time, an independent appraiser shall be designated by Franchisor, and his determination of the Purchase Price shall be binding on Franchisor and Franchisee. The cost of such appraisal shall be borne by the Franchisee.

18.8.2 If Franchisor exercises its option to purchase the Franchised Business, the Purchase Price shall be payable as follows:

(a) Ten percent (10%) of the Purchase Price shall be paid at the closing of the purchase transaction by bank or certified check.

(b) The balance of the Purchase Price shall be paid over a period of three (3) years in thirty-six (36) equal monthly installments, the first monthly installment being made on the tenth (10th) day of the month following the month in which the initial payment is made. The obligation to make monthly installment payments shall be evidenced by a series of thirty-six (36) negotiable promissory notes of the Franchisor payable to the order of the Franchisee, each bearing interest from the date of the closing at the published "Prime Rate" charged by Chase Manhattan Bank, New York, New York, to its most substantial commercial customers and containing provisions to the effect that should any note be unpaid for more than ten (10) days after written notice of default, the remaining notes shall forthwith become due and payable without any further notice; provided, however, that the Franchisor or any holder in due course shall have the right at any time after the calendar year in which the closing takes place to prepay the notes in multiples of One Thousand

Dollars ($1,000) in inverse order of maturity, together with interest to the date of payment.

18.8.3 If Franchisor exercises its option to purchase the Franchised Business, Franchisee agrees fully to cooperate in effectuating such transaction and undertakes to use his/her best efforts to provide Franchisor and its designees with all such data and documentation as reasonably may be required to give effect to the purposes of this Section.

18.8.4 In the event Franchisor does not elect to exercise the foregoing option to purchase the Franchised Business, Franchisee shall immediately return to Franchisor all materials which bear any of the Proprietary Marks, trade names or copyrighted material. Franchisee shall also destroy any and all materials not otherwise required to be returned to Franchisor in accordance with this Agreement or the Manual. Contemporaneously, Franchisee shall return to Franchisor all copies in his/her possession of materials and documents (including, among other things, the Manual, corporate records and files, correspondence, brochures, agreements, and disclosure statements) relating to the grant or operation of the Franchised Business.

18.9 **Discontinue Use; Modification**. Upon expiration or termination of this Agreement (and any amendment), Franchisee shall immediately discontinue the use of each and every aspect of the Proprietary Properties, including the Proprietary Marks and trade dress, including the custom designs on vehicles, advertisements, brochures, tee shirts, clothing, or any other article of commercial or other use, and Know How, and thereafter shall no longer use or have the rights to use the Proprietary Properties, or any colorable or confusingly similar variations thereof, or any word, logo or figure similar to the Proprietary Marks or Know How. In the event of expiration or termination, Franchisee will be responsible for the payment of fees and costs associated with deidentification. In addition, Franchisee understands and agrees that it shall immediately repaint any and all Service Vehicles that show markings similar to, or that would cause confusion of the public as misrepresenting, any connection to Franchisor or the System.

18.10 **Liquidated Damages**. Upon termination of this Agreement according to its terms and conditions, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the sum of the average monthly Continuing Royalty Fees and Brand Fund Contributions imposed during the twelve (12) month period preceding termination (or Franchisee's entire period of operation if less than twelve (12) months), multiplied by the lesser of: (a) twenty-four (24); or (b) the total number of months remaining under the then-current term of this Agreement had it not been terminated. Local Advertising Requirement expenditures and cooperative assessments are not included in this liquidated damages calculation.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from the termination of this Agreement and the loss of cash flow from Continuing Royalty Fees and Brand Fund Contributions due to, among other things, the difficulty in estimating future sales, revenues, expenses, market conditions and other relevant factors. The foregoing liquidated damages are intended to compensate Franchisor only for those difficult-to-estimate damages and are not a penalty.

If Franchisee pays the liquidated damages described above in a timely manner, Franchisor may not pursue a claim against Franchisee for lost profits resulting from the early termination of this Agreement; provided, however, that Franchisor may still recover any other damages, fees, costs and expenses Franchisor incurs as a result of Franchisee's breach.

18.11 **Costs and Attorneys' Fees**. Upon the expiration, termination, or in the event of any litigation or arbitration between the parties hereto with respect to the subject matter hereof, Franchisee agrees to pay all legal fees, court costs, arbitrator's fees, collection fees, interest and expenses incurred by Franchisor, in addition to any award to which Franchisor may be entitled.

ARTICLE XIX
MODIFICATION OF SYSTEM

19.1 Franchisee understands and agrees that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other market place variables, and if it is to best serve the interests of Franchisor, Franchisee, and the network of all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System, including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which Franchisee's Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, vehicles, equipment, signage, trade dress, decor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving, modifying or substituting the Proprietary Properties. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase Franchisee's obligations hereunder.

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

19.1.1 It shall be the obligation of Franchisee to spend up to Ten Thousand Dollars ($10,000) upon each Successor Franchise Term for the upgrading and/or refurbishment of each Service Vehicle, at least every ten (10) years. This amount shall be subject to ten percent (10%) increases for each Successor Franchise Term.

19.2 Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation, arbitration, or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

ARTICLE XX
DISPUTE RESOLUTION

20.1 **Severability and Substitution of Valid Provisions**. Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which the Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party thereto; otherwise upon Franchisee's receipt of written notice of non-enforcement thereof from the Franchisor. If any covenant herein which restricts competitive activity is deemed enforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, Franchisee and the Franchisor agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to enter into a successor franchise agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by the Franchisor is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and the Franchisor shall have the right, in its sole judgment, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Such modification(s) to this Agreement shall be effective only in such jurisdiction, unless the Franchisor elects to give it greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions. Franchisee agrees to be bound by any such modification to this Agreement.

20.2 **Waiver of Obligations**. The Franchisor and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other. Any waiver granted by the Franchisor shall be without prejudice to any other rights the Franchisor may have, will be subject to continuing review by the Franchisor and may be revoked, in the Franchisor's sole judgment, at any time and for any reason, effective upon delivery to Franchisee of ten (10) days' prior written notice. The Franchisor and Franchisee shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of the Franchisor or Franchisee to exercise any rights under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by the Franchisor to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Pacific Lawn Sprinklers Franchised Businesses; or the acceptance by the Franchisor of any payments due from Franchisee after any breach of this Agreement

Neither the Franchisor nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) fires, strikes, embargoes, war or riot; or (5) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of royalty and service fees, Brand Fund contributions or lease payments due thereafter.

20.3 **Injunctive Relief**. Franchisee explicitly affirms and recognizes the unique value and secondary meaning attached to the Franchised Business and the Proprietary Marks. Accordingly, Franchisee agrees that any noncompliance by Franchisee with the terms of this Agreement, or any unauthorized or improper use of the Franchised Business or the Proprietary Marks by Franchisee, will cause irreparable damage to Franchisor and other System franchisees. Franchisee therefore agrees that if Franchisee engages in this non-compliance, or unauthorized and/or improper use of the Franchised Business or Proprietary Marks, during or after the Initial Term or any Successor Franchise Term, Franchisor will be entitled to both temporary and permanent injunctive relief against Franchisee from any court of competent jurisdiction, in addition to all other remedies which Franchisor may have at law. Franchisee consents to the entry of these temporary and permanent injunctions.

20.4 **Rights of Parties are Cumulative**. The rights of the Franchisor and Franchisee hereunder are cumulative and no exercises or enforcement by the Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor or Franchisee of any other right or remedy hereunder or which the Franchisor or Franchisee is entitled by law to enforce.

20.5 **Arbitration**. Franchisor and Franchisee agree that all controversies, disputes, or claims between Franchisor and Franchisor's affiliates, and Franchisor's and Franchisor's affiliates' respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to:

(1) this Agreement or any other agreement between Franchisor and Franchisee;

(2) Franchisor's relationship with Franchisee;

(3) the scope and validity of this Agreement or any other agreement between Franchisee and Franchisor or any provision of such agreements (including the validity and scope of the arbitration obligations under this Subsection, which the parties acknowledge is to be determined by an arbitrator and not a court); or

(4) any System Standard

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Subsection otherwise provides, according to the then current commercial arbitration rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in the metropolitan area of Franchisor's then current principal business address (currently in Maricopa County, AZ). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except as expressly provided otherwise in the remainder of this Article XX, judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, except as expressly provided in Sections 20.8 and 20.9 below, award any punitive or exemplary damages against either party (Franchisor and Franchisee hereby waiving to the fullest extent permitted by law, except as expressly provided in Sections 20.8 and 20.9 below, any right to or claim for any punitive or exemplary damages against the other).

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek the recovery of those costs.

Franchisee and Franchisor agree that arbitration will be conducted on an individual, not a class- wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates, and Franchisor's and Franchisor's affiliates' respective shareholders, members, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person. Notwithstanding the foregoing or anything to the contrary in this Section or Section 20.1, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 20.5, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Article XX (excluding this Section 20.5).

Except as expressly provided otherwise in the remainder of this Article XX, despite Franchisor's and Franchisee's agreement to arbitrate, Franchisor and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Franchisee must contemporaneously submit Franchisor's and Franchisee's dispute for arbitration on the merits as provided in this Section.

The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

20.6 **Governing Law**. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Arizona without recourse to Arizona's (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Arizona, and if the Franchised Business is located outside of Arizona and the provision would be enforceable under the laws of the state in which the Franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 20.6 is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Arizona, or any other state, which would not otherwise apply.

20.7 **Jurisdiction/Venue**. Subject to Section 20.5 above and the provisions below, any litigation arising out of or related to this Agreement or any related agreement; any breach of this Agreement or any related agreement; the relations between the parties (as defined below); and, any and all disputes between the parties, whether sounding in law or equity, will be instituted, litigated through conclusion and, if necessary, appealed through final, irrevocable judgment in a state or federal district court of competent jurisdiction situated in the state, county and judicial district in which our principal place of business is then located. Franchisee hereby irrevocably submits himself/herself/itself to the jurisdiction of any such court and waive all questions of personal jurisdiction for the purpose of carrying out this provision. Franchisee agrees that any dispute as the venue for litigation will be submitted to and resolved exclusively by such aforementioned court. Notwithstanding the foregoing, however, with respect to any action for monies owed, injunctive or other extraordinary or equitable relief, or involving possession or disposition of, or other relief relating to, Franchisee's Franchised Business, Franchisor may bring such an action in any state or federal district court which has jurisdiction. Franchisee hereby waives and covenants never to assert or claim that the venue designated for litigation by this Agreement is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including any claim under the judicial doctrine of "forum non conveniens"). As used in this section of the Agreement, the term "parties" includes Franchisee; Franchisee's guarantor(s); if Franchisee are a business entity, Franchisee's owners, officers, directors, shareholders, partners, members, managers, agents, representatives, independent contractors, servants and employees (as applicable) and, as to each of them, whether acting in their corporate or individual capacity; any other individual entity acting or purporting to act by, through, under or under authority granted by Franchisee; and, any affiliate of each of the foregoing.

20.8 **Waiver of Punitive Damages**. Franchisee, its guarantors and its other parties (as defined in Section 20.7) hereby irrevocably waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other similar damages in any action or proceeding whatsoever between the parties to this Agreement (as defined in Section 20.7) and/or any of their affiliates, and Franchisee and such others covenant never to advance or pursue any such claim for punitive damages. Franchisee and such others agree that in the event of a dispute, Franchisee and such others shall be limited to the recovery from us of any actual damages sustained by Franchisee or them.

20.9 **Waiver of Jury Trial**. The parties to this Agreement (as denominated in Section 20.7) explicitly waive their respective rights to a jury trial in any litigation between them which is authorized or contemplated by this Agreement, and hereby stipulate that any such trial shall occur without a jury.

20.10 **Franchisee May Not Withhold Payments**. Franchisee agrees that he will not, on grounds of the alleged nonperformance by the Franchisor of any of its obligations hereunder, withhold payment of any royalty and service fees, Brand Fund contributions, lease payments, amounts due to the Franchisor for purchases by Franchisee or any other amounts due to the Franchisor.

20.11 **Binding Effect**. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Subject to the Franchisor's right to modify the Manual, this Agreement shall not be modified except by written agreement signed by Franchisee and the Franchisor.

20.12 **Limitations of Claims**. Any and all claims, except claims for monies due the Franchisor, arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal proceeding or arbitration is commenced within one (1) year from the date Franchisee or the Franchisor knew or should have known of the facts giving rise to such claims.

20.13 **Construction**. The preambles and exhibits are a part of this Agreement, which together with the Manual, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the Franchisor and Franchisee relating to the subject matter of this Agreement. Notwithstanding the foregoing, however, nothing in this Section 20.13 is intended to disclaim the representations we made in the Franchise Disclosure Document that we delivered to you. The term "Franchisee" as used herein is applicable to one or more persons, a corporation or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee hereunder, their obligations and liabilities to the Franchisor shall be joint and several. References to "Franchisee" and "transferee" which are applicable to an individual or individuals shall mean the principal owner(s) of the equity or operating control of Franchisee or the transferee, if Franchisee or the transferee is a corporation or partnership. References to "controlling interest" in Franchise shall mean greater than fifty percent (50%) of the equity or voting control of Franchisee. The term "Pacific Lawn Sprinklers Franchised Business" as used herein includes the Business Assets. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

Except where this Agreement expressly obligates the Franchisor reasonably to approve or not unreasonably to withhold its approval of any action or request by Franchisee, Franchisor has the absolute right to refuse any request by Franchisee or to withhold its approval of any action by Franchisee that requires the Franchisor's approval. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

20.14 **Withholding Consent**. In no event may Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Franchise Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of setoff, counterclaim or defense. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

20.15 **Mediation.** Franchisee and Franchisor agree to submit any claim, controversy or dispute subject to arbitration under Section 20.5, above, to nonbinding mediation prior to commencing any legal action or proceeding. The mediation shall be conducted either by an individual mediator or a mediator appointed by a mediation services organization or body, experienced in the mediation of franchise industry disputes, agreed upon by Franchisor and Franchisee and, failing such agreement within a reasonable time (not to exceed fifteen days) after either party has notified the other of its desire to seek mediation, by the American Arbitration Association (or any successor organization) in accordance with its rules governing mediation, at Franchisor's principal place of business. The costs and expenses of mediation, including compensation and expenses of the mediator (but not the attorneys' fees incurred by each party), shall be borne by the parties equally. If the parties are unable to resolve the subject claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding under this Article XX to resolve such claim, controversy or dispute. So there is no misunderstanding and notwithstanding the foregoing, Franchisor may bring an action against Franchisee for monies owed or owing; injunctive or other equitable or extraordinary relief in a court having jurisdiction and in accordance with the provisions of this Article XX without first submitting such action to mediation.

ARTICLE XXI
GENERAL PROVISIONS

21.1 **Relationship; Acknowledgments**. Franchisee and Franchisor agree that there does not exist any fiduciary, trust or similar relationship between Franchisee and Franchisor, that the relationship between Franchisee and Franchisor is a normal commercial relationship between independent businesspeople intended for mutual but independent economic benefit, and is not in any sense nor is intended to be a fiduciary, trust or similar relationship.

21.1.1 Franchisee acknowledges and agrees that the terms, conditions, and covenants contained in this Agreement are necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all "Pacific Lawn Sprinklers" businesses and thereby to protect and preserve the goodwill of the Marks and the System.

21.1.2 This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement or any related agreement between Franchisee and Franchisor is intended to disclaim the representations made by Franchisor in its Franchise Disclosure Document.

21.2 **Notices**. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein shall be in writing, signed by the party giving the same, and personally delivered or deposited in the United States mail, first-class postage prepaid, certified mail, return receipt requested and electronically. If intended for Franchisor, shall be addressed to it at 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251, with a copy to Dunn & Allsman, LLC, Attn. F. Joseph Dunn, Esq., 18 Campus Blvd., Suite 100, Newtown Square, PA 19073. If intended for Franchisee, shall be addressed to Franchisee at the address set forth on page one. Either party may change its address for notice purposes by giving the other party written notice, as herein provided, of such change.

21.3 **Gender**. Reference to Franchisee as male, female, or no gender shall include male or female franchisee, general or limited partnership, joint venture, corporation, trust, or any other association or business entity, as relevant in the context.

21.4 **Headings**. Headings and captions contained herein are for convenience of reference only and shall not be taken into account in construing or interpreting this Agreement.

21.5 **References**. Any reference herein to any paragraph or other part of this Agreement shall be deemed to include a reference to every subordinate part and/or subparagraph thereof.

21.6 **Time of the Essence**. It is acknowledged and agreed by both parties that any delay in the performance of its obligations hereunder would irreparably and irrevocably injure the other party in the conduct of its business and the value of its property. The parties therefore agree that time is of the essence of this Agreement. Except as otherwise specifically permitted herein, no extension of time shall be implied, nor any delay allowed, in the timely and complete performance of all covenants herein contained.

21.7 **Survival of Terms**. Each provision of this Article XXI and those provisions hereinabove provided relating to covenants against post-termination/expiration use of the Proprietary Marks, Know How, Copyrights and Software will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, will survive and will govern any claim for rescission or otherwise. Each provision of this Agreement will be construed as independent of, and severable from, every other provision; provided that if any part of this Agreement is deemed unlawful in any way, the parties agree that such provision will be deemed interpreted and/or modified to the minimum extent necessary to make such provision lawful or, if such construction is not permitted or available, the remainder of this Agreement will continue in full force and effect. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

ARTICLE XXII
SUBMISSION OF AGREEMENT

22.1 The submission of this Franchise Agreement to Franchisee does not itself constitute an offer to sell a franchise. This Franchise Agreement shall become effective only upon the execution thereof by Franchisor and Franchisee.

I HAVE READ THE FOREGOING AGREEMENT AND I HEREBY AGREE TO AND ACCEPT EACH AND ALL OF THE PROVISIONS.

FRANCHISEE:

By:______________________________________
Name:____________________________________
Title:_____________________________________
Dated:____________________________________

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

By:______________________________________
Name: ___________________________________
Title: ___________________________________
Dated:____________________________________

SCHEDULE "A"
SCHEDULE OF FEES

Per Section 8.9 of the Franchise Agreement, the annual Minimum Continuing Royalty Fee, Call Center Administration Fee and Bookkeeping Services Fee are each based on the applicable Level of the Franchised Business. The Level is determined, in Franchisor's sole discretion, based on the amount of exposure Franchisee's Territory has to the Pacific Lawn Sprinklers brand (or another brand acquired by Franchisor). "Level 1" franchisees operate in an area that has less than 1 year of applicable exposure; "Level 2" franchisees operate in an area that has a minimum of 1 year of applicable exposure; and "Level 3" franchisees operate in a Territory that has a minimum of 2 years of applicable exposure. <u>Franchisor may, each year and in its sole judgment, determine whether Franchisee's Level 1 or Level 2 Franchised Business will be re-categorized as a Level 2 or Level 3 Franchised Business, as applicable.</u> The Brand Fund Contribution and Local Advertising Requirement are not based on Level.

Initial **Level:** (check one)

☐ Level 3
☐ Level 2
☐ Level 1

Initial Franchise Fee: $__________________

Onboarding Fee: $______________________

Initial Minimum Continuing Royalty Fee: $_____________

Franchise Level	**Minimum Continuing Royalty Fee (Annual)**
Start Up Level 1	Greater of $25,000 or 10% of Net Revenue
Experienced Level 2	Greater of $35,000 or 10% of Net Revenue
Mature Level 3	Greater of $45,000 or 10% of Net Revenue

Initial Call Center Administration Fee: $_____________

Franchise Level	**Call Center Administration Fee (Annual)**
Start Up Level 1	$35,500
Experienced Level 2	$43,500
Mature Level 3	$59,500

Initial Brand Fund Contribution: 1% of Net Revenue

Initial Local Advertising Requirement: Greater of 2% of Net Revenue or $36,000 per Calendar Year, prorated for the first partial Calendar Year

Initial Bookkeeping Services Fee (Optional): $_______________

Technology Fee: See Section 8.7, Item 6 and the Manual.

Franchise Level	**Bookkeeping Services Fee (Annual)**
Start Up Level 1	$9,500
Experienced Level 2	$12,750
Mature Level 3	$18,050

EXHIBIT "A"

LOCATION OF FRANCHISE

____

____

____

Territory: In general, Franchisor expects a Territory to include approximately 75,000 to 100,000 single-family residences with household income of approximately $100,000, but Franchisor may consider other factors in determining or modifying the Territory. The Territory will be based on zip codes which Franchisor may change in its sole discretion. Territories are determined through many factors including but not limited to, demand for services, franchisee skill set, municipal restrictions, licensing, travel requirement and availability. As the demand for Services in a Territory increases, the Franchisee will have to be able to timely meet such demand or it will have its Territory altered.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

FRANCHISE AGREEMENT

EXHIBIT "B"

TERRITORY & SUPPLEMENTAL SERVICE AREA

1. Territory

Franchisee's Territory consists of, and shall be limited to, the following geographic area (as may be further depicted on a map attached below):

[____]

[Insert Map]

If the boundaries defining the Territory change during the Initial Term (for example, a change to the boundaries of a zip code), the boundaries of Franchisee's Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached above).

2. Supplemental Service Area

A. Franchisor Election

In accordance with §3.3 of the Franchise Agreement, Franchisor has elected to:

[___] **grant** Franchisee the right to operate the Franchised Business in a Supplemental Service Area

[___] **not grant** Franchisee the right to operate the Franchised Business in a Supplemental Service Area

B. SSA Description

If Franchisor elects to grant Franchisee the right to operate the Franchised Business in a Supplemental Service Area, Franchisee's Supplemental Service Area shall consist of, and shall be limited to, the following geographic area (as may be further depicted on a map attached below):

[____]

[Insert Map]

If the boundaries defining the SSA change during the Initial Term (for example, a change to the boundaries of a zip code), the boundaries of Franchisee's SSA will remain unaffected and will continue to be defined by the boundaries that were in effect as of the date Franchisor designates the SSA (as may be depicted on a map attached above). The SSA is subject to an SSA Revocation and/or SSA Reduction by Franchisor in accordance with §3.3.4 of the Franchise Agreement.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

FRANCHISE AGREEMENT

EXHIBIT "C"

SAMPLE FORM OF GENERAL RELEASE

This General Release ("Release") is made and entered into on this ____________ day of _______ _______, 20___ by and between PACIFIC LAWN SPRINKLERS FRANCHISE LLC ("Franchisor") and ____ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and Franchisee are parties to a Pacific Lawn Sprinklers Franchise Agreement (the "Franchise Agreement") dated _______________, 20__, granting Franchisee the right to operate a franchised business utilizing Franchisor's then-current (a) proprietary marks and (b) system of operations, at the following location: ____.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Release, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasors"), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasees"), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Release relating to the Franchise Agreement, the business operated under the Franchise Agreement, and/or any other agreement between any of the Releasees and any of the Releasors. The Releasors, and each of them, also covenant not to sue or otherwise bring a claim against any of the Releasees regarding any of the claims being released under this Release. Releasors hereby acknowledge that this release is intended to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist.

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the date first above written.

FRANCHISOR

By:______________________________

Name: ___________________________

Title:_____________________________

FRANCHISEE

By:______________________________

Name:____________________________

Title:_____________________________

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

FRANCHISE AGREEMENT

EXHIBIT "D"

TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned ("Franchisee") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Pacific Lawn Sprinklers Franchise LLC, upon the following terms:

1. This assignment is made under the terms of Pacific Lawn Sprinklers Franchise LLC. Franchise Agreement dated ___________________ authorizing Franchisee to do business as "Pacific Lawn Sprinklers" (the "Franchise Agreement") between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers the Franchisee uses in the operation of the Franchised Business covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, the Franchisee's limited right of use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor's request, Franchisee will immediately sign all documents, pay all monies, and take all other action necessary to transfer the listings and numbers to Franchisor.

3. The cellular telephone numbers and affiliated listings subject to this assignment are: ____and all numbers on the rotary series and all numbers the Franchisee uses in the Franchised Business in the future.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listings he/she incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listings and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory advertising.

5. Franchisee appoints Franchisor as his/her attorney-in-fact to act in Franchisee's place for the purpose of assigning any cellular telephone number covered by Paragraph 3 above to Franchisor or Franchisor's designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for five (5) years from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by the Franchisee's later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Agreement to be duly signed as evidenced by their signatures appearing below.

FRANCHISEE: EACH OF THE BELOW PERSONS AGREES TO BE BOUND BY THE PROVISIONS OF THIS AGREEMENT, IN BOTH INDIVIDUAL AND REPRESENTATIVE CAPACITIES.

Signed the day of___________________, 20__

(NAME OF FRANCHISEE)

By: ____________________________________

FRANCHISOR:

Signed and accepted as of the_____day of_____________, 20__

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

By: ____________________________________
Name: _________________________________
Title: _________________________________

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

FRANCHISE AGREEMENT

EXHIBIT "E"

GUARANTY

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement, and any revisions, modifications and amendments thereto (hereinafter collectively the "Agreement") dated____, 20 , by and between Pacific Lawn Sprinklers Franchise LLC, a Florida limited liability company limited liability company (hereinafter the "Franchisor"), and ____________________ (hereinafter the "Franchisee"), each of the undersigned Guarantors agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Franchisee under the terms, covenants and conditions of the Agreement, including, without limitation, the complete and prompt payment of all indebtedness to the Franchisor under the Agreement. The word "indebtedness" is used herein in its most comprehensive sense and includes, without limitation, any and all advances, debts, obligations and liabilities of the Franchisee, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of the Franchisee and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Franchisee or whether the Franchisee is joined in any such action.

3. If the Franchisee is a corporation, partnership or limited liability company, the Franchisor shall not be obligated to inquire into the power or authority of the Franchisee or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Franchisee's behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations or partnerships, it shall be conclusively presumed that the Guarantors and the partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations or partnerships and that such corporations or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations or partnerships.

4. The Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Franchisee and the Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability Guarantor or limit the liability of the other Guarantors hereunder.

7. If more than one person has executed this Guaranty, the term the "undersigned" as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

8. In each case where the spouse of a Franchisee has executed any documents in connection with the granting of the Agreement, and the Franchisee subsequently divorces from such spouse, then, in the event that the Franchisee subsequently remarries, the new spouse of such Franchisee must execute, and agree to be bound by the provisions of, each of the documents previously executed by the Franchisee's original spouse.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty effective as of the day of____________________________________, 20___.

______________________________	______________________________
Signature	Signature of Spouse (if married)
______________________________	______________________________
Printed Name	Printed Name
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
Home Address	Home Address
______________________________	______________________________
Home Telephone	Home Telephone
______________________________	______________________________
Business Telephone	Business Telephone
______________________________	______________________________
Date	Date

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

<u>FRANCHISE AGREEMENT</u>

EXHIBIT "F"

<u>CALL CENTER USE AGREEMENT</u>

CALL CENTER AGREEMENT

THIS CALL CENTER AGREEMENT dated__________, 20__, is by and between PACIFIC LAWN SPRINKLERS HUB INC., a New York corporation with its principal offices located at 2242 129th Street College Point, NY 11356 (the "Company") and the party signing this Agreement as the "Franchisee" on the signature page hereto (the "Franchisee").

W I T N E S S E T H:

WHEREAS, the Company owns and operates a call center that provides scheduling, dispatching, trouble shooting, customer service, promotional and bookkeeping services to "Pacific Lawn Sprinklers" franchisees (the "Call Center"); and

WHEREAS, the Franchisee has entered into a Franchise Agreement with Pacific Lawn Sprinklers Franchise LLC, a Florida limited liability company (the "Franchisor") to enable the Franchisee to own and operate a "Pacific Lawn Sprinklers" franchise (the "Franchise Agreement"); and

WHEREAS, in order to effectively operate the franchise, the Franchisor requires each of its franchisees, including the Franchisee, to utilize the Call Center and enter into a Call Center Agreement with the Company as provided herein.

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

1. Engagement. During the Term (as hereinafter defined), the Company shall provide to the Franchisee the Call Center Services (as hereinafter defined), for the fees described in Sections 4, 8 and Schedule B hereof. If so designated on Schedule A hereto, the Company shall also provide Bookkeeping Services and/or Automated Collection Services to the Franchisee during the Term for the fees described in Sections 4, 8 and Schedule B hereof. The Franchisee shall be designated as set forth on Schedule A hereto.

2. Call Center Services. During the Term, the Company shall provide to the Franchisee such of the following services (collectively, the "Call Center Services"):

a. Scheduling/Dispatching. The Call Center shall host a dedicated telephone number, local telephone numbers and an e-mail address through which all customers of the Franchisor shall schedule, reschedule, cancel and inquire about estimates, service calls and installations. Service requests shall be distributed to the Franchisee based on (i) geographic location of the customer, (ii) skill level required for the service requested, (iii) Franchisee/customer scheduling availability and (iv) customer preference. Estimates on all leads will be distributed to Franchisees based on (i) geographic location of the customer, (ii) skill level required for the installation, (iii) Franchisee/customer scheduling availability, and (iv) customer preference. All current date cancellations and emergency services will be dispatched from the Call Center to the Franchisee via e-mail, phone, and/or update to Franchisee's electronic schedule board. All non-emergent services will be posted to the Franchisee's schedule board list in "real-time." The Franchisee may log into our company database to view its work orders at any time. The Company shall use its commercially reasonable efforts to dispatch service requests in accordance with this Agreement.

reasonable best efforts and technological resources to schedule the most efficient travel routes and time availability to decrease wasted travel time.

b. Customer Service. The Call Center shall receive, record, research and assist in resolving any basic customer complaints and concerns. All in depth issues will be forwarded to the Franchisee for immediate resolution. The Call Center shall provide any product manuals and literature to customers at no additional charge to the Franchisee. The Call Center shall also provide copies of any invoices or service tickets to the customer via mail, fax or e-mail at no additional charge to the Franchisee.

c. Promotional. The Call Center shall manage and orchestrate any promotional programs designated by the Franchisor, including, but not limited to, Bonus Bucks Customer Satisfaction, Bonus Bucks Referral Program and New Customer Welcome Packages.

Call Center Services shall not include legal and accounting services.

3. Optional Bookkeeping Services; Optional Automated Collection Services. If so designated on Schedule A hereto, the Company shall provide Bookkeeping Services and/or Automated Collection Services to the Franchisee and the Franchisee shall pay to the Company the additional fees set forth in Section 4(c) below associated with the applicable service(s).

a. If the Franchisee subscribes for Bookkeeping Services, the Call Center shall (a) invoice and post all work orders, (b) receive and record all payments received by check, cash, credit card, debit card or electronic funds transfer, (c) record and process payments for all vendors; and (d) process all annual and initial Backflow Testing forms to the designated Water Authority or Municipality at the Franchisee's request. Payments to vendors shall be submitted after 48 hours upon submission to Franchisee if no discrepancies are reported. The Call Center shall also maintain an accurate general ledger on behalf of the Franchisee and perform a monthly reconciliation of check register, make bank deposits electronically. If the Franchisee subscribes for Bookkeeping Services, all bookkeeping work performed must be reviewed and approved by the Franchisee or its designated manager.

b. If the Franchisee subscribes for the Automated Collection Services, the Call Center shall use certain software to make automated phone calls or text messages to customers with outstanding invoices. The system will place calls based on the vintage of past due amounts notifying clients of their past due balances and obligation to pay. Each call or text made to a customer telephone number currently costs $0.20, however this fee may increase based on changes to carrier rates. Franchisor does not collect any additional fee in connection with the Automated Collection Services.

4. Call Center Fees.

a. Call Center Services. In consideration for the provision of Call Center Services hereunder, the Franchisee shall pay to the Company a Call Center fee as set forth on Schedule B hereto.

b. Bookkeeping Services. If a Franchisee utilizes the Bookkeeping Services described in Section 3 hereof and designated on Schedule A hereto, the Franchisee shall pay to the Company an additional fee as set forth on Schedule B hereto, in addition to the fee described in subsection (a) or (b) above.

c. Automated Collection. If a Franchisee utilizes the Automated Collection Services described in Section 3 hereof and designated on Schedule A hereto, the Franchisee shall pay to the Company the current per call/text cost charged by the Call Center based on carrier rates (currently, $0.20), in addition to the fee described in subsection (a) or (b) above.

d. Payment Terms. Except for any fees calculated on a per message basis, all fees to be paid hereunder shall be paid on a prorated basis each Calendar Year (as defined in the Franchise Agreement). Each fee shall be determined based on the applicable Level of the Franchised Business (as described in more detail in Section 8.9 and Schedule A of the Franchise Agreement). Franchisor may, in its sole discretion upon notice to Franchisee, increase the fee applicable to each Level annually in an amount not to exceed 4% of the immediately preceding year's fee.

The Call Center Administration Fee will be payable on the last day of each month in increments according to a schedule. Five percent (5%) of the Call Center Administration Fee shall be paid in each of the months of January, February, July, August, September, October, November and December; ten percent (10%) shall be paid in each of March and June; and twenty percent (20%) shall be paid in each of April and May.

For Franchisee's first partial Calendar Year, Franchisee is only required to pay each fee due for the month Franchisee commences operation of the Franchised Business, and for the remaining months in the Calendar Year (as set forth above).

e. Net Monthly Revenues. "Net Monthly Revenues" shall mean actual revenue billed to customers, whether for cash or credit, plus all other revenues derived from the Franchisee's business, excluding taxes collected from customers and refunds.

5. Term. Except as otherwise provided herein, this Agreement shall be for a term commencing on the date hereof and extending through the one year anniversary of the date hereof (the "Initial Term"), which shall be automatically renewed for successive one year periods unless either the Company or the Franchisee gives written notice of its desire not to renew not less than 90 days prior to the expiration of the Initial Term or any renewal thereof (the Initial Term and any such renewal thereof are hereinafter collectively referred to as the "Term").

6. Role of Franchisor. The Franchisor shall monitor all customer service issues and requests on a daily basis to maintain quality control and protect the franchise "system" and name.

7. Limitations.

a. Liability. NEITHER THE COMPANY, NOR THE FRANCHISOR MAKES ANY REPRESENTATIONS, WARRANTIES OR GUARANTEES, EITHER EXPRESS OR IMPLIED, CONCERNING THE CALL CENTER SERVICES PROVIDED UNDER THIS AGREEMENT, AND EXPRESSLY DISCLAIMS ANY WARRANTIES OF FITNESS FOR A PARTICULAR USE OR PURPOSE, THE WARRANTY OF MERCHANTABILITY AND ANY OTHER WARRANTY IMPLIED BY LAW. THE COMPANY'S AND THE FRANCHISOR'S LIABILITY TO THE FRANCHISEE ON ACCOUNT OF ANY ACTS OR OMISSIONS RELATING TO THIS AGREEMENT SHALL BE LIMITED TO PROVEN DIRECT DAMAGES IN AN AGGREGATE AMOUNT NOT TO EXCEED THE AMOUNTS PAID BY THE FRANCHISEE FOR CALL CENTER SERVICES DURING THE TWELVE (12) MONTH PERIOD PRECEDING THE INCIDENT GIVEN RISE TO THE CLAIM FOR

DAMAGES. NEITHER OF THE COMPANY NOR THE FRANCHISOR SHALL BE LIABLE FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, RELIANCE OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR HARM TO BUSINESS, LOST PROFITS, LOST SAVINGS OR LOST REVENUES, WHETHER OR NOT THE COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NEITHER THE COMPANY NOR THE FRANCHISOR SHALL BE RESPONSIBLE FOR LOST SERVICES OR REVENUES DUE TO MISCOMMUNICATIONS, WEATHER, SERVICE OUTAGES, INFORMATIONAL TECHNOLOGY UPGRADES OR DOWNAGES, CYBER ATTACKS, MALICIOUS DATA SECURITY BREACHES, ACTS OF GOD OR FIRE. THE COMPANY DOES NOT GUARANTEE TO PROVIDE MARKETING OR DISTRIBUTE ANY LEADS TO THE FRANCHISEE. NEITHER THE COMPANY NOR THE FRANCHISOR SHALL BE LIABLE FOR ANY DAMAGE THAT THE FRANCHISEE MAY SUFFER ARISING OUT OF USE, OR INABILITY TO USE, THE CALL CENTER SERVICES PROVIDED HEREUNDER UNLESS SUCH DAMAGE IS CAUSED BY THE WILLFUL MISCONDUCT OF THE COMPANY.

b. Remedies. NEITHER THE COMPANY NOR THE FRANCHISOR SHALL BE LIABLE FOR UNAUTHORIZED ACCESS BY THIRD PARTIES TO THE FRANCHISEE'S TRANSMISSIONS. EXCEPT AS EXPRESSLY SET FORTH IN OR CONTEMPLATED BY THIS AGREEMENT, IN ANY INSTANCE INVOLVING PERFORMANCE OR NONPERFORMANCE BY THE COMPANY WITH RESPECT TO CALL CENTER SERVICES PROVIDED HEREUNDER, **THE FRANCHISEE'S SOLE REMEDY SHALL BE REFUND OF A PRO RATA PORTION OF THE PRICE PAID FOR CALL CENTER SERVICES WHICH WERE NOT PROVIDED**. **AT THE OPTION OF THE COMPANY, EXCEPT AS EXPRESSLY SET FORTH IN OR CONTEMPLATED BY THIS AGREEMENT, IN THE CASE OF REFUND FOR LOST SERVICES, CREDIT WILL BE ISSUED ONLY FOR PERIODS OF LOST SERVICE GREATER THAN TWENTY-FOUR (24) HOURS.** THESE LIMITATIONS OR LIABILITY SHALL APPLY REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, WARRANTY, STRICT LIABILITY OR TORT, INCLUDING WITHOUT LIMITATION NEGLIGENCE OF ANY KIND, WHETHER ACTIVE OR PASSIVE, AND SHALL SURVIVE.

c. Failure of an Exclusive Remedy. NEITHER THE COMPANY NOR THE FRANCHISOR SHALL BE RESPONSIBLE FOR (1) SERVICE IMPAIRMENTS CAUSED BY ACTS WITHIN THE CONTROL OF THE FRANCHISEE, ITS EMPLOYEES, AGENTS, SUBCONTRACTORS, SUPPLIERS OR LICENSEES, (2) INABILITY OF THE FRANCHISEE TO ACCESS OR INTERACT WITH ANY OTHER SERVICE PROVIDERS OR USERS, OR (3) SERVICES PROVIDED BY OTHER SERVICE PROVIDERS.

8. Termination. For purposes of this Agreement, an Event of Default shall mean the occurrence of any of the following events (each an "Event of Default"):

a. failure to pay any outstanding charge within ten (10) days of its due date;

b. a breach by the Franchisee in its performance or compliance under this Agreement or any other agreement required to be complied with under the terms hereof;

c. a default by the Franchisee under the Franchise Agreement;

d. the commencement of a bankruptcy proceeding, whether voluntary or involuntary, against the Franchisee; or

e. the death or dissolution of the Franchisee.

This Agreement may be terminated by the Company immediately following an Event of Default.

9. Information. All information provided to the Company or gathered from or about the Franchisee is the exclusive property of the Franchisor. Except as expressly provided in this Agreement, the Company shall be under no obligation to treat any Franchisee information or materials received by the Company from the Franchisee as confidential**.** To the extent that the Franchisee shall wish that any information or materials be treated as confidential by the Company, the Franchisee must label such information or materials in writing as confidential or, if such materials are disclosed orally by the Franchisee to the Company, provide written summaries of any such disclosed information or materials together with notice of the confidential nature of such information or materials within five (5) days of oral disclosure thereof. Notwithstanding the foregoing, the Company shall have no obligation of confidentiality with respect to any information or materials disclosed to it which (a) was already known to it at the time of its receipt hereunder; (b) is or becomes generally available to the public other than by means of the Company's breach of its obligations under this Agreement; (c) is independently obtained from a third party whose disclosure violates no duty of confidentiality; or (d) is independently developed by or on behalf of the Company without use of or reliance on any confidential information furnished to it under this Agreement.

10. Incorporation of Other Terms. Sections 5.10, 13.1, 13.2, 13.3, 18.11, 20.1 through 20.15, and 21.2 of the Franchise Agreement, entitled "Force Majeure," "Independent Parties," "Independent Contractor," "Indemnification by Franchisee," "Costs and Attorneys' Fees," " "Severability and Substitution of Valid Provisions," "Waiver of Obligations," "Injunctive Relief," "Rights of Parties are Cumulative," "Arbitration," "Governing Law," "Jurisdiction/Venue," "Waiver of Punitive Damages," "Waiver of Jury Trial," "Franchisee May Not Withhold Payments," "Binding Effect," "Limitations of Claims," "Construction," "Withholding Consent," "Mediation," and "Notices," respectively, are incorporated by reference in this Agreement and will govern all aspects of this Agreement and Franchisor's and Franchisee's relationship as if fully restated within the text of this Agreement.

11. Entire Agreement; Amendment. This Agreement contains the entire understanding between the parties hereto as to the matters herein described and may not be modified or amended except by a writing duly signed by both parties hereto. Notwithstanding the foregoing, however, nothing in this Section is intended to disclaim the representation contained in the Franchise Disclosure Document that the Franchisor delivered to Franchisee.

12. Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective successors and assigns. Notwithstanding the foregoing, the Franchisee may not assign its rights or obligations hereunder without the prior written consent of the Company. Notwithstanding the foregoing, the Company may, without the consent of the Franchisee, assign, transfer or sell its rights under this Agreement to any person, partnership, corporation or other entity; provided that the transferee agrees in writing to assume all obligations undertaken by the Company herein and such writing is provided to the Franchisee. Upon such assignment and assumption, the Company shall be under no further obligation hereunder, except for accrued liabilities, if any.

13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

14. Headings. The section headings in this Agreement have been inserted as a matter of convenience of reference and are not a part of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

PACIFIC LAWN SPRINKLERS HUB INC.

By:______________________________
Name:____________________________
Title:_____________________________

FRANCHISEE:

____

By:______________________________
Name:____________________________
Title:_____________________________

Address of Franchisee:

____
____
____

SCHEDULE A

Optional Services (check if applicable)

Bookkeeping o
Automated Collection o

☐

SCHEDULE B

PAYMENT OF FEES

The amounts of the Call Center Administration Fee, the optional Bookkeeping Services Fee, and the optional Automated Collection Fee are as follows:

Initial Call Center Administration Fee: $_____________

Franchise Level	**Call Center Administration Fee (Annual)**
Start Up Level 1	$35,500
Experienced Level 2	$43,500
Mature Level 3	$59,500

Initial Bookkeeping Services Fee (Optional): $_______________

Franchise Level	**Bookkeeping Services Fee (Annual)**
Start Up Level 1	$9,500
Experienced Level 2	$12,750
Mature Level 3	$18,050

Current Automated Collection Fee (Optional): $____________

EXHIBIT "G"

STATE SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO THE PACIFIC LAWN SPRINKLERS FRANCHISE LLC FRANCHISE AGREEMENT

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.

2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

4. The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.

5. The Franchise Agreement requires binding arbitration. The arbitration will occur in Arizona with the costs being borne by the franchisee.

6. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

7. The Franchise Agreement requires application of the laws of Arizona. In accordance with Section 310.114.1, this provision may not be enforceable under California law.

8. The Franchise Agreement may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

9. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

10. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement may not be enforceable.

11. In California, default interest is limited to 10% per annum.

12. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

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

14. OUR WEBSITE (www.pacificfranchise.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

15. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

16. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

17. Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum dated this day of , 20 .

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

By:
Name:
Title:

FRANCHISEE:

____

ILLINOIS ADDENDUM TO THE PACIFIC LAWN SPRINKLERS FRANCHISE LLC FRANCHISE AGREEMENT

Illinois law governs the Franchise Agreement(s).

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

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

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

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 in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum dated this day of , 20 .

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

By:
Name:
Title:

FRANCHISEE:

____

MARYLAND ADDENDUM TO THE PACIFIC LAWN SPRINKLERS FRANCHISE LLC FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the State of Maryland:

1. Sections 4.3.5 (entitled "Requirements for a Successor Franchise Term") and 16.2.1 (h) (entitled "Assignment by Franchisee") of the Franchise Agreement are hereby amended to include the following language immediately following the requirement that Franchisee execute a General Release:

> However, such general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Section 17.1 (entitled "Termination without Notice") of the Franchise Agreement is hereby amended to include the following language:

> Termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 et seq.), but Franchisor and Franchisee agree to enforce this provision to the maximum extent the law allows.

3. Section 20.6 (entitled "Governing Law") of the Franchise Agreement is hereby amended to include the following language:

> However, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Section 20.7 (entitled "Jurisdiction/Venue") of the Franchise Agreement is hereby amended to include the following language:

> However, Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Section 20.12 (entitled "Limitation of Claims") of the Franchise Agreement is hereby amended to include the following language:

> However, nothing in this Agreement shall act to reduce the three (3)-year statute of limitations afforded to Franchisee for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

6. The following is added as a new Section 21.1.8 of the Franchise Agreement:

> All representations requiring Franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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 in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum dated this______________________day of_______________, 20___.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

By:_____________________________________
Name: _________________________________
Title: _________________________________

FRANCHISEE:

____

MINNESOTA ADDENDUM TO THE PACIFIC LAWN SPRINKLERS FRANCHISE LLC FRANCHISE AGREEMENT

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Franchise Agreement is amended as follows:

1. **THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

2. **THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

3. Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80Cor (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases):

   (c) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and

   (d) that consent to the transfer of the franchise will not be unreasonably withheld.

5. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights 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.

6. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

7. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.
8. The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.
9. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.
10. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum dated this______________________day of_______________, 20___.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

By:_____________________________________
Name: _________________________________ Title:
____

FRANCHISEE:

____

NEW YORK ADDENDUM TO THE PACIFIC LAWN SPRINKLERS FRANCHISE LLC FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the State of New York:

1. Section 6.6 of the Franchise Agreement is hereby amended to include the following sentence at the end of the paragraph:

> The Manual and any additions, deletions, revisions or supplements to the Manual will not materially alter Franchisee's rights and obligations under this Agreement or place an excessive economic burden on Franchisee's operations.

2. Sections 4.3.5 and 16.2.1 (h) of the Franchise Agreement are hereby amended to include the following language immediately following the requirement that Franchisee execute a General Release:

> Provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its 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 GBL, Section 687.4 and 687.5 be satisfied.

3. The first sentence of Section 15.6 of the Franchise Agreement is hereby amended to read as follows:

> Franchisee acknowledges that any threatened or actual failure to comply with the requirements of this Article XV would cause the Franchisor to suffer immediate and irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the seeking of an *ex parte* injunction prohibiting any conduct by Franchisee in violation of the terms of this Article XV.

4. The last sentence of Section 20.3 of the Franchise Agreement is hereby amended to read as follows:

> Accordingly, Franchisee hereby consents to the seeking of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Agreement.

5. 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 in connection with the franchise.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum dated this_______day of________________, 20___.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

By:_______________________________________
Name: ___________________________________ Title: ____

FRANCHISEE:

____

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum dated this_______day of________________, 20___.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

By:_______________________________________
Name: ___________________________________
Title: ___________________________________

FRANCHISEE:

____

WISCONSIN ADDENDUM TO THE PACIFIC LAWN SPRINKLERS FRANCHISE LLC FRANCHISE AGREEMENT

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Agreement is amended accordingly.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum dated this_______day of_______________, 20___.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

By:_____________________________________
Name: __________________________________
Title: __________________________________

FRANCHISEE:

____

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

FRANCHISE AGREEMENT

EXHIBIT "H"

ELECTRONIC FUNDS TRANSFER AGREEMENT

This Electronic Funds Transfer Agreement (the "Agreement") is made on this ___day of ___________________________, 20__ by and between Pacific Lawn Sprinklers Franchise LLC. ("Franchisor"), and ______________________________ or their assignee, if a partnership, corporation or limited liability company is later formed ("Franchisee").

Whereas, Franchisor and Franchisee are parties to a Pacific Lawn Sprinklers Franchise Agreement executed on even date herewith (the "Franchise Agreement") and desire to enter into an Addendum to the Franchise Agreement;

Now, therefore in consideration of the mutual promises contained herein and as an inducement to Franchisor to execute the Franchise Agreement, the parties agree as follows:

A. Franchisee shall pay any and all fees and other charges in connection with this Addendum and the Franchise Agreement (including, without limitation, the Royalty Fees, contributions to the Fund and any other payments due to Franchisor by Franchisee, and any applicable late fees and interest charges) by electronic, computer, wire, automated transfer, ACH debiting, and bank clearing services (collectively "electronic funds transfers" or "EFT"'), and Franchisee shall undertake all action necessary to accomplish such transfers.

B. Upon execution and delivery of this Agreement, Franchisee shall execute and deliver two (2) originals of the "Electronic Debit Authorization" attached hereto, which authorizes Franchisee's bank or other financial institution to accept debit originations, electronic debit entries, or other EFT, and electronically deposit fees and contributions owing Franchisor directly to Franchisor's bank account(s). Upon Franchisor's request, Franchisee shall deliver to Franchisor all additional information that Franchisor deems necessary (including, without limitation, financial institution of origin and relevant accounts and ABA/transit numbers for any new bank accounts that Franchisee opens after the date of this Addendum) in connection with such EFT.

C. By executing this Addendum, Franchisee authorizes Franchisor to withdraw funds at such days and times as Franchisor shall determine via EFT from Franchisee's bank account for all fees and other charges in connection with the Franchise Agreement and this Addendum, as described in the first sentence of this paragraph. Franchisee authorizes weekly ACH debits via EFT based on an amount equal to the total weekly amount due Franchisor, as set forth in Section 8 of the Franchise Agreement.

D. Franchisee is responsible for paying all service charges and other fees imposed or otherwise resulting from action by Franchisee's bank in connection with EFT by Franchisor, including, without limitation, any and all service charges and other fees arising in connection with any EFT by Franchisor not being honored or processed by Franchisee's bank for any reason and a Fifty Dollar ($50) charge by Franchisor for processing the EFT. Upon written notice by Franchisor to Franchisee, Franchisee may be required to pay any amount(s) due under the Franchise Agreement and/or this Addendum directly to Franchisor by check or other non-electronic means in lieu of EFT at Franchisor's discretion. It shall be a non-curable event of default under Article 17 of the Franchise Agreement if Franchisee closes any bank account without completing all of the following forthwith after such closing: (1) immediately notifying Franchisor thereof in writing, (2) immediately establishing another bank account, and (3) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by EFT as this Addendum permits.

E. Except as specifically set forth in this Addendum, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Addendum is attached to and upon execution becomes an integral part of the Franchise Agreement.

F. Wherefore, the parties have set forth their hand on the day and date first above written.

FRANCHISOR:

By: ______________________________

Title: _____________________________

FRANCHISEE:

By: ______________________________

Title: _____________________________

By: ______________________________

Title: _____________________________

ELECTRONIC DEBIT AUTHORIZATION
[SAMPLE – MAY OBTAIN INFORMATION IN DIFFERENT MANNER]

FRANCHISOR: Pacific Lawn Sprinklers Franchise LLC

FRANCHISOR ID NUMBER: ____________________________

The undersigned hereby authorizes Pacific Lawn Sprinklers Franchise LLC (the "Franchisor"), to initiate debit entries to the undersigned's checking account indicated below and the depository named below (the "Depository"), to debit the same to such account.

Depository Name: ____
Branch: ____
City State and Zip Code: ____
____
Transit/ABA No.: ____
Account Number: ____

This authority is to remain in full force and effect until the underlying obligations under the Franchise Agreement have been satisfied in full or released in writing by Franchisor.

This authorization further confirms my understanding of Exhibit H to the Franchise Agreement signed by me/us in which I/we expressly agree that this authorization shall apply to any and all Depositories and bank accounts with which I/we open accounts during the term of the Franchisee Agreement and any renewals. Without limiting the generality of the forgoing, I/we understand that if I/we close any bank account, I/we are obligated immediately to: (i) notify Franchisor thereof in writing, (ii) establish another bank account, and (iii) execute and deliver to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account/depository by ACH debiting or other electronic means. I/we specifically agree and declare that this Authorization shall be the only written authorization needed from me/us in order to initiate debit entries/ACH debit originations to my/our bank account(s) established with any Depository in the future.

DATE: ____

ID NUMBER: ____

PRINT NAME(S): SIGNATURE(S):

______________________________ ___________________________

______________________________ ___________________________

ATTACH A VOIDED CHECK FOR THE APPLICABLE ACCOUNT HERE AND RETURN TO FRANCHISOR

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

FRANCHISE AGREEMENT

EXHIBIT "I"

ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT ("Assignment") is made and entered into this ___ day of ____________, 20___, by and between: (i) PACIFIC LAWN SPRINKLERS FRANCHISE LLC, a Florida limited liability company with its principal offices located at 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251 ("Franchisor"); (ii) ___________________, an individual with an address at _______________________________________ ("Assignor"); and (iii) _____________________ a ___________________ with an address at _______________________________________ ("Assignee").

BACKGROUND

A. On or around ________________, Assignor entered into a franchise agreement with FRANCHISOR (the "Franchise Agreement"), under which Assignor obtained the right and undertook the obligation to operate a franchised business at ____ (the "Franchised Business").

B. Assignor desires to assign all of its rights, title, interest and obligations under the Franchise Agreement and Franchised Business to Assignee, pursuant to and in accordance with the provisions of the Franchise Agreement.

C. Franchisor is willing to consent to the assignment of the Franchise Agreement (and any amendments thereto) from Assignor to Assignee, subject to the terms and conditions of this Assignment.

AGREEMENT

In consideration of the mutual covenants contained in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. **Background and Definitions.** The parties hereby incorporate by reference all provisions, including definitions, set forth in the Background of this Assignment as if fully set forth herein. The parties further agree and acknowledge that all capitalized terms in this Assignment that are not specifically defined herein will be afforded the meaning they are afforded in the Franchise Agreement. All words in this Assignment refer to whatever number or gender the context requires.

2. **Assignment and Assumption; Franchisor Consent.** Subject to the provisions of this Assignment, Assignor hereby assigns and transfers over to Assignee all of Assignor's rights, obligations, title and interest in and to the Franchise Agreement, effective as of the date of this Assignment. Assignee hereby assumes all of Assignor's rights, obligations, assignments, commitments, duties and liabilities

under the Franchise Agreement, and Assignee agrees to be bound by and observe and faithfully perform all of the obligations, assignments, commitments and duties of the "Franchisee" under the Franchise Agreement with the same force and effect as if the Franchise Agreement were originally written with Assignee as said "Franchisee." Franchisor hereby consents to the foregoing assignment, subject to the provisions set forth in this Assignment.

3. **Personal Guaranty**. Assignor agrees to be bound, along with Assignee, by and to all of the terms and conditions of the Franchise Agreement as if Assignor had originally executed the Personal Guaranty contemporaneous with the execution of the Franchise Agreements. Assignor acknowledges that he has read and understands the terms of the Personal Guaranty and has had an opportunity to review the Personal Guaranty with counsel or other business advisors.

4. **Release**. Upon the execution of this Assignment, Assignor for himself and all persons and entities claiming by, through or under him, hereby release, acquit, and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, franchisees, licensees, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which Assignor, by itself or on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had, or might claim to have against the Franchisor Releasees through the date of this Assignment, including, but not limited to, those arising out of or related to: (i) the offer, sale, operation and transfer of the Franchise Agreement (and Franchised Business); (ii) the parties' respective rights or obligations under the Franchise Agreement; and (iii) any and all rights, obligations or claims under any state franchise regulations or franchise relationship laws. Assignor warrants and represents that he has not assigned or otherwise transferred any claim or cause of action released by this Assignment. Assignor covenants and warrants that he will not sue, nor assist or cooperate with any third party in any third-party action against, any Franchisor Releasee arising out of or related to the claims released under this Section.

5. **Representation.** Assignor and Assignee represent and warrant: (i) that Assignor and Assignee have obtained the necessary permission and authority to complete the assignment contemplated herein, whether through Assignor or otherwise; and (ii) Assignor and Assignee are otherwise in compliance with the requirements set forth in Section 16 of the Franchise Agreement regarding transfer to a controlled entity.

6. **Successors and Assigns.** This Assignment shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns (if and as permitted by Franchisor).

7. **Acknowledgement.** Each party acknowledges that the terms of this Assignment have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Assignment is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Assignment.

8. **Binding Effect**. This Assignment shall be binding and inure to the benefit of the parties and their respective heirs, successors and assigns.

9. **Entire Agreement**. The Franchise Agreement (and any amendments thereto) and this Assignment shall constitute the entire integrated agreement between the parties with respect to the subject matter contained herein and shall not be subject to change, modification, amendment or addition without the express written consent of all the parties. In the event of a conflict between the terms of the Franchise

Agreement and the terms of this Assignment, the terms of this Assignment will control.

10. **Attorneys' Fees and Costs**. In the event that it becomes necessary for Franchisor to retain the services of legal counsel to enforce the terms of this Assignment against any other party hereto, Franchisor shall be entitled to recover all costs and expenses, including reasonable attorneys' fees and expert/investigative fees, incurred in enforcing the terms of this Assignment from the breaching party(ies) hereunder.

11. **Choice of Law, Jurisdiction and Venue.** The parties agree and acknowledge that the choice of law, dispute resolution and venue provisions of the Franchise Agreement will also apply to all disputes, claims or causes of action arising out of, or related to, this Assignment.

12. **Authority**. The persons executing this Assignment on behalf of Assignor and Assignee acknowledge their authority to do so.

13. **Counterparts**. This Assignment may be signed in any number of counterparts, each of which shall be an original with the same effect as if the signatures thereto were upon the same instrument. This Assignment shall become effective when each party hereto shall have received a counterpart hereof signed by the other parties hereto.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

IN WITNESS WHEREOF, the undersigned have affixed their signatures hereto as of the day and date first above written.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC	ASSIGNOR
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________

Date:

Date:

ASSIGNEE

By:

Name:

Title:

Date:

EXHIBIT D

LIST OF FRANCHISEES AS OF DECEMBER 31, 2025

Ax Lawn Sprinklers Inc 48 Milford Hunt Ln Milford, CT 06461-9146 1 Combo Franchise 914-490-3481	GUZMAN IRRIGATION LLC 607 26TH AVENUE W BRADENTON, FL 34205 941-807-9957 1 Service Franchise
Irritech Sprinklers Inc. 1092 NE 38th St Unit S Fort Lauderdale, FL 33334 954-629- 2057 1 Service Franchise	BR IRRIGATION LLC. 5024 LANTANA RD APT 3107 LAKE WORTH, FL 33463 561-512-3118 1 Service Franchise
CARRETTA SERVICES LLC 10447 SKY FLOWER CT LAND O LAKES, FL 34638 813-613-1848 1 Combo Franchise	DONNY SPRINKLERS LLC 11270 COOPER DR UNIT 204 WELLINGTON, FL 33414 385-210-8950 1 Service Franchise
GREEN VALLEY IRRIGATION, LLC 161 SALEM DR DAWSONVILLE, GA 30534-5174 770-990-4196 1 Service Franchise	LML DIAMOND IRRIGATION INC., 20 STAR LAKE RD APT B BLOOMINGDALE, NJ 07403 551-262-4440 1 Service Franchise
C & D LANDSCAPING LLC 430 FAIRTON MILLVILLE RD BRIDGETON, NJ 08302-7163 856-319-6596 1 Service Franchise	Della Industries 230 Ridgedale Ave Cedar Knolls, NJ 07927 347-539-1211 1 Combo Franchise
MB SPRINKLERS CORP. 175 SOUTH ST APT 4 EATONTOWN, NJ 07724-1873 646-404-8817 1 Service Franchise	HGC ENTERPRISES LLC 165 WHITE ST HOWELL, NJ 07731 848-232-8682 1 Combo Franchise
DOMY LAWN SPRINKLERS LLC. 806 W FRONT ST APT 1 PLAINFIELD,NJ 07063 908-644-9567 1 Service Franchise	Scaldino Lawn Sprinklers LLC 41 Murray Street Rahway, NJ 07065 908-419-1436 1 Combo Franchise 1 Add on Service Franchise

HKG Unlimited Inc. 84 Old Bridge Tpke South River, NJ 08882 347-303-4243 1 Service Franchise 1 Add on Service Franchise	T & L IRRIGATION LLC 3251 43RD ST APT 3R ASTORIA, NY 11103 347-551-1202 1 Service Franchise
Pellicane Enterprises Corp. 213-43 35th Ave. Bayside, NY 11361 718-279-4432 1 Service Franchise 1 Add on Service Franchise	Majestic Unlimited Inc. 52 Monroe Ave. Brentwood, NY 11717 646-772-1934 1 Combo Franchise
JAJ Irrigation Inc. 8008 135th Street Briarwood, NY 11435 917-476-6042 1 Service Franchises	Ahorizon Irrigation Inc. 1423 130th Street, Apt 2 College Point NY 11356 718-517-0352 1 Service Franchise 1 Add on Service Franchise 1 Add on Service Franchise
Estrada Enterprises Inc. 129-12 20th Ave College Point, NY 11356 917-416-9192 1 Service Franchises	Gold Star Unlimited Inc. 18-29 129th Street College Point, NY 11356 646-533- 8380 1 Service Franchise 1 Add on Service Franchise 1 Add on Service Franchise
Liberty Unlimited Inc. 129-12 20th Ave, 2nd Floor College Point, NY 11356 917-731-9157 1 Service Franchises	Markk Enterprises Inc. 325 125th Street College Point, NY 11356 917-364-9290 1 Service Franchise
Silver Irrigation Inc. 1423 130th Street College Point NY 11356 646-261-9217 1 Service Franchise	Total Impact Inc. 128-06 11th Avenue College Point, NY 11356 646-533-8669 1 Combo Franchise 2 Add on Service Franchises
Two Brothers Irrigation Inc. 1326 128th St., Apt. 2A College Point, NY 11356 917- 254-9494 1 Combo Franchise 1 Add on Service Franchise 1 Add on Service Franchise	Mario Unlimited Inc 416 Commack Road, Commack, New York 11725 646-710-0624 1 Combo Franchise 1 Add on Service Franchise

A1 IRRIGATION INC., 69 EVANS AVE ELMONT, NY 11003-2613 516-754-9258 1 Service Franchise	Gem Irrigation Inc. 69 Evans Avenue Elmont, NY 11003 516-537-6225 1 Service Franchises 1 Add on Service Franchise
SSA Quality Inc. 158 E. Zoranne Dr. Farmingdale, NY 11735 347-231-0747 1 Specialty Franchise	JMK Enterprises, Inc. 43-17 Bowne St, Apt. 1CL Flushing, NY 11355 718-445-6649 1 Service Franchise
LouDell Enterprises Inc. 635 Pulaski Rd Greenlawn, NY 11740 718-304-6391 1 Service Franchise 2 Add on Service Franchise	Greensky Unlimited Inc. 92-11 Elmhurst Ave, Apt. 2A Jackson Heights, NY 11372 347-996-4850 1 Combo Franchise 1 Add on Service Franchise
JimKat Inc. 200 Atlantic Avenue, Apt. 140 Lynbrook, NY 11563 347-245-1879 1 Service Franchise	NJA IRRIGATION LLC 7340 53RD AVE MASPETH, NY 11378 347-510-2459 1 Service Franchise
NB IRRIGATION LLC 7227 66TH DRIVE APT 2 MIDDLE VILLAGE, NY 11379 718-536-0044 1 Service Franchise	H2JOE INC 18 Cottonwood Road Port Washington, NY 11050 516-280-0781 1 Service Franchise 1 Add on Franchise
Island Irrigation Inc. 2350 Kenneys Rd Southold, NY 11971-2439 1 Service Franchise 631-381-5741	Aura Sprinklers Inc. 65 Liberty Road Valley Stream, NY 11580 516-652-0569 1 Service Franchise
On Time Irrigation Inc. 160 15 13th Avenue Whitestone, NY 11357 917-299-5766 1 Service Franchises 1 Add on Service Franchise	VERDI UNLIMITED INC. 2014 146TH ST APT B WHITESTONE, NY 11357-3412 917-355-1545 1 Service Franchise
Cardenas Irrigation Inc. 22 Pier St 2nd Floor Yonkers, NY 10705 914-434-2705 1 Combo Franchise	Grabowski Irrigation Inc. 10327 cedar trail ln apt 307 Charlotte, NC 28210-8337 704-579-0004 1 Service Franchise 1 Add on Service Franchise

WINGFLOW IRRIGATION LLC 501 LAKEVIEW RD DURHAM, NC 27712-1430 910-429-4173 1 Service Franchise	Five Star Unlimited Inc. 149 Jocelyn Lane Apt 305 Mooresville, NC 28117 336-582-2464 1 Service Franchise
Aqua Life Sprinklers Inc. 3336 Kimberly Ave Columbus, OH 43224 614-980-4185 1 Service Franchise	SPIEGLE SPRINKLER SERVICES INC 84 LIBERTY COMMONS RD UNIT H COLUMBUS, OH 43235-1566 614-359-7237 1 Service Franchise
KWK Irrigation Inc. 298 Clearwater Lake Rd Camden, SC 9020 803-669-6733 1 Combo Franchise	MCBRIDE IRRIGATION, LLC 742 MINK AVE # 118 MURRELLS INLET, SC 29576-6300 843-582-2345 1 Service Franchise
Compean Lawn Sprinklers LLC 6147 Apple Valley Drive San Antonio, TX 78242 210-305-0389 1 Service Franchise	D & M Irrigation Inc. 301 E Loudoun Valley Dr Purcellville, VA 20132- 3113 571-315-2989 1 Combo Franchise

LIST OF FRANCHISEES WITH SIGNED FRANCHISE AGREEMENTS BUT OUTLETS NOT YET OPERATING AS OF DECEMBER 31, 2025

Name	City	State	Phone Number
		None	

EXHIBIT E

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

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM DURING PREVIOUS YEAR

H20 Irrigation Inc.
1517 Cameron Samuel La
West Palm Beach, FL 33401
774-563-9064
1 Service Franchise

Aqua Duck Irrigation Inc
2775 Hooper Ave Apt 502
Brick, NJ 08723
862-266-3448
1 Service Franchise

STAY GREEN IRRIGATION
3943 BRASELTON HGWY
BUOFORD, GA 30519
470-358-2641
1 Service Franchise

REYES IRRIGATION PROS
INC. 905 S 3RD ST
SANFORD, NC 27330-5311
984-218-7406
1 Service Franchise

LIST OF FRANCHISEES WHO HAVE NOT COMMUNICATED WITH US WITHIN 10 DAYS OF THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT

NB IRRIGATION LLC
7227 66TH DRIVE APT 2
MIDDLE VILLAGE, NY 11379
718-536-0044
1 Service Franchise

EXHIBIT F

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EXHIBIT G

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

EHC Holding Company , LLC
Balance Sheet
As of June 30, 2026
(Unaudited)

ASSETS:		
Current Assets		
Cash	$	9,980,254
Accounts Receivable	$	4,949,764
Inventory	$	50,000
Prepaid Expenses	$	1,063,420
Other current assets	$	335,993
Total Current Assets	$	16,379,430
Long-Term Assets		
Gross Fixed Assets	$	4,302,104
Accum. Depreciation & Amortization	$	(278,464)
Net Fixed Assets	$	4,023,639
Other Assets	$	9,788,144
Goodwill	$	185,143,353
Accum. Amortization-Goodwill	$	(34,722,799)
Total Long-Term Assets	$	164,232,337
Total Assets	$	180,611,768
LIABILITIES AND EQUITY:		
Current Liabilities		
Accounts Payable	$	946,995
Accrued Expenses	$	2,134,727
Other Current Liabilities	$	844,187
Total Current Liabilities	$	3,925,909
Long Term Debt		
Senior Term A	$	47,500,000
Total Long Term Debt		$ 47,500,000
Other L/T Liabilities		
Other L/T Liabilities	$	26,035,758
Loan Origination Costs	$	(782,007)
Total Other L/T Liabilities	$	25,253,752
Total Liabilities	$	76,679,660
Shareholders' Equity		
Contribution	$	217,953
Members Equity	$	146,694,753
Retained Earnings	$	(35,228,915)
Net Income	$	(7,751,684)
Total Shareholders' Equity	$	103,932,107
Total Liabilities and Shareholders' Equity	$	180,611,768

EHC Holding Company , LLC
Profit and Loss Statement
Year to Date as of June 30, 2026
(Unaudited)

REVENUES:		
Franchise Fees	$	2,412,546
Royalty Income	$	10,374,759
Technology Fees - Recurring	$	714,505
Other Revenue - Recurring	$	666,972
Other Revenue - Non Recurring	$	223,754
Brand Fund Revenue	$	2,074,267
Conference Fees Revenue	$	594,742
Call Center Revenue	$	3,626,833
Corporate Store Revenue	$	516,179
Total GAAP Revenues	$	21,204,557
COST OF SALES:		
Payroll	$	350,503
Payroll Taxes	$	25,831
Vehicles	$	55,705
Materials	$	112,063
Merchant Fees	$	22,138
Other Expense	$	27,722
Total GAAP COGS	$	593,962
GAAP Gross Profit	$	20,610,596
OPERATING EXPENSES:		
Sales and Marketing		
Payroll	$	807,028
Payroll Taxes	$	86,396
Payroll Benefits	$	124,430
Payroll Bonuses	$	50,000
Advertising and promotion	$	593,485
Franchise Sales Commissions	$	1,196,602
Travel and Other Expense	$	66,743
Brand Fund Expense	$	2,156,942
Consulting Expense	$	274,052
Total Sales and Marketing	$	5,355,678

General and Administrative		
Payroll	$	4,365,687
Payroll Taxes	$	359,129
Benefits	$	259,626
Bonuses	$	391,227
Insurance	$	353,438
Computer and Internet	$	1,047,438
Professional Fees	$	1,569,212
Franchise Support	$	135,031
Rent	$	221,605
Recruiting	$	53,499
Consulting	$	1,095,315
Office Expense	$	118,298
Telephone and Utilities	$	62,545
Bad Debt	$	317,449
Travel, Meals, and Entertainment	$	219,064
Other G&A	$	740,161
Brand Conference	$	505,277
Total General and Administrative	$	11,814,001
Total Operating Expenses	$	17,169,680
Earnings before interest, taxes, depreciation and amortiza	**$**	**3,440,916**
Depreciation / Amortization		
Depreciation	$	42,270
Amortization	$	8,656,800
Total Depreciation / Amortization	$	8,699,070
Earnings before taxes and interest	**$**	**(5,258,154)**
OTHER EXPENSE:		
Interest Expense	$	2,216,856
Total Interest Expense	$	2,216,856
Other Income / (Expense)		
Other Income/Expense	$	58,649
Total Other Income / (Expense)	$	58,649
Total GAAP Other Expense	$	2,275,505
Earnings before taxes	**$**	**(7,533,659)**
Taxes	$	218,025
Net Income (loss)		**(7,751,684)**

EHC Holding Company , LLC
Cash Flow Statement
Year to Date as of June 30, 2026
(Unaudited)

Net Income	$	(7,751,684)
Plus: Depreciation	$	42,270
Plus: Amortization	$	8,656,800
Operating Cash (before changes in working Capital)	**$**	**947,386**
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:		
Changes in assets and liabilities		
(Increase) decrease in assets:		
Receivables	$	(1,108,675)
Other Current Assets	$	708,873
Other Changes in Other Assets	$	843,838
Increase (decrease) in liabilities:		
Accounts payable	$	(770,895)
Accrued Liabilities	$	(302,231)
Other Current Liabilities	$	(32,756)
Other Long Term Liabilities	$	(724,377)
Cash provided by (used) operating activities	**$**	**(438,836)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	$	117,205
Cash provided (used) by investing activities	**$**	**117,205**
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments) Members Contribution	$	25,702
Cash provided (used) by financing activities	**$**	**25,702**
NET INCREASE (DECREASE) IN CASH	**$**	**(295,930)**
CASH AT BEGINNING OF PERIOD	$	10,276,184
CASH AT END OF PERIOD	**$**	**9,980,254**

EHC Holding Company, LLC and Subsidiaries

Consolidated Financial Report
December 31, 2025

EHC Holding Company, LLC and Subsidiaries

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Independent Auditor's Report

To the Board of Directors
EHC Holding Company, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of EHC Holding Company, LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2025 and 2024 and the related consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and the results of its operations and its cash flows for the years 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our 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 Consolidated Financial Statements

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

In preparing the consolidated 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 consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
EHC Holding Company, LLC and Subsidiaries

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 consolidated 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

April 13, 2026

EHC Holding Company, LLC and Subsidiaries

Consolidated Balance Sheet

December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 10,168,793	$ 7,200,071
Investments	103,668	-
Accounts receivable - Net	3,853,514	2,685,757
Inventory	516,419	47,090
Deferred commission costs	1,042,596	225,341
Prepaid expenses and other current assets	1,301,424	807,450
Total current assets	16,986,414	10,965,709
Property and Equipment - Net	2,467,907	2,069,949
Operating Lease Right-of-use Assets - Net	913,143	792,487
Goodwill - Net	99,375,260	52,665,564
Intangible Assets - Net	61,352,930	28,380,024
Other Assets		
Deferred commission costs - Net of current portion	7,828,647	5,332,257
Other noncurrent assets	1,239,170	489,961
Total assets	**$ 190,163,471**	**$ 100,695,951**
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	$ 2,455,210	$ 868,428
Current portion of operating lease liabilities	321,614	212,365
Deferred franchise fees	3,927,355	3,010,287
Other current liabilities:		
Taxes payable	110,665	-
Accrued compensation	737,075	596,645
Other accrued liabilities	1,784,377	1,279,257
Total current liabilities	9,336,296	5,966,982
Long-term Debt	46,646,902	-
Operating Lease Liabilities - Net of current portion	622,636	603,246
Other Long Term Liabilities		
Deferred franchise fees - Net of current portion	20,098,827	16,498,710
Deferred tax liabilities	1,801,324	-
Total liabilities	78,505,985	23,068,938
Members' Equity	111,657,486	77,627,013
Total liabilities and members' equity	**$ 190,163,471**	**$ 100,695,951**

See notes to consolidated financial statements.

EHC Holding Company, LLC and Subsidiaries

Consolidated Statement of Operations

Years Ended December 31, 2025 and 2024

	2025	2024
Net Revenue		
Royalty fees	$ 13,608,581	$ 9,732,577
Initial franchise fees	4,362,781	4,547,181
National brand fund fees	3,727,498	2,706,984
Service fees	7,492,249	7,467,150
Other	1,779,058	1,283,105
Total net revenue	30,970,167	25,736,997
Operating Expenses	45,186,193	32,452,294
Nonoperating Expense - Interest expense	(639,467)	-
Loss - Before income taxes	(14,855,493)	(6,715,297)
Income Tax Recovery	(333,964)	-
Consolidated Net Loss	**$ (14,521,529)**	**$ (6,715,297)**

See notes to consolidated financial statements.

Consolidated Statement of Members' Equity

Years Ended December 31, 2025 and 2024

Balance - January 1, 2024	$ 84,342,310
Consolidated net loss	(6,715,297)
Balance - December 31, 2024	77,627,013
Consolidated net loss	(14,521,529)
Issuance of Class A units	48,552,002
Balance - December 31, 2025	**$ 111,657,486**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Consolidated net loss	$ (14,521,529)	$ (6,715,297)
Adjustments to reconcile consolidated net loss to net cash from operating activities:		
Depreciation and amortization	12,214,482	9,997,566
Noncash lease expense	54,529	16,064
Credit loss expense	187,898	219,820
Deferred income tax recovery	(444,629)	-
Changes in operating assets and liabilities that provided (used) cash:		
Accounts receivable	710,827	(955,312)
Prepaid expenses and other assets	(917,780)	(980,991)
Deferred commission costs	(3,313,645)	(3,364,692)
Accounts payable and other accrued liabilities	76,589	807,195
Deferred franchise fees	2,098,787	606,768
Net cash used in operating activities	(3,854,471)	(368,879)
Cash Flows from Investing Activities		
Cash paid for acquisitions - Net of cash acquired	(85,045,980)	-
Purchase of property and equipment	(579,731)	(689,514)
Net cash used in investing activities	(85,625,711)	(689,514)
Cash Flows from Financing Activities		
Proceeds from long-term debt	47,500,000	-
Debt issuance costs	(853,098)	-
Proceeds from issuance of Class A units	45,802,002	-
Net cash provided by financing activities	92,448,904	-
Net Increase (Decrease) in Cash	2,968,722	(1,058,393)
Cash - Beginning of year	7,200,071	8,258,464
Cash - End of year	**$ 10,168,793**	**$ 7,200,071**
Supplemental Cash Flow Information - Cash paid for interest	$ 364,467	$ -
Significant Noncash Transactions - Fair value of rollover equity issued for business acquisitions	$ 2,750,000	$ -

See notes to consolidated financial statements. 6

Note 1 - Nature of Business

EHC Holding Company, LLC and Subsidiaries (the "Company") includes its wholly owned subsidiaries, Evive Brands, LLC (Evive); Executive Home Care Franchising, LLC (EHC); ALL Franchising, LLC (ALL); ALL Licensing, LLC (Licensing); B&P Burke, LLC (Grasons); Brothers Parsons Franchising, LLC (Brothers); Brothers Parsons HV, LLC (BPHV); Brothers Parsons IP, LLC (BPIP); Evive Holdco, Inc. (Holdco); Pacific Lawn Sprinklers Franchise, LLC (PLSF); PLS Corporate Stores, LLC (PLSC); PLS Hub, LLC (PLSH); and Shine Development, LLC (Shine).

EHC is a franchisor that provides home care services to the elderly, physically handicapped, and injured, allowing them to live at home. EHC began operations in 2004.

ALL is a franchisor that provides senior care placement and referral service for in-home companion care, independent retirement options, assisted living, memory care, and skilled nursing facilities. ALL began operations in 2006 and provides services nationwide. Licensing is an operating company that owns the intellectual property used by ALL.

Grasons is a franchisor that provides services for estate sales and business liquidation services and was established in 2011.

Brothers is a franchisor that provides services associated with gutter installation, repair, and maintenance. BPIP is an operating company that owns the intellectual property used by Brothers. BPHV operates a Brothers franchise. BPHV was sold on October 15, 2025.

Holdco's wholly owned subsidiary, MB Franchise Holdings, Inc. (Maid Brigade), is a franchisor that provides residential and commercial professional cleaning services.

PLSF is a franchisor that primarily provides lawn sprinkler and landscape light services to residential and commercial customers. PLSC is a corporate owned location and PLSH is the national call center for the franchise system.

Shine is a franchisor that provides window care and holiday lighting services to residential and commercial businesses.

Note 2 - Significant Accounting Policies

Basis of Accounting

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Company has elected to adopt certain accounting alternatives for private companies developed by the Private Company Council, including the alternative for accounting for goodwill and intangibles.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Adoption of New Accounting Pronouncement

In July 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The ASU introduced a practical expedient for estimating expected credit losses on current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, *Revenue from Contracts with Customers*. Under the practical expedient, the Company assumes that current conditions as of the consolidated balance sheet date will not change for the remaining life of the asset. The standard also permits an accounting policy election to consider collection activity after the balance sheet date when estimating credit losses.

Note 2 - Significant Accounting Policies (Continued)

The Company adopted the new guidance on January 1, 2025 on a prospective basis. The adoption of this guidance did not have a significant impact on the consolidated financial statements.

Accounts Receivable

Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. At December 31, 2025 and 2024, the Company had recorded an allowance for credit losses in the amount of $695,999 and $131,037, respectively. The Company evaluates the collectibility of its accounts receivable and determines the appropriate allowance for expected credit losses based on a combination of factors, including the aging of the receivables, historical collection trends, and charge-offs, and includes adjustments for current economic conditions. When the Company is aware of a franchisee or customer's inability to meet its financial obligation, the Company may individually evaluate the related receivable to determine the allowance for expected credit losses. The Company has elected the practical expedient to assume that the current conditions as of the consolidated balance sheet date will not change for the remaining life of the asset. The Company has also made the policy election to consider collection activity subsequent to year end in making its estimate of expected losses. The Company has considered subsequent collection activity through January 31, 2026. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. The net accounts receivable balance as of January 1, 2024 was $1,950,265.

Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method. Assets are depreciated over their estimated useful lives, which range from 3 to 10 years. The cost of leasehold improvements is depreciated (amortized) over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Capitalized Software Costs

The Company capitalizes significant costs incurred in the acquisition or development of software for internal use, including the costs of the software, materials, consultants, interest, payroll, and payroll-related costs for employees incurred in developing internal-use computer software, once final selection of the software is made. Costs incurred prior to the final selection of software and costs not qualifying for capitalization are charged to expense. Capitalized software amortization expense was approximately $250,000 and $203,000 in 2025 and 2024, respectively. The net book value of capitalized software costs included in property and equipment at December 31, 2025 and 2024 was approximately $781,000 and $1,032,000, respectively. The estimated useful life of the capitalized software is five years.

Leases

The Company has operating leases for corporate office space. The Company recognizes expense for operating leases on a straight-line basis over the lease term. The Company made a policy election not to separate lease and nonlease components for all operating leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability. Total rent expense for the years ended December 31, 2025 and 2024 equaled approximately $308,000 and $267,000. Cash paid for leases approximated these expense amounts.

The Company has an operating lease with a lease term of one year or less that the Company elected to account for as a short-term lease. As this lease is a short-term lease, it is not included in the right-of-use asset and lease liability. Total expense related to short-term leases is *de minimis*.

The Company elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for all operating leases.

Note 2 - Significant Accounting Policies (Continued)

Intangible Assets

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets, which range from 5 to 14 years. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually.

The Company elected to apply the private company accounting alternative for intangible assets acquired in a business combination developed by the Private Company Council. Under the accounting alternative, certain acquired customer-related intangible assets and noncompetition agreements are not separately recognized apart from goodwill.

Debt Issuance Costs

Debt issuance costs are recorded as a reduction in the recorded balance of the outstanding debt. The costs are amortized over the term of the related debt and reported as a component of interest expense.

Goodwill

The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition.

The Company elected to apply the private company accounting alternative for goodwill developed by the Private Company Council. Under the accounting alternative, goodwill is amortized on a straight-line basis over a 10-year period. Additionally, goodwill is assessed for potential impairment if events occur or circumstances change that indicate the fair value of the Company may be less than its carrying value. The Company elected to test goodwill for impairment at the entitywide level.

No impairment charge was recognized during the years ended December 31, 2025 and 2024.

Revenue Recognition

The Company's franchise agreements include (a) the right to use its symbolic intellectual property over the term of each franchise agreement (typically 10 years); (b) preopening services, such as training; (c) ongoing services, such as management of the national brand fund contributions and support services for the franchisees; and (d) for certain subsidiaries, a license to use the Company's internal-use software, which is hosted on the Company's software as a service (SaaS) platform. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and, therefore, are accounted for as a single performance obligation. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day to day, the symbolic intellectual property is accessed over time and the customer (the "franchisee") simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities). Revenue earned from providing these services is identified as royalty fees, initial franchise fees, and national brand fund fees on the accompanying consolidated statement of operations.

The Company also operates certain franchise locations. The revenue for these consist of revenue recognized at a point in time as the service is completed. This revenue is identified as service fees on the accompanying consolidated statement of operations.

Note 2 - Significant Accounting Policies (Continued)

Payment Terms

Initial franchise fees are due and typically paid when a franchise agreement is executed and are nonrefundable. These fees are collected prior to the satisfaction of the Company's performance obligations, resulting in the Company recognizing deferred revenue contract liabilities. The portion of contract liabilities that is expected to be recognized as revenue within one year is classified as current on the consolidated balance sheet. Deferred initial franchise fees as of January 1, 2024 equaled $18,902,229. Initial franchise fees are also received pursuant to area development agreements, which grant the right to develop franchised territories in future periods in specific geographic areas. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Technology fees are paid on a monthly basis based upon a fixed amount. Service fees are due 30 days from when the service is performed.

Allocating the Transaction Price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to service customers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that the agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties and advertising fees, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

Costs to Obtain a Franchise Agreement

The Company incurs commission costs to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue, which is recognized over time. As a result, the commission costs are capitalized as deferred commission costs and are expensed over the term of the respective franchise agreement, which is determined to be the period of benefit. During the years ended December 31, 2025 and 2024, commission expenses incurred related to obtaining franchise agreements was approximately $2,100,000 and $623,000, respectively.

Advertising Expense

In accordance with the Company's franchise agreements, franchisees pay a percentage of monthly sales to an advertising fund to be used for advertising, marketing, and other promotional purposes. Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2025 and 2024 was approximately $5,540,000 and $3,756,000, respectively.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. Members are taxed individually on their pro rata ownership share of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the Company's operating agreement.

Holdco is structured as a C corporation; therefore, a current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

Note 2 - Significant Accounting Policies (Continued)

Concentrations of Credit Risk

The Company maintains cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Use of Estimates

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

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including April 13, 2026, which is the date the financial statements were available to be issued.

Note 3 - Business Combinations

MB Franchise Holdings, Inc.

On May 30, 2025, the Company acquired 100 percent of the outstanding capital stock of MB Franchise Holdings, Inc. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the facility maintenance service industry.

The fair value of the consideration transferred equaled $17,834,448, all of which was paid in cash.

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Cash	$ 209,151
Accounts receivable	202,278
Prepaids and other assets	16,307
Right-of-use assets	116,952
Intangible assets	11,657,000
Accounts payable	(386,108)
Deferred franchise fees	(632,153)
Lease liabilities	(70,406)
Accrued expenses	(365,293)
Deferred tax liabilities	(2,245,953)
Total identifiable net assets	8,501,775
Goodwill	9,332,673
Total	$ 17,834,448

The fair value of financial assets includes accounts receivable with a gross contractual value of $202,278, all of which is expected to be collectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 10 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.

Note 3 - Business Combinations (Continued)

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately $1,478,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

Pacific Lawn Sprinklers

On October 23, 2025, the Company acquired 100 percent of the membership interests of Pacific Lawn Sprinklers Franchise LLC; PLS IP, LLC; and PLS Hub, LLC, and PLSC purchased all assets of PLS Inc. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the facility maintenance service industry.

The following table summarizes the fair value of the consideration transferred as part of the acquisition:

Cash	$ 57,119,262
Noncash rollover equity - Class A units	1,000,000
Fair value of total consideration transferred	$ 58,119,262

The fair value of the 892 Class A units issued as noncash rollover equity was based on a valuation of the Company's membership interests using an option-pricing model. See Note 9 for further details.

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Cash	$ 476,305
Accounts receivable	1,211,555
Inventory	516,419
Prepaids and other assets	257,245
Property and equipment	548,204
Right-of-use assets	238,355
Intangible assets	20,887,000
Accounts payable	(357,951)
Deferred franchise fees	(581,855)
Lease liabilities	(238,355)
Accrued expenses	(344,142)
Total identifiable net assets	22,612,780
Goodwill	35,506,482
Total	$ 58,119,262

The fair value of financial assets includes accounts receivable with a gross contractual value of $1,211,555, all of which is expected to be collectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 10 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.

Note 3 - Business Combinations (Continued)

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately $1,885,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

Shine Development Holdings, Inc.

On November 24, 2025, the Company acquired 100 percent of the outstanding capital stock of Shine Development Holdings, Inc. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the facility maintenance service industry.

The following table summarizes the fair value of the consideration transferred as part of the acquisition:

Cash	$ 10,810,568
Noncash rollover equity - Class A units	1,750,000
Fair value of total consideration transferred	$ 12,560,568

The fair value of the 1,248 Class A units issued as noncash rollover equity was based on a valuation of the Company's membership interests using an option-pricing model. See Note 9 for further details.

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Cash	$ 32,842
Investments	103,668
Accounts receivable	652,649
Prepaids and other assets	4,761
Property and equipment	24,455
Right-of-use assets	92,436
Intangible assets	4,583,000
Accounts payable	(143,367)
Deferred franchise fees	(1,204,390)
Lease liabilities	(92,436)
Accrued expenses	(669,547)
Total identifiable net assets	3,384,071
Goodwill	9,176,497
Total	$ 12,560,568

The fair value of financial assets includes accounts receivable with a gross contractual value of $652,649, all of which is expected to be collectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 10 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Note 3 - Business Combinations (Continued)

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately $1,068,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

Note 4 - Property and Equipment

Property and equipment are summarized as follows:

	2025	2024
Machinery and equipment	$ 151,978	$ 224,961
Vehicles	541,000	281,658
Furniture and fixtures	149,944	140,755
Computer equipment and software	2,095,919	1,678,755
Leasehold improvements	228,551	251,913
Total cost	3,167,392	2,578,042
Accumulated depreciation	699,485	508,093
Net property and equipment	$ 2,467,907	$ 2,069,949

Depreciation expense was approximately $482,000 and $329,000 for the years ended December 31, 2025 and 2024, respectively.

Note 5 - Intangible Assets and Goodwill

Intangible assets and goodwill of the Company at December 31, 2025 and 2024 are summarized as follows:

	2025		2024	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets and goodwill:				
Franchise agreements	$ 55,246,000	$ 6,607,365	$ 24,937,000	$ 3,205,115
Trade names	13,949,232	1,781,070	7,131,232	934,157
Developed technology	1,097,752	551,619	807,674	356,610
Goodwill	116,038,647	16,663,387	62,057,306	9,391,742
Total amortized intangible assets and goodwill	$ 186,331,631	$ 25,603,441	$ 94,933,212	$ 13,887,624

Amortization expense for intangible assets and goodwill totaled approximately $11,732,000 and $9,669,000 for the years ended December 31, 2025 and 2024, respectively.

Estimated amortization expense for the years ending December 31 is as follows:

Years Ending	Amount
2026	$ 18,941,087
2027	18,941,087
2028	18,941,087
2029	18,941,087
2030	18,941,087
Thereafter	66,022,755
Total	$ 160,728,190

Note 6 - Long-term Debt

Long-term debt at December 31, 2025 is as follows:

Term loan	$ 40,000,000
Delayed draw term loan	7,500,000
Total	47,500,000
Unamortized debt issuance costs	853,098
Long-term portion	$ 46,646,902

The balance of the above debt matures as follows:

Years Ending	Amount
2026	$ -
2027	-
2028	475,000
2029	475,000
2030	475,000
Thereafter	46,075,000
Total	$ 47,500,000

In October 2025, the Company entered into a credit agreement with a financial institution to help fund current and future acquisitions. Maximum borrowings under the credit agreement are as follows: an initial term loan commitment of $40,000,000, total delayed draw term loan commitments of $25,000,000, and a revolving loan commitment of $7,000,000. All commitments are secured by substantially all of the assets of the Company. Principal payments of 0.25 percent of the outstanding loan amounts are due quarterly starting in 2028 until maturity in October 2031, at which time all unpaid principal is due.

The interest rate is a floating rate equal to the Secured Overnight Financing Rate (SOFR), or the alternate base rate (ABR), plus the applicable margin, as defined in the credit agreement. The effective interest rate on the term loan as of December 31, 2025 was 8.67 percent. The effective rate on the delayed draw term loan as of December 31, 2025 was 8.42 percent.

Debt issuance costs of approximately $853,000 were incurred to secure the credit facility.

Under the agreements with the bank, the Company is subject to various financial covenants, including a net leverage ratio covenant, and excess cash flow payments. As of December 31, 2025, the Company was in compliance with all financial covenants and was not required to make an excess cash flow payment.

Note 7 - Income Taxes

The components of the income tax provision included in the consolidated statement of operations for the year ended December 31, 2025 are all attributable to continuing operations and are detailed as follows:

Current income tax expense	$ 110,665
Deferred income tax recovery	(444,629)
Total income tax recovery	$ (333,964)

The income tax provision differs from the expense that would result from applying statutory rates to income before income taxes as a result of state taxes and temporary timing differences primarily related to intangible assets and revenue recognition.

Note 7 - Income Taxes (Continued)

The details of the net deferred tax liability are as follows:

Total deferred tax liabilities	$	(2,304,376)
Total deferred tax assets		503,052
Total	$	(1,801,324)

Note 8 - Related Party Transactions

The majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in operating expenses on the accompanying consolidated statement of operations. Total expense for the years ended December 31, 2025 and 2024 was approximately $809,000 and $702,000, respectively.

Note 9 - Members' Equity

Class A units have voting rights on all matters requiring the consent, approval, or vote of the members. The Class A units receive preference on distributions. There were 1,000,000 units authorized and 154,175 and 109,546 units issued and outstanding, respectively, as of December 31, 2025 and 2024.

Class B units do not have voting rights and are issued to designated management employees of the Company without any corresponding capital contribution. The holders of these units are entitled to share in the appreciation of the Company's assets that occur subsequent to the date of grant. The Class B units are dilutive to the participating preferred units. There were 1,000,000 units authorized and no units issued or outstanding as of December 31, 2025 and 2024.

As defined in the EHC Holding Company, LLC Amended and Restated Limited Liability Company Agreement, a deferred unit provides the right to be issued a Class B unit prior to a significant sale, assuming the fair market value of the Company exceeds the threshold amount, as defined in the Deferred Unit Agreements. The deferred units are time-vesting units that generally vest one-seventh each continuous year of service, becoming fully vested on the seventh anniversary of the grant date. These units allow for accelerated vesting upon the occurrence of a significant sale. As of December 31, 2025 and 2024, there were 5,114 and 3,803 deferred units issued, 3,851 and 2,540 deferred units outstanding, and 849 and 502 deferred units vested, respectively. No compensation expense was recognized during 2025 and 2024, as the fair value of the units is *de minimis*.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

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PACIFIC LAWN SPRINKLERS FRANCHISE LLC
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YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Members
Pacific Lawn Sprinklers Franchise LLC
Fort Lauderdale, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pacific Lawn Sprinklers Franchise LLC, which comprise the balance sheets as of December 31, 2024, 2023, and 2022, and the related statements of income, changes in members' equity, and cash flows for the years 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 Pacific Lawn Sprinklers Franchise LLC, as of December 31, 2024, 2023, and 2022, and the results of its operations and its cash flows for the years 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pacific Lawn Sprinklers Franchise LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Pacific Lawn Sprinklers Franchise LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Members
Pacific Lawn Sprinklers Franchise LLC

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pacific Lawn Sprinklers Franchise LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pacific Lawn Sprinklers Franchise LLC's ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
March 21, 2025

PACIFIC LAWN SPRINKLERS FRANCHISE LLC
BALANCE SHEETS
DECEMBER 31, 2024, 2023, AND 2022

	2024	2023	2022
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 1,974,720	$ 1,511,255	$ 1,709,524
Restricted Cash - Brand Fund	165,428	15,864	21,982
Investments	200,000	100,000	-
Accounts Receivable, Net	170,951	137,625	138,905
Due from Affiliates	130,810	-	-
Current Portion of Notes Receivable	83,135	80,869	60,797
Prepaid Expenses	32,220	29,220	27,504
Total Current Assets	2,757,264	1,874,833	1,958,712
NOTES RECEIVABLE, Net of Current Portion	129,181	167,863	162,976
Total Assets	$ 2,886,445	$ 2,042,696	$ 2,121,688
LIABILITIES AND MEMBERS' EQUITY			
CURRENT LIABILITIES			
Accounts Payable and Other Current Liabilities	$ 187,097	$ 49,649	$ 42,980
Due to Affiliates	-	-	188,058
Restricted Funds Payable - Brand Fund	165,428	-	21,982
Deferred Revenue	4,441	8,000	8,000
Total Current Liabilities	356,966	57,649	261,020
DEFERRED REVENUE, Net of Current Portion	27,503	41,944	27,444
Total Liabilities	384,469	99,593	288,464
MEMBERS' EQUITY	2,501,976	1,943,103	1,833,224
Total Liabilities and Members' Equity	$ 2,886,445	$ 2,042,696	$ 2,121,688

See accompanying Notes to Financial Statements.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

	2024	2023	2022
REVENUES			
Royalty Fees	$ 3,065,590	$ 2,766,592	$ 2,598,742
Brand Fund Fees	1,063,492	954,968	862,505
Franchise Fees	88,000	123,000	130,500
Total Revenues	4,217,082	3,844,560	3,591,747
EXPENSES			
Guaranteed Payments to Members	326,510	317,000	317,000
Salaries and Related Costs	903,934	831,116	775,420
Brand Fund Expenses	1,063,492	954,968	862,505
Management Fees - Affiliate	235,600	166,000	165,000
Rent - Affiliate	24,000	24,000	24,000
Training	206,930	273,579	182,728
Professional Fees	192,859	133,489	114,598
Advertising and Promotion	70,990	51,533	49,773
Automobile and Trucking	71,981	77,697	89,036
Office Expenses	70,460	70,306	70,419
Travel	25,312	50,621	69,495
Bad Debt Expense/(Recovery)	47,724	10,832	6
Miscellaneous	7,252	10,449	8,437
Total Expenses	3,247,044	2,971,590	2,728,417
INCOME FROM OPERATIONS	970,038	872,970	863,330
OTHER INCOME (EXPENSE)			
Interest Income	35,201	26,281	10,941
Investment Income	7,812	-	-
Interest Expense	-	-	(4,808)
Other Income	15,000	2,759	33,900
Total Other Income (Expense)	58,013	29,040	40,033
INCOME BEFORE PROVISION FOR STATE AND LOCAL TAXES	1,028,051	902,010	903,363
PROVISION (BENEFIT) FOR LOCAL INCOME TAXES			
Current	102,178	102,130	21,832
NET INCOME	$ 925,873	$ 799,880	$ 881,531

See accompanying Notes to Financial Statements.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

	John L. Dellafiora	Peter Dellafiora	Stephen Dellafiora	Total
BALANCE - DECEMBER 31, 2021	$ 329,811	$ 331,672	$ 331,672	$ 993,154
Net Income	293,844	293,844	293,844	881,531
Distributions	(13,820)	(13,820)	(13,821)	(41,461)
BALANCE - DECEMBER 31, 2022	609,835	611,696	611,695	1,833,224
Net Income	266,627	266,627	266,627	799,880
Distributions	(230,000)	(230,000)	(230,001)	(690,001)
BALANCE - DECEMBER 31, 2023	646,461	648,322	648,320	1,943,103
Net Income	308,624	308,624	308,624	925,873
Distributions	(205,000)	(97,000)	(65,000)	(367,000)
BALANCE - DECEMBER 31, 2024	$ 750,086	$ 859,947	$ 891,945	$ 2,501,976

See accompanying Notes to Financial Statements.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	$ 925,873	$ 799,880	$ 881,531
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Bad Debt Expense/(Recovery)	47,724	10,832	6
(Increase) Decrease in Assets:			
Accounts Receivable, Net	(81,050)	(9,552)	11,899
Notes Receivable	36,416	(24,959)	(58,537)
Prepaid Expenses	(3,000)	(1,716)	-
Due from Affiliates	(130,810)	-	-
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Expenses	137,448	6,669	(26,730)
Restricted Funds Payable - Brand Fund	165,428	(21,982)	(8,367)
Due to Affiliates	-	(188,058)	34,148
Income Taxes Payable	-	-	(25,546)
Deferred Revenue	(18,000)	14,500	(8,000)
Net Cash Provided by Operating Activities	1,080,029	585,614	800,404
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	(100,000)	(100,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions to Members	(367,000)	(690,001)	(41,461)
Net Cash Used by Financing Activities	(367,000)	(690,001)	(41,461)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	613,029	(204,387)	758,943
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,527,119	1,731,506	972,563
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 2,140,148	$ 1,527,119	$ 1,731,506

See accompanying Notes to Financial Statements.

PACIFIC LAWN SPRINKLERS FRANCHISE LLC
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

	2024	2023	2022
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH			
Beginning of Year:			
Cash and Cash Equivalents	$ 1,511,255	$ 1,709,524	$ 942,214
Restricted Cash - Brand Fund	15,864	21,982	30,349
Total Beginning of Year	$ 1,527,119	$ 1,731,506	$ 972,563
End of Year:			
Cash and Cash Equivalents	$ 1,974,720	$ 1,511,255	$ 1,709,524
Restricted Cash - Brand Fund	165,428	15,864	21,982
Total End of Year	$ 2,140,148	$ 1,527,119	$ 1,731,506
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash Paid for Income Taxes	$ 102,178	$ 102,130	$ 21,832

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Organization

Pacific Lawn Sprinklers Franchise LLC (the Company) was formed on November 20, 2003, as a New York limited liability company. On March 31, 2021, the Company merged with Pacific Lawn Sprinklers Franchise LLC, a Florida limited liability company formed on January 22, 2021. The Company offers franchises which provide lawn sprinkler system installation and maintenance services to consumers for both residential and small commercial facilities. The Company offers franchisees the right to establish and operate either a "Combo" or "Service" franchise, dependent upon how many service vehicles would be necessary to adequately serve a mutually agreed-upon service area. Franchisees looking to provide services to additional customers may also, with the Company's approval, purchase an "Add-On" franchise. At December 31, 2024, the Company had 9 corporate owned locations and 69 franchised locations, made up of 35 Service franchises, 14 Combo franchises, and 20 Add-On franchises. Two of the current franchises are owned by relatives of the owners of the Company.

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held at highly regarded financial institutions. The Company considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. At times, deposits held with financial institutions may exceed the limits of the Federal Deposit Insurance Corporation (FDIC) of $250,000, per depositor, per financial institution. The Company has not experienced any losses in such accounts. At December 31, 2024, the Company maintained balances of approximately $1,700,000 in excess of the FDIC insured limits. Management believes that the Company is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

Restricted cash includes funds held for the benefit of the Brand Fund (see Note 2).

Fair Value of Financial Instruments

For purposes of financial reporting, management has determined that the fair value of financial instruments, including cash and cash equivalents, receivables, accounts payable and other liabilities approximates their respective book value at December 31, 2024, 2023, and 2022.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Company's investments consist of ownership in a private fund, which is accounted for using the cost method. As of December 31, 2024, the Company held shares of the Ally Bridge LLC with a cost basis of $200,000. The Company has no plans to sell this investment in the near future.

Accounts and Notes Receivable

Accounts receivable arising from monthly billings do not bear interest. The Company offers financing of certain franchise sales through the issuance of notes receivable that generally bear interest at a rate of prime plus 2% - 5% which is fixed at the inception of the note. The term of financing is generally limited to five years. Interest income associated with notes receivable is included in Interest Income in the accompanying statements of income. Royalty and brand fund fees are billed monthly and become past due on the 10th of the following month. The opening balance of accounts receivable at January 1, 2022 was $150,810.

Accounts receivable and notes receivable are stated at the amount management expects to collect. The Company provides an allowance for credit losses which is based upon a combination of historical lost experience, current economic conditions, and forward-looking information to estimate credit losses. The company considers various factors such as borrowers' creditworthiness, loan-to-value ratios, and collateral values to estimate credit losses. The Company reviews its estimate of expected credit losses on a regular basis adjusting as necessary based on changes in economic conditions, customer creditworthiness, and other factors. Any changes in the estimate of expected credit losses are recorded as an adjustment to receivable balances and are reflected in the statement of operations. The Company believes expected credit losses are not material to the financial statements. At December 31, 2024, 2023, and 2022, the allowance for credit losses amounted to $4,700.

Advertising and Promotion

Advertising and promotion costs, which are reflected on the statements of income, are expensed as incurred and amounted to $70,990, $51,533, and $49,773 for the years ended December 31, 2024, 2023, and 2022, respectively.

Income Taxes

The Company is organized as a Limited Liability Corporation and accordingly no provision is required for federal and state income taxes. The Company is subject to local New York City taxes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. Management has determined that a valuation allowance is not necessary for the years ended December 31, 2024, 2023, and 2022, respectively. Management has determined that deferred tax assets and liabilities are insignificant to the financial statements for the year ended December 31, 2024.

The members' allocable portion of Company taxable income or loss is reported on their individual income tax returns. The members have elected to be taxed at the Company level for certain state income taxes for the years ended December 31, 2024, 2023, and 2022. In accordance with ASC 740, *Income Taxes*, the Company is required to disclose unrecognized tax benefits or liabilities resulting from uncertain tax positions. At December 31, 2024, 2023, and 2022, the Company did not have any unrecognized tax benefits or liabilities.

Revenue Recognition

The Company generates revenue through franchise fees, royalties, and brand fund fees:

Franchise Fees

The Company currently franchises its concept across the country. The franchise agreements include a multitude of services to be provided by the Company such as the granting of certain licensing rights, provision of training, operational assistance, technical and administrative support, in addition to marketing and promotional services. Certain services under the franchise agreement are considered pre-opening services and are treated as one performance obligation which is fulfilled at the date of opening. The portion of initial franchise fees allocated to pre-opening services are recognized upon opening in accordance with ASU 2021-02. Any remaining portion of franchise fees are allocated to the franchise license and are recognized ratably on a straight-line basis over the term of the franchise agreement.

Franchise agreements generally have an initial term of 10 years. Franchisees have the right, but not the obligation, to enter into "successor" franchise agreements for two additional consecutive terms of five years each, subject to compliance with certain conditions. Initial and successor franchise fees are due from franchisees upon the execution of the underlying franchise agreement. The Company offers financing for initial franchise fees in the form of promissory notes, which generally have a five-year term and range from $7,500 up to $35,000. As franchise fees are due at the franchise agreement date, they are initially recorded as a contract liability until performance obligations under the agreement are fulfilled. Contract liabilities are presented as deferred revenue on the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Royalties

Royalties are calculated as a percentage of net revenues billed to customers by franchisees. Royalty fees represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement. Royalty fees are billed to franchisees based on monthly income reports submitted by franchisees and are recognized as franchisees earn net revenue from customers.

Brand Fund Fees

Brand Fund contributions are calculated based on the franchise service level as defined in the franchise agreement – see Note 2. Brand Fund contributions are recognized as related advertising expenses are incurred, with amounts collected in excess of expenditures deferred as Restricted Funds Payable on the accompanying statements of income.

Contract Liabilities

Deferred revenue consists of contract liabilities resulting from initial and successor franchise fees paid by franchisees and recognized on a straight-line basis over the term of the underlying franchise agreement. The opening balance of contract liabilities at January 1, 2022, under ASU 2021-12, was $43,444.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from such estimates and may affect amounts reported in future periods.

Concentrations

Management considers franchisees that account for greater than 10% of revenues, accounts receivable outstanding, and notes receivable outstanding to be significant franchisees for the purposes of determining the existence of concentrations. The Company did not identify any concentrations in revenue during the years ended December 31, 2024, 2023, and 2022.

One franchisee accounted for approximately 15% of accounts receivable at December 31, 2024, 19% of accounts receivable at December 31, 2023, and approximately 18% of accounts receivable at December 31, 2022. Two franchisees accounted for approximately 26% of notes receivable at December 31, 2024. Two franchisees accounted for approximately 23% of notes receivable at December 31, 2023. Three franchisees accounted for approximately 39% of notes receivable at December 31, 2022.

NOTE 2 LINE OF CREDIT

The Company has an unsecured line of credit for $150,000 with its bank which was opened in 2022. Interest accrues at the SOFR rate plus 300 basis points. The line of credit expires on December 31, 2025. There were no funds drawn on this facility as of December 31, 2024, 2023, and 2022.

NOTE 3 NOTES RECEIVABLE

The Company offers financing for initial franchise fees in the form of promissory notes, which generally have a five-year term and range from $7,500 up to $35,000. The notes require monthly payments of principal and interest. The interest rates on outstanding notes receivable range from 3.25% to 7.50% per annum. The balance of notes receivable was $212,316, $248,732, and $223,773 at December 31, 2024, 2023, and 2022, respectively.

The following table represents the principal portion of notes receivable from franchisees over next five years and thereafter:

Year Ending December 31,	Amount
2025	$ 83,135
2026	63,163
2027	41,455
2028	20,057
2029	4,506
Total	212,316
Less: Current Portion	83,135
Notes Receivable, Noncurrent Portion	$ 129,181

NOTE 4 RELATED PARTY TRANSACTIONS

The Company is part of a controlled group which shares office space and personnel. As a result, certain expenses are shared, as determined by the common owners.

The office space occupied by the Company is owned by an affiliate. For the years ended December 31, 2024, 2023, and 2022, the Company paid rent of $24,000 to this affiliate. There is no formal lease agreement and rent is paid on a month-to-month basis. The Company also paid the same affiliate management fees of approximately $182,000 in 2024, $60,000 in 2023 and 2022. This affiliate was also paid approximately $26,000, $118,000, and $117,000 by the Company for training, an auto lease, and software licenses for the year ending December 31, 2024, 2023, and 2022, respectively. This affiliate also earned management fees of approximately $105,000, $95,000, and $115,000 that were paid directly from the Brand Fund for 2024, 2023, and 2022, respectively. Accounts payable due to this affiliate from the Company was approximately $-0-, $-0-, and $105,000 at December 31, 2024, 2023, and 2022, respectively.

NOTE 4 RELATED PARTY TRANSACTIONS (CONTINUED)

Another affiliate of the Company operates a lawn sprinkler company. This affiliate is not considered a franchise and, accordingly, was not required to pay an initial franchise fee or to make current royalty payments. The affiliate contributed approximately $103,000, $100,000, and $97,500 in 2024, 2023, and 2022, respectively, to the Brand Fund. In addition, the affiliate was paid approximately $-0-, $-0-, and $9,000 in 2024, 2023, and 2022, respectively, from the Brand Fund for expenses related to advertising, promotions and other expenses. This affiliate was also paid approximately $140,000, $130,000, and $121,000 by the Company for training and quality control services provided for the years ended December 31, 2024, 2023, and 2022, respectively. Accounts payable due to this affiliate from the Company was approximately $98,000, $-0-, and $93,000 at December 31, 2024, 2023, and 2022, respectively. The accounts receivable due from the affiliate Brand Fund to the Company was approximately $130,000, $-0-, and $-0- at December 31, 2024, 2023, and 2022.

Two franchises owned by relatives of the members contributed approximately $53,000, $47,000, and $39,500 to the Brand Fund in 2024, 2023, and 2022, respectively. These franchisees were paid approximately $-0-, $300, and $1,000 from the Brand Fund in 2024, 2023, and 2022, respectively. Royalty fees include approximately $171,000, $174,000, and $169,000 in 2024, 2023, and 2022, respectively, from these two affiliated franchises.

NOTE 5 DEFINED CONTRIBUTION PLAN

The Company sponsors a Simple IRA plan covering substantially all employees. The employer made matching contributions of $26,579, $25,302, and $24,815 during the years ended December 31, 2024, 2023, and 2022, respectively.

NOTE 6 SUBSEQUENT EVENTS

The Company has evaluated through March 21, 2025, the date on which the financial statements were available to be issued, noting no subsequent events for disclosure.

EXHIBIT G-1

[See Attached]

GUARANTEE OF PERFORMANCE

For value received, EHC Holding Company, LLC, a Delaware limited liability company (the "Guarantor"), located at 630 Fifth Avenue, Suite 400, New York, NY 10111, absolutely and unconditionally guarantees to assume the duties and obligations of Pacific Lawn Sprinklers Franchise LLC, a Florida imited liability company, located at 8100 E. Indian School Road, Suite 201, Scottsdale, Arizona 85251 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2026 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Scottsdale, Arizona on the 20th day of April, 2026.

Guarantor:

EHC Holding Company, LLC

By: ______________________

Gregory R. Esgar, CFO

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	
Hawaii	
Illinois	Exempt
Indiana	July 23, 2026
Maryland	
Michigan	May 20, 2026
Minnesota	
New York	Exempt
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

EXHIBIT H
RECEIPT

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 Pacific Lawn Sprinklers Franchise LLC offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) under New York and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) under Michigan law, at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Pacific Lawn Sprinklers Franchise LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit A.

The franchisor is Pacific Lawn Sprinklers Franchise LLC, located at 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. Its telephone number is 800-895-2729.

Issuance date: June 5, 2026.

The franchise sellers for this offering are (i) Jason Wiedder; (ii) Stephen Dellafiora; and (iii) Steven Licul, 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251, Telephone: 800-895-2729.

Pacific Lawn Sprinklers Franchise LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated June 5, 2026, that included the following Exhibits:

Exhibit A – State Administrators/Agents for Service of Process

Exhibit B – State Specific Addendum

Exhibit C – Franchise Agreement with Exhibits

Exhibit D – List of Franchisees

Exhibit E – List of Franchisees Who Have Left the System

Exhibit F – Table of Contents of Operations Manual

Exhibit G – Financial Statements

Exhibit H – Receipts

Dated:______________________	PROSPECTIVE FRANCHISEE:
If a corporation or other business entity	If an individual:
______________________ (Name of Entity)	______________________ (Signature)
By:______________________	______________________ (Print Name)
Its______________________ (Title)	______________________ (Signature)
______________________ (Print Name)	______________________ (Print Name)

You may return the signed receipt either by signing, dating, and mailing it to Pacific Lawn Sprinklers Franchise LLC at 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251, by faxing a copy of the signed and dated receipt to Pacific Lawn Sprinklers Franchise LLC at 800-895-2729, or emailing us at franchising@pacificlawnsprinklers.com.

EXHIBIT I
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Exhibit H – Receipts

Dated:____________________________

If a corporation or other business entity

____
(Name of Entity)

By:_____________________________________

Its______________________________________
(Title)

____
(Print Name)

PROSPECTIVE FRANCHISEE:

If an individual:

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

You may return the signed receipt either by signing, dating, and mailing it to Pacific Lawn Sprinklers Franchise LLC at 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251, by faxing a copy of the signed and dated receipt to Pacific Lawn Sprinklers Franchise LLC at 800-895-2729, or emailing us at franchising@pacificlawnsprinklers.com.