

FRANCHISE DISCLOSURE DOCUMENT

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A California limited liability company
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You will operate a water filtration systems sales and installation business that using the trademark “Perfect Filter”.

The total investment necessary to begin operation of a Perfect Filter franchise ranges from \$110,948 - \$184,848. This includes \$93,898 that must be paid to the franchisor or an affiliate.

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

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

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

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

Issuance Date: July 1, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 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 C 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 Perfect Filter business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Perfect Filter franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation, arbitration and litigation only in California. Out-of-state mediation, arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with us in California than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.

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

**Perfect Filter, LLC
Franchise Disclosure Document**

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

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

We were formed as a limited liability company in the State of California on July 30, 2025. Our principal business address is 4015 Avenida De La Plata, Suite 401, Oceanside, California, 92056. We do business using our trade name, “Perfect Filter” and its associated design (the “Marks”). We offer franchises which operate under the Perfect Filter Marks only. We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business. We began offering franchises on September 15, 2025. We have no other business activities.

The identities and principal business addresses of our agents for service of process are Corpnet Incorporated at 31416 Agoura Road, Suite 118, Westlake Village, California, 91361, and the state agents and agency addresses shown on Exhibit A.

Our Parents, Predecessors and Affiliates

Our parent company is Elevated Brands International LLC a Wyoming limited liability company with a principal business address of 4015 Avenida De La Plata, Suite 401, Oceanside, California, 92056.

We do not have a predecessor.

We have an affiliated company, Motion Franchising, LLC, a Wyoming limited liability company with a principal business address of 3840 Oceanic Drive, Suite 508, Oceanside, California, 92056. Motion Franchising, LLC, is the owner of the Marks and has exclusively licensed use of the Marks to us. Motion Franchising, LLC, is also the supplier of our proprietary water filtration systems, parts, and components that our franchisees will sell and install. Motion Franchising, LLC, offered franchises in the same line of business from 2019 – 2021 using the trademark “Motion Water Pros”, although no franchises had been sold.

We have a second affiliated company, Perfect CRM, LLC, a Wyoming limited liability company with a principal business address of 3840 Oceanic Drive, Suite 508, Oceanside, California, 92056. Perfect CRM, LLC, is the owner of the customer relationship management software (“CRM”) that you will be required to use in the operation of your Perfect Filter franchised business. Perfect CRM, LLC, has not offered franchises in this or any other lines of business previously.

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

We have operated, through an affiliate, a Perfect Filter business in Oceanside, California, since January 2025.

The Franchise Offered:

We grant franchises for the right to operate a business that sells and installs the proprietary Perfect Filter water filtration systems. You will provide Perfect Filter products and services to customers in a designated territory (the “Franchised Business”). The distinguishing characteristics of the Franchised Business include, but are not

limited to, our procedures for management, marketing, and training, all of which may be changed, improved or further developed by us at any time (the “System”).

Market and Competition:

The market for your Franchised Business is well-developed and includes residential homeowners, commercial property owners, and property managers who desire effective whole-property water filtration and purification systems in their homes and businesses. You will compete with numerous independent local and regional businesses that provide water filtration systems. Franchisees may also compete with plumbing, environmental, and other home services businesses that offer water filtration systems as part of a broader range of services. The demand for our services is not seasonal.

Industry Specific Regulations:

You, or your installers, are required to have plumbing license(s) from your state and/or local jurisdictions to install Perfect Filter water filtration systems at your customers’ properties.

We are not aware of any other laws or regulations specific to the operation of a water filtration systems sales and installation business. You should investigate whether there are any other regulations and/or requirements that may apply in the geographic area in which you are interested in locating your Perfect Filter business.

ITEM 2: BUSINESS EXPERIENCE

Managing Member – Doug Dutton

Doug Dutton is our Managing Member, a position he has held since our inception. Doug has also been a Managing Member of our affiliate Motion Franchising, LLC, in Oceanside, California, since 2019.

Managing Member – Laurie Ann Dutton

Laurie Ann Dutton is our Managing Member, a position she has held since our inception. Laurie Ann has also been a Managing Member of our affiliate Motion Franchising, LLC, in Oceanside, California, since 2019.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5: INITIAL FEES

Prior to purchasing a Perfect Filter franchise, you must pay us an application fee of \$299 (“Application Fee”) for the cost of a criminal, financial, and reference check performed by a third-party. The Application Fee is non-refundable.

We will charge you an initial franchise fee (“Initial Franchise Fee”) for each territory when you sign the Franchise Agreement, which is included in this Disclosure Document in Exhibit B. The amount of the Initial Franchise Fee will depend on the number of territories you purchase and is calculated as follows:

Territory Count	Cumulative Initial Franchise Fee
1	\$60,000
2	\$120,000
3	\$150,000
4	\$200,000
5	\$250,000
6	\$270,000

The cumulative Initial Franchise Fee will increase by \$45,000 for each additional territory over 6.

Each territory contains an approximate 250,000 population.

The entire cumulative Initial Franchise Fee is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

We charge you an Initial Training Fee of \$12,500 (“Initial Training Fee”) for us to provide initial training for up to 2 individuals. The Initial Training Fee is due and payable when you sign the Franchise Agreement. The Initial Training Fee is non-refundable.

We will provide you with a Marketing Materials Package for each territory you purchase. The charge for each Marketing Materials Package is \$5,500. The Marketing Materials Package(s) charges are due and payable before you attend the Initial Training Program and are non-refundable.

Our affiliate will provide you with an Equipment Inventory Package for each territory you purchase. The charge for each Equipment Inventory Package is \$15,500. The Equipment Inventory Package(s) charges are due and payable when you complete the Initial Training Program and are non-refundable.

Our affiliate will provide you with account setup and the first month of service for the required CRM software. The charge for this initial service is \$99, which is due and payable before you attend the Initial Training Program and is non-refundable.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenue	Via electronic transfer at the time each payment transaction is processed by credit card or via ACH on by the 15 th of the month	Payable to us via ACH or other means designated by us. See footnote 1.
Brand Fund Contribution	2% of Gross Revenue	Via electronic transfer at the time each payment transaction is processed by credit card or via ACH on by the 15 th of the month	Payable to us at the same time and in the same manner as the Royalty Fee. See footnote 2.
Required Minimum Expenditure for Local	\$2,500 per month, subject to increase by	Monthly	Payable to third parties. All advertising must be pre-approved by us.

Type of Fee	Amount	Due Date	Remarks
Marketing and Advertising	up to 10% annually, on a cumulative basis		
Advertising Cooperative	Your share of actual cost of advertising	As determined by cooperative	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all affiliate-owned and franchised Perfect Filter businesses in a designated geographic area.
System Technology Fee	\$500 per Territory, subject to increase up to \$1,500 per Territory	Monthly	Payable to us for use of new or improved technology for the benefit of the System and the Franchised Business, including but not limited to, assigned phone numbers and email addresses, a franchise portal, website maintenance, benchmarking platform, or other operations or communications systems.
CRM User Fee	\$59 per user, subject to increase by our affiliate's actual expenses to provide the software plus 10%	Monthly	Payable to our affiliate.
Late Fee	\$100 per day	As incurred	If the Royalty Fee, Brand Fund Contribution, System Technology Fee or any other fee due and payable to us, or any Gross Revenue Report is not received by us as required by the Franchise Agreement, you shall pay to us, in addition to the overdue amount, a late fee.
Interest Charge	18% of overdue amount or the maximum permitted by law, whichever is lower	As incurred	Any and all amounts that shall become due and owing from you to us under the terms shall bear interest from the date due until paid.
Insufficient Funds Fee	\$100	As incurred	In the event any of your checks are returned, or an electronic funds transfer from your bank account is denied, for insufficient funds, you shall pay us, in addition to the amount due, an insufficient funds fee.

Type of Fee	Amount	Due Date	Remarks
Successor Term Fee	\$16,250	Before signing successor agreement	Payable to us. See Item 17.
Transfer Fee	\$32,500; however, for transfers to: (i) an entity owned and controlled by the franchisee for convenience purposes or for transfers among owners that does not change management control, the transfer fee is \$1,500, or (iii) a spouse, parent or child upon death or permanent disability, the transfer fee is \$5,000.	At the time of transfer	Payable to us. See Item 17.
Initial Training	\$350 per person per day for replacement trainees or additional trainees beyond 2 individuals included in the Initial Training Fee	Due prior to the commencement of training.	You are responsible to pay all travel expenses for you and your personnel, including costs of transportation, meals and lodging.
Additional Training - Courses	Up to \$500 for tuition per person per course, subject to increase by up to 10% annually. You pay all travel and other related expenses incurred by all trainees.	As incurred	For mandatory training, the tuition is payable to us and is due regardless of attendance. See footnote 3.
Additional Training – Franchisee Convention or Business Meeting	Up to \$1,500 registration fee per person. You pay all travel and other related expenses incurred by all trainees.	As incurred	The registration fee is payable to us and is due regardless of attendance. See footnote 3.
Remedial Training Fee	\$600 per trainer per day, plus the cost of travel, meals, lodging, etc. We may increase the per diem fee by up to 10% annually.	As incurred	We may impose this fee, payable to us, if you request in-person additional training, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include

Type of Fee	Amount	Due Date	Remarks
			but are not limited to, airfare, transportation, hotel and meals.
Key Accounts Administrative Fee	5% of the Gross Revenue earned from Key Account jobs	As incurred	We may impose this fee if you accept jobs for our Key Accounts in your Territory.
Interim Management Fee	\$600 per day during the management period, plus our travel expenses	As incurred	We may impose this fee (in addition to all regularly occurring fees such as the Royalty Fee and Brand Fund Contributions), payable to us, if we provide management of your Franchised Business. See footnote 4.
Examination of Books and Records	Actual cost of audit, plus related expenses	As incurred	We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Revenue, you must pay us the owing Royalty and Brand Fund Contribution, with interest, and if there is an understatement of 2% or more, you must pay to us the cost of the audit and all travel and related expenses.
Operational Standard Violation Fee	\$500 per occurrence	As incurred	Payable to us for your violation of an operations standard of the System.
Evaluation Fee of Unapproved Item or Supplier	Up to \$1,500	As incurred	See footnote 5. We may deny a request to approve a proposed item or supplier if the actual or estimated evaluation costs exceed \$1,500.
Quality Review Services	Actual costs	As incurred	Payable to third-party providers for on-site inspections, mystery shoppers, or customer service evaluations.
Insurance Reimbursement	Amount paid by us for your insurance premiums, plus a 10% administrative fee	As incurred	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Liquidated Damages – Default and Termination of Franchise	\$50,000 or up to 24 months of Royalty Fees and Brand Fund Contributions, whichever is greater	Upon termination of the Franchise Agreement due to your default, in a lump sum	This is an agreed amount payable to us as compensation for lost Royalties and Brand Fund Contributions, which cannot be precisely calculated.

Type of Fee	Amount	Due Date	Remarks
Liquidated Damages – Breach of Confidentiality or Non-Competition Covenant	\$100,000, plus our attorney’s fees	As incurred	Payable to us.

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

¹ “Gross Revenue” includes all revenues and income from any source derived or received by you from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted by the Franchise Agreement, including but not limited, any and all other revenues received using our methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit or otherwise, with no exclusion for uncollected debt. Gross Revenue is calculated on a cash basis. Gross Revenue does not include (a) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, and (b) properly documented refunds to customers. You will pay us the full amount of the Royalty Fee without deduction or application of any tax that may be assessed on the Royalty Fee. You are required to set up an authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

² You will pay us the full amount of the Brand Fund Contribution without deduction or application of any tax that may be assessed on Brand Fund Contributions. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

³ We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must attend mandatory additional training course(s) and/or a national business meeting or systemwide franchisee convention for up to 10 days per year at location(s) we designate. In addition to tuition or attendance fees, you are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at our national business meeting or systemwide franchisee convention, including, without limitation, costs of travel, lodging, meals and wages.

⁴ In the event of your death or disability, your default of the Franchise Agreement, absence of a qualified manager, or other reasons, in our sole discretion, we may provide interim management of your Franchised Business.

⁵ If you wish to purchase, lease or use any equipment, supplies, services or other items unapproved or from an unapproved supplier, you must request our prior written approval. As a condition to our approval, we may require inspection of the proposed supplier’s facilities and evaluation and testing of the proposed item or service.

ITEM 7: ESTIMATED INITIAL INVESTMENT**YOUR ESTIMATED INITIAL INVESTMENT
(1 Territory)**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Application Fee	\$299	Lump sum by cash, cashier's or certified check, or wire transfer	Prior to signing the Franchise Agreement	Us
Initial Franchise Fee	\$60,000	Lump sum by cash, cashier's or certified check, or wire transfer	Upon signing the Franchise Agreement	Us
Initial Training Fee	\$12,500	Lump sum by cash, cashier's or certified check, or wire transfer	Prior to attending the Initial Training Program	Us
Marketing Materials Package	\$5,500	Lump sum by cash, cashier's or certified check, or wire transfer	Upon completion of the Initial Training Program	Us
Equipment Inventory Package	\$15,500	Lump sum by cash, cashier's or certified check, or wire transfer	Upon completion of the Initial Training Program	Our affiliate
CRM Account Initiation	\$99	Lump sum by cash, cashier's or certified check, or wire transfer	Prior to attending the Initial Training Program	Our affiliate
Initial Training Expenses ¹	\$1,500 - \$5,500	As required	As required	Suppliers of transportation, lodging & meals
Storage Site ²	\$0 - \$1,200	As required	As required	Lessor
Computer Systems ³	\$500 - \$2,000	As required	As required	Suppliers
Office Furnishings and/or Supplies	\$250 - \$1,000	As required	As required	Suppliers
Vehicle ⁴	\$0 - \$10,000	As required	As required	Supplier
Vehicle Wrap	\$1,500 - \$5,000	As required	As required	Supplier
Business Licenses and Permits ⁵	\$250 - \$750	As required	Before opening, as required	Government agencies

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Grand Opening Marketing	\$2,000- \$5,000	As required	As required	Suppliers
Professional Fees ⁶	\$500 - \$5,500	As required	As required	Accountant, lawyer, and/or other professional advisor
Insurance ⁷	\$1,250 - \$15,000	As required	As required	Insurer
Additional Funds – 3 months ⁸	\$10,800 - \$40,000	As required	As required	Suppliers, Employees
TOTAL: \$110,948 - \$184,848				

¹ The cost of the initial training program for up to 2 individuals is included in the initial franchise fee. The chart estimates the costs for transportation, lodging, and meals for your trainees. These incidental costs are not included in the initial franchise fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation, and living expenses. The duration of the training program is approximately 1 week.

² If you do not have adequate space in your home garage or shed, you will need to secure a storage site for your equipment and supplies.

³ We require you to purchase computer systems, software and applications meeting our minimum specifications for use at your Franchised Business. You must also have internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of sales information. The cost of internet and other telecommunications equipment & services is included within this estimate. We reserve the right to change your requirements for computer hardware and software at any time.

⁴ Your vehicle must meet our specifications for age, model, and condition. If you do not use an existing vehicle, the high end of the estimate reflects 3 months of vehicle lease or acquisition payments.

⁵ You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business. This estimate includes the initial cost of permits, certifications and/or licenses that may be required by laws and regulations applicable in your Territory.

⁶ You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document and the Franchise Agreement.

⁷ You must purchase the amounts and types of insurance as required by our Operations Manual from time to time (see Item 8). Factors that affect your cost of insurance include the legal requirements in your Territory, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier at or before the time of purchase. The estimate in the Table above is for an annual premium.

⁸ This is an estimate of the additional funds needed to cover other expenses that you may incur during the first three (3) months after commencing operations. The expenses included in this estimate are technology charges, additional marketing expenses, storage site rental payments, and payroll. We based our estimate of additional funds on the opening experience of our affiliate-owned Perfect Filter business.

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

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, products, supplies and services that your Franchised Business must use or provide that meet our standards and requirements. You must purchase all equipment, products, supplies and services from our designated suppliers and contractors or in accordance with our specifications.

You must purchase our proprietary water filtration systems, parts, and components that you will sell and install from our affiliate, Motion Franchising, LLC. Our affiliate is the only approved supplier of these items. You must purchase our proprietary CRM software from our affiliate, Perfect CRM, LLC. Our affiliate is the only approved supplier of this item.

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

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. The minimum insurance required is comprehensive general liability insurance, in the amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate, including coverage for products liability/completed operations, contractor's errors and omissions insurance of at least \$1,000,000 per occurrence and in the aggregate; business interruption insurance for in an amount necessary to cover your obligations for at least 12 months; property insurance in an amount that covers the full replacement value of your personal property, tools, and inventory; worker's compensation coverage as required by state law, employer liability insurance of at least \$1,000,000, employer practices liability of at least \$250,000, with wage and hour defense coverage of at least \$25,000; automobile insurance of at least \$1,000,000; and cyber liability coverage of no less than \$250,000 and a social engineering sublimit of no less than \$50,000. The Franchise Agreement also requires you to indemnify us for claims and damages related to your Franchised Business and your defaults, and we recommend that your insurance policies contain an insured contract or contractual liability provision. Each policy must be written by a responsible carrier or carriers acceptable to us and must name us, and our respective officers, directors, partners, agents and employees as additional insured parties, and contain a waiver of the insurance company's rights of subrogation against us.

We approve suppliers after careful review of the quality of the products and services they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us. We shall have the right to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. If the item and/or supplier meets our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. If we fail to respond to your submission within said 30 days, such item or supplier shall be deemed "disapproved." We can re-inspect from time to time the facilities and products of any such approved supplier and revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge you an evaluation fee equal to the actual cost and expense of inspection and testing, not to exceed \$1,500. If expected (or actual) costs of evaluation exceed \$1,500, we may deny your request.

We maintain written lists of approved items of equipment, inventory, supplies and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We will update these lists periodically and issue the updated lists to all franchisees.

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

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 35% of your costs to establish your Franchised Business and approximately 30% - 45% of your costs for ongoing operation.

As of the Issuance Date of this Disclosure Document, no designated supplier will make a payment to us based on our franchisees' purchases; however, we may receive revenue, rebates, discounts or other material consideration from designated suppliers in the future, and any revenue, rebates, or discounts we receive may be kept by us in our sole discretion.

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

From time to time, we may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees. As of the date of this Disclosure Document, we have no purchasing arrangements with suppliers.

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

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	8.1	11
b. Pre-Opening Purchase/Leases	8.2, 11.1.2, 11.3.1	7, 11
c. Site Development & other Pre-Opening Requirements	8.1, 11.1.1	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.2	11
f. Fees	5.2.6, Article 6, 7.4, 7.5, 10.5.4, 11.2.5, 11.3.8, 11.6, 11.7, 11.8, 12.3.1, 14.3, 15.4, 17.1.8, 18.9	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 11, 18.1.1	8, 11
h. Trademarks and Proprietary Information	Article 13, 18.2, 18.3, 18.4,	13, 14

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
i. Restrictions on Products/Services Offered	11.1.6, 11.6, 13.7.5	8, 16
j. Warranty and Customer Service Requirements	11.1.3	16
k. Territorial Development and Sales Quotas	12.2, Attachment 3	12
l. Ongoing Product/Service Purchases	11.1.2, 11.3.5, 11.3.8	8, 11
m. Maintenance, Appearance and Remodeling Requirements	11.1.4, 11.1.5, 13.6	11
n. Insurance	Article 14	8
o. Advertising	Article 12	6, 11
p. Indemnification	10.2.6, 11.3.9, 11.4, 14.6, 15.3.6, 16.4.2, 16.7, 18.11, 20.1.1	8
q. Owner's Participation, Management, Staffing	10.5, 11.1.8	11, 15
r. Records /Reports	6.1.4, 11.2	6, 11
s. Inspections and Audits	9.6, 11.1.9, 11.2.5, 11.7	6, 11
t. Transfer	Article 15	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 17	17
w. Non-Competition Covenants	18.5	17
x. Dispute Resolution	Article 19	17
y. Spouse Guaranty	10.4, Attachment 6	15

ITEM 10: FINANCING

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

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

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

1. Pre-Opening Obligations

Before you open your Franchised Business, we will:

- a. designate mutually-agreed upon boundaries of your territory. (Franchise Agreement, Article 2, Section 3.1). You may conduct the administrative aspects of the Franchised Business from your home. You have no obligation to locate a site, negotiate a lease, or construct or remodel premises for the office of your Franchised Business, and we provide no assistance in this regard (Franchise Agreement, Section 8.1).
- b. if you do not have, or choose not to use, a home garage or shed with adequate space and security, provide criteria and approve the site for storage of your vehicle(s), inventory, equipment and supplies. We consider the following factors in approving a storage unit site: general location and neighborhood and proximity to major roads. You must secure a storage site in your territory before we will permit you to commence operating. We will not own and/or lease to you a storage site. You are responsible for negotiating a

purchase or lease of the storage site with the owner of a site we approve. (Franchise Agreement, Sections 8.1, 9.1).

- c. provide you with specifications for vehicle(s), equipment, tools, signage, supplies and products that will be required and/or recommended to open the Franchised Business (Franchise Agreement, Section 9.3).
- d. provide the Perfect Filter Operations Manual and other manuals and written materials we designate for use in the operation of your Franchised Business, as they may be revised from time to time (Franchise Agreement, Section 9.2).
- e. provide you with initial training and opening assistance. We will determine whether you satisfactorily complete the initial training (Franchise Agreement, Sections 7.1 and 7.3).
- f. following your payment, deliver to you the Equipment Inventory Package (Franchise Agreement, Section 9.4).
- g. following your payment, deliver to you the Marketing Materials Package (Franchise Agreement, Section 9.5).
- h. following your payment, set up your CRM software account and provide you access (Franchise Agreement, Section 9.6).
- i. approve your grand opening marketing plan (Franchise Agreement, Sections 12.2.4 and 12.6).

2. Time to Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open is 90 days. Your Franchised Business is deemed “open” when you complete the Initial Training Program and we permit you to commence offering services in your Territory. Factors that may affect the time period to open include the speed in which you acquire financing, certifications, or permits, outfit a home-based office, secure a storage site, acquire your vehicle(s) and other equipment and inventory we require, and complete initial training. If you have not opened your Franchised Business within 120 days after you sign the Franchise Agreement, you may obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time, as may be extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.2).

3. Obligations After Opening

During the operation of your franchise, we will:

- a. offer from time to time, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training and/or a national business meeting or annual convention for up to 10 days per year, at locations we designate. Failure to attend mandatory additional training or an annual business meeting or convention is a default of the Franchise Agreement. We have the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference, which you must pay regardless of attendance. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we

designate, at your sole cost, which includes additional tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.4);

- c. upon your request, or as we determine to be appropriate, provide remedial on-site training and assistance. For any on-site training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging (Franchise Agreement, Section 7.5);
- d. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conferencing, e-mail, or postal service, subject at all times to availability of our personnel and within reasonable limits (Franchise Agreement, Section 7.6);
- e. from time to time, as become available, provide you with samples, templates or digital artwork of certain advertising and promotional materials (Franchise Agreement, Section 9.8);
- f. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your products, service, and/or vehicle(s) to ensure that they meet our standards (Franchise Agreement, Section 9.7);
- g. provide you with any written specifications for recommended or required equipment, products, and services and updated lists of any approved suppliers of these items (Franchise Agreement, Section 9.9);
- h. subject to applicable law, set advertised and/or maximum prices for products and services for your Franchised Business (Franchise Agreement, Section 11.5);
- i. approve or disapprove all advertising, press releases, promotional plans and materials and public relations in any form of media based on a template provided by us. We will respond within 10 business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within 10 business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 12.6).
- j. administer the Brand Fund (Franchise Agreement, Sections 9.12 and 12.3).

4. Advertising

We will conduct advertising and other brand development activities on behalf of the System through the System-wide Brand Fund, which is described below. We have no obligation to conduct any other advertising or spend any amount in your territory.

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

At your option, you may develop your own advertising materials at your own cost, and you may use marketing templates that we may offer; however, you cannot use any advertising or marketing materials, even if they are based on our templates, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval of proposed advertising, which must also include the proposed media and advertising duration, within 10 business days; however, if we do not respond within 10 business days, the proposed advertising or marketing material is deemed "disapproved". Our approval will be limited to the specific form, color, content, media, and time period requested and/or agreed upon by us. If you want to modify previously approved advertising material, or the media or duration of the advertising, or if you want to re-use previously approved advertising material in the same or different media for an additional time period, you must submit a new approval request to us.

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

Advertising Council (Franchise Agreement, Section 11.9)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement allows us, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. This council will serve in an advisory capacity only with no decision-making authority. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and profitability. We may change or dissolve the council at any time.

Regional Advertising Cooperative (Franchise Agreement, Section 12.4)

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

If we establish a regional advertising fund or cooperative, you must contribute amounts equal to your share of the total cost of cooperative advertising. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund. We can require you to direct up to 50% of your minimum local advertising expenditure to the regional cooperative.

System-wide Brand Fund (Franchise Agreement, Section 12.3)

You are required to contribute up to 2% of Gross Revenue to our systemwide Brand Fund. Each Perfect Filter business operated by our affiliates or us may, but is not obligated to, contribute to the Brand Fund on the same basis as System franchisees.

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

The Brand Fund will not be used to defray any of our other general operating expenses, except for reasonable administrative costs, staff salaries of Brand Fund personnel and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we may use the Brand Fund for public relations, to explain the

franchise system, and/or include “Franchises Available” or similar language and contact information in advertising produced with Brand Fund contributions.

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

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

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

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

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

5. Computer Systems (Franchise Agreement, Section 11.3)

You must purchase and use the hardware, software, and applications that we require (“CRM System”). The current CRM System consists of a customer relationship management system, a payment and credit card processing system, and an accounting platform. The CRM System performs a variety of functions, such as quote preparation, scheduling, client management, invoicing, payment processing and sales report generation.

You are required to use all software and applications that we specify and pay any subscription or access fees associated with them. The current cost to purchase the hardware and required CRM System is \$500 - \$2,000. Monthly use fees are approximately \$59 per user, subject to increase by the vendors.

We may in the future establish or modify the sales reporting systems as we deem appropriate for the accurate and expeditious reporting of Gross Revenue, and you must fully cooperate in implementing any such system at your expense.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. We have no obligation to maintain, repair, update or upgrade your computer hardware and software. At your cost, you must provide on-going maintenance and repairs to your CRM System. You must upgrade your CRM System as necessary to operate the most current version of the software and applications we require or any replacements thereto. We cannot estimate the cost of maintaining, updating and upgrading your CRM System because it will depend on the make and model of your hardware, required upgrades to operate our current management and payment processing applications, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

The CRM System allows us to independently and remotely access all of your sales data, including your Gross Revenue, through the internet. There are no contractual limitations on our right to have full access to this

information. We may retrieve, download, analyze and store such information and data at any time. We own all customer and financial data stored in your CRM System.

6. Table of Contents of Operations Manual

The Table of Contents of our Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit F. The Operations Manual has a total of 203 pages.

7. Training (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity) and your manager must complete our Initial Training Program, to our satisfaction, at least 2 weeks prior to opening your Franchised Business. We will train you at our headquarters, at an affiliate-owned outlet, virtually, and/or at another location we specify.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Getting Started with Perfect Filter Culture, History, & Basic Setup	3	0	Oceanside, California, Virtual, and/or your Territory
Operations Basics	3	2	Oceanside, California, Virtual, and/or your Territory
Pricing	1	0	Oceanside, California, Virtual, and/or your Territory
Sales and Closing - Brand - Lead Generation and Promotion - Closing Process	6	6	Oceanside, California, Virtual, and/or your Territory
Marketing and Lead Generation	6	6	Oceanside, California, Virtual, and/or your Territory
FAQs	3	0	Oceanside, California, Virtual, and/or your Territory
Client Satisfaction	2	0	Oceanside, California, Virtual, and/or your Territory
Opening the Location	1	3	Oceanside, California, Virtual, and/or your Territory
Equipment Maintenance	1	0	Oceanside, California, Virtual, and/or your Territory

Weekly Duties	3	3	Oceanside, California, Virtual, and/or your Territory
Other Procedure Review/Miscellaneous	1	0	Oceanside, California, Virtual, and/or your Territory
Onboarding Graduation and Launch	1	4	Oceanside, California, Virtual, and/or your Territory
TOTAL	31	24	

Training is currently provided on an as-needed basis by Doug Dutton and Laurie Ann Dutton. Doug and Laurie Ann are our Managing Members and founded the Perfect Filter concept in 2025. They are also the managing members of our affiliate Motion Franchising, LLC, which offered water filtration installation services franchises from 2019 – 2021 and which currently supplies our franchisees with our proprietary water filtration systems, parts, and components.

Our training materials consist of our Operations Manual, written procedures, training videos, learning checks, and shadowing/coaching checklists.

The cost of our instructors and training materials for up to 2 individuals is included in the Initial Training Fee that you pay us. You must also pay for all travel and personal expenses, including, but not limited to, all costs for your transportation, meals, and lodging for yourself and your personnel. Our current fee to provide initial training to any additional trainee is \$350 per person per day.

If you do not complete our Initial Training Program to our satisfaction, we can terminate the Franchise Agreement.

If we require it, you must attend mandatory additional training and attend an annual systemwide business meeting or conference for up to 10 days per year, at locations designated by us. Failure to attend mandatory additional training or an annual business meeting or convention is a default of the Franchise Agreement. We have the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference, which you must pay regardless of attendance. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes additional tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

ITEM 12: TERRITORY

The Franchise Agreement will grant you the right to operate your Franchised Business in a territory or territories (if you purchase multiple) (each a "Territory") that will be mutually-agreed upon by you and us and defined in Attachment 2 of the Franchise Agreement before you sign it. Your Territory is a contiguous geographic area and will be identified by zip codes, name, jurisdiction boundaries, geographic demarcation lines or a marked map. Each Territory will contain approximately 250,000 in population. You are encouraged to conduct due diligence, in your discretion and to your satisfaction, regarding the customer potential, travel distances, and other matters relative to the operation of the Franchised Business in the Territory, prior to signing the Franchise Agreement.

You must meet the following Minimum Performance Requirements for each Territory:

	Minimum Whole-House Water Filtration Systems Sold Per Month In Each Territory
Months 1 - 3	No Minimum
Months 4 - 6	2
Months 7 - 12	4
Months 13 - 24	9
Months 25+ (and Successor Term)	10

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

The Franchise Agreement permits you to conduct the administrative aspects of your Franchised Business from a home-based office, and you must have a secure site to store your vehicle(s), inventory, equipment and supplies, which may be your home garage or shed if there is adequate space. You may not change the location of your office or storage site unless you obtain our consent, which we will not unreasonably withhold.

The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises or contiguous territories.

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.

The Franchise Agreement permits us to offer Perfect Filter goods and services to customers who own, operate, and/or manage multiple properties within the Territory or across multiple territories (a "Key Account"). We may offer you the option to service a Key Account in your Territory, provided that you honor our negotiated terms and, at our option, pay us a Key Accounts administrative fee.

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

You are not permitted to use Alternative Distribution Channels to solicit or make sales to customers outside of your Territory; however, you may service a customer at a physical address outside your Territory provided that (i) the address is not located in the territory serviced by us or another franchisee, (ii) you did not solicit the customer in violation of your Franchise Agreement or the Operations Manual, and (iii) no more than 15% of your Gross Revenue is derived from services rendered outside of your Territory.

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise, a business under a different trademark that will sell goods and services similar to those that you will offer at your Perfect Filter business. However, we reserve all rights not expressly granted in the Franchise Agreement. We and our affiliates have the right to own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We also have the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain or other business; however, we will not convert any acquired business in your Territory to a franchise using our Principal Trademarks during the Term of your Franchise Agreement.

ITEM 13: TRADEMARKS

The Franchise Agreement will license to you the right to operate your Perfect Filter business under the following trademark, which is registered with the U.S. Patent and Trademark Office (“Principal Trademark”):

Mark	Registration Number	Registration Date	Register
PERFECT FILTER	7693497	February 18, 2025	Principal

All required affidavits have been filed. Registration of the Principal Mark has not been due for renewal as of the Issuance Date of this Disclosure Document.

We will also license to you the right to use the following trademarks, which have no registrations or pending applications with the U.S. Patent and Trademark Office:



With regard to the above trademarks only, we do not have a federal registration for these Principal Marks. Therefore, these Principal Marks do not have many legal benefits and rights as a federally registered trademark. If our right to use any of these Principal Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

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

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

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

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

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

You must not directly or indirectly contest our affiliate's right, or our right, to the Principal Trademark or other Marks.

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

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

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

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

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

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

If you develop any new concept, process, product, or improvement ("Improvement") in the operation or promotion of the Franchised Business, you are required to promptly notify us and provide us with all requested information related to the Improvement and sign all documents necessary for us to obtain full proprietary rights to the Improvement. We have no obligation to compensate you for the Improvement or for any cost you incur to sign over your rights to the Improvement to us.

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

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dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality and Non-Compete Agreement (Franchise Agreement, Attachment 9).

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

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

You, if you are an individual, or an owner of your franchisee entity must at all times personally supervise, devote full time, and manage the day-to-day operation of your Perfect Filter Franchised Business. You may not appoint a non-owner manager of your Franchised Business unless you receive our prior written approval. Although you may appoint a non-owner manager of your Franchised Business, you are ultimately responsible for ensuring that your Franchised Business complies with our standards, the Manual and the Franchise Agreement. Your manager must meet our qualifications and successfully complete our Initial Training Program and all other training courses we require. Your manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors. Your manager is not required to have an equity interest in the franchisee entity.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Confidentiality and Non-Compete Agreement, which is attached to our Franchise Agreement as Attachment 9. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spouse Guaranty, which is attached to our Franchise Agreement as Attachment 6.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must offer and sell all services and products that are part of the System, and all services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved. You may only engage in providing services and products to end-consumers.

You may not use our Principal Trademark or other trademarks for any other business, and you may not conduct any other business from your storage site or home office or using your vehicle(s). You cannot engage in any other business (other than an additional Perfect Filter franchised business) that competes with your Franchised Business, with us or our affiliates, or with Perfect Filter businesses owned by other franchisees, whether such business is inside or outside of the Territory.

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

You may sell products and services only in the manner we prescribe and only to customers in your Territory; however, you may service a customer at a physical address outside your Territory provided that (i) the address is not located in the territory serviced by us or another franchisee, (ii) you did not solicit the customer in violation of your Franchise Agreement or the Operations Manual, and (iii) no more than 15% of your Gross Revenue is derived from services rendered outside of your Territory.

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

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Article 4	The term is 10 years.
b.	Renewal or extension of the Term	Article 5	If you are in good standing as defined below, you can sign a successor agreement(s) for up to 2 additional 5-year terms, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Franchise is located.
c.	Requirements for franchisees to renew or extend	Sections 5.1 and 5.2	Provide written notice to us at least 6 months before the end of the term; be in full compliance; have not committed 3 or more events of default during the term; completion of any required additional training; repair, upgrade or replace the business vehicle(s), equipment, Computer System and other Franchised Business assets to meet then-current specifications; sign a general release; sign a new franchise agreement; and pay us a successor agreement fee. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	Not Applicable	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with cause	Article 16	We may terminate only if you default, subject to state law. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	“Cause” defined – curable defaults	Section 16.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).
h.	“Cause” defined - non-curable defaults	Sections 16.1 and 16.2	The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or if your entity is dissolved. We may terminate the Franchise Agreement upon notice to you if you: misrepresent or omit a material fact in applying for the Franchise; do not: obtain permits and/or open the Franchised Business within required time frames; cease operations for 3 days or more; fail to comply with applicable laws; understate Gross Revenue 2 or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; are convicted or plead no contest to a felony or to a crime or do anything that could damage the goodwill or reputation of our trademarks or the System; receive an adverse

	Provision	Section in Franchise Agreement	Summary
			judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of our trademarks or the System; conceal revenues, maintain false books, submit a false report, or circumvent the Computer System; create a threat or danger to public health or safety; refuse an inspection or audit by us; use our trademarks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations 3 or more times during the term or receive 2 or more default notices in any 12-month period; have insufficient funds to honor a check or EFT 2 or more times within any twelve 12-month period; default under any other agreement with us or our affiliate; offer or use any unauthorized products or services; fail to meet Minimum Performance Standards; or terminate the Franchise Agreement without cause.
i.	Franchisee's obligations on termination/ non-renewal	Article 17	Upon termination, you must: cease operations; cease to identify yourself as a Perfect Filter franchisee; cease to use the Marks; cease to use, and de-identify as applicable, without limitation, the business vehicle(s) and all other vehicles, signs, displays, stationery, forms, and any other articles which display the Marks and immediately return to us any business cards, marketing materials, or any other items containing Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur because of your default or in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, your equipment, inventory, and supplies of your Franchised Business; assign, at our option, customer contracts and your telephone numbers, directory and internet listings, and social media accounts; and if applicable, pay us liquidated damages.
j.	Assignment of contract by franchisor	Section 15.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 15.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Section 15.3	No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Sections 15.3 and 15.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee pays an Initial

	Provision	Section in Franchise Agreement	Summary
			Training Fee and successfully completes our Initial Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release; you shall subordinate any claims you have against the transferee to us; you will indemnify us for misrepresentations in the transfer process (excluding our representations in the FDD); our approval of the material terms and conditions of the transfer; and payment of a transfer fee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 15.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 17.2	Upon termination of the Franchise Agreement, we have the option to purchase any or all of equipment, Computer System, inventory, and supplies at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Section 15.7	The executor of your estate or other personal representative must transfer the Franchise within 6 months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 18.5.1	You may not: divert, or attempt to divert, customers of any Perfect Filter outlet (including yours) to any competitor; participate in any capacity, including, but not limited to as an owner, partner, officer, director, employee or agent, in any other capacity in any business that sells and/or installs water filtration systems ("Competitive Business"); do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 18.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Perfect Filter business (including yours) to any competitor; participate in any capacity, including, but not limited to as an owner, partner, officer, director, employee or agent, in any other capacity in any Competitive Business within 25 miles of your former Perfect Filter Territory or the territory of any other Perfect Filter business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	13.6, 18.1.4	No oral modifications. We may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 20.12	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any Franchise Agreement is

	Provision	Section in Franchise Agreement	Summary
			intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 19.1, 19.2 and 19.3	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters, and then to binding arbitration, excluding claims related to injunctive relief, antitrust, the trademarks, post-termination obligations. Subject to state law.
v.	Choice of forum	Section 19.5	Litigation takes place in California, subject to applicable state law.
w.	Choice of law	Section 19.5	California, subject to applicable state law.

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

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

As of the Issuance Date of this Disclosure Document, we have 1 affiliate-owned Perfect Filter business open and operating and no franchises. This financial performance representation is a historic representation based on the past performance of our affiliate-owned business. Our affiliate-owned business operates in substantially the same manner, and offers the same goods and services, that our franchised outlets offer. The market area of our affiliate-owned business in Oceanside, California, encompasses the equivalent of approximately 1 franchise territory.

Financial Performance¹
April 1, 2025 – March 31, 2026

Date Opened	January 2025
Gross Revenue ²	\$ 1,347,439
Cost of Goods Sold ³	\$ 355,302
Gross Profit	\$ 992,137
Expenses:	
Labor Costs & Contractors ⁴	\$ 360,621
Advertising & Marketing	\$ 25,093
Certain Other Operating Expenses ⁵	\$ 59,143
Dues & Membership	\$ 2,722
Legal & Professional Fees	\$ 1,382

Perfect Filter 2026 FDD A

Occupancy Costs	\$ 41,492
Total Expenses	\$ 490,453
Gross Profit Less Expenses	\$ 501,684
Imputed Fees⁶:	
Royalties	\$ 80,846
Brand Fund Contribution	\$ 26,949
Minimum Local Advertising Expense	\$ 4,907
Adjusted Gross Profit Less Expenses and Imputed Fees	\$ 388,982
Gross Margin	28.9%

Notes:

¹ The information contained in this Table has not been audited.

² Gross Revenue is defined as total revenue derived from the sale of products and services less state/local taxes.

³ Costs of Goods Sold is defined as means the direct costs incurred in connection with the products and equipment sold to customers, including: (i) the purchase cost of equipment and related components acquired for resale to homeowners; (ii) freight, shipping, and delivery costs associated with such equipment; and (iii) other direct product procurement costs.

⁴ Contractors are independent professionals or businesses hired by our affiliate-owned Perfect Filter business to perform specific tasks or projects. Contractors are not employees, and our affiliate did not provide benefits such as health insurance, retirement plans or paid leave to Contractors.

⁵ Certain Other Operating Expenses consists of: (i) bank, credit card, and other merchant processing fees; (ii) insurance; (iii) janitorial and cleaning supplies; (iv) office supplies; (v) utilities; (vi) travel; and (vii) computer and internet expenses that were incurred by our affiliate-owned business.

⁶ Our affiliate-owned business is not subject to the same territorial restrictions or fees that a franchisee will experience. Item 6 of this disclosure document outlines the fees to which a franchisee will be subject. Specifically, a franchisee who achieved the same sales results that our affiliate achieved would incur royalty fees of 6% of Gross Revenue and Brand Fund contributions of 2% of Gross Revenue. A franchisee also is required to spend a minimum of \$2,500 per month (\$30,000 annually) on local marketing efforts.

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

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Doug Dutton at 4015 Avenida De La Plata, Suite 401, Oceanside, California, 92056, or 760-456-7887, or the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

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

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

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

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

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

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

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

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

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
California	0	5	0
Colorado	0	2	0
Florida	0	2	0
Georgia	0	2	0
Illinois	0	3	0
Indiana	0	1	0
North Carolina	0	3	0
South Carolina	0	3	0
Texas	0	5	0
Total	0	26	0

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

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

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

ITEM 21: FINANCIAL STATEMENTS

Perfect Filter, LLC is a start-up franchisor that first began selling franchises in September, 2025. Because we have not been in business for three years, we are not able to include the three prior years of audited financial statements normally required by this Item 21. Our audited financial statements, consisting of our balance sheet as of December 31, 2025, and our Statements of Operations, Member's Deficit, and Cash Flows for the period of July 30, 2025 (inception) to December 31, 2025, are included in Exhibit C.

Our fiscal year end is December 31.

ITEM 22: CONTRACTS

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

Exhibit B – The Franchise Agreement

Exhibit F – Form of Release

Exhibit H – Acknowledgement Statement, as permitted by state law.

ITEM 23: RECEIPT

A receipt in duplicate is attached as the last two pages of this Disclosure Document. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Doug Dutton, Perfect Filter, LLC, 4015 Avenida De La Plata, Suite 401, Oceanside, California, 92056.

EXHIBIT A

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard State Capitol, 14 th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B
FRANCHISE AGREEMENT

PERFECT FILTER, LLC
PERFECT FILTER
FRANCHISE AGREEMENT
DATA SHEET

Franchisee: _____
(Individual(s) and _____
Entity, if applicable) _____

Spouse Guarantor(s): _____

Effective Date: _____

Territory Count: _____ Total Territory Determination Fee: _____

Territory/Territories Description: See Attachment 2 _____

Initial Franchise Fee: _____

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

PERFECT FILTER, LLC
FRANCHISE AGREEMENT

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List of Attachments

ATTACHMENT 1: TRADEMARKS

ATTACHMENT 2: TERRITORY DESCRIPTION

ATTACHMENT 3: MINIMUM PERFORMANCE STANDARDS

ATTACHMENT 4: AUTHORIZATION AGREEMENT AUTOMATIC DEPOSITS (ACH
WITHDRAWALS)

ATTACHMENT 5: STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE ENTITY

ATTACHMENT 6: SPOUSE GUARANTY

ATTACHMENT 7: INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND
TELEPHONE ACCOUNT AGREEMENT

ATTACHMENT 8: PROVISIONS APPLICABLE TO SBA FINANCING

ATTACHMENT 9: CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into on _____, (the “Effective Date”) by and between Perfect Filter, LLC, a California limited liability company with its principal place of business at 4015 Avenida De La Plata, Suite 401, Oceanside, California, 92056 (herein “Franchisor”) and _____, a(n) _____, with its principal place of business located at _____ and _____’s principals _____, an individual residing at _____ and _____, an individual residing at _____ (“Principal(s)"). _____ and Principal(s) shall be individually and collectively referred to, and each is, the “Franchisee”.

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed a business that provides water filtration systems for residential and commercial customers using the Perfect Filter trademarks and Franchisor’s confidential operations manual (“Manual”) of business practices and policies, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the “System”).

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

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

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

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

1. RECITATIONS.

The Recitations set out above form part of this Agreement.

2. GRANT OF FRANCHISE.

Upon payment of the Initial Franchise Fee described in Section 6.1.1 and payment of the Territory Determination Fee described in Section 6.1.2 hereof, Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Perfect Filter franchise (the “Franchise” or “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved, and further developed by Franchisor from time to time. This grant applies only within the territory/territories that is/are designated in Attachment 2 attached hereto and incorporated herein (the “Territory”).

3. PROTECTED TERRITORY; SOLICITATION AND SALES RESTRICTIONS

3.1 Territory. This Agreement grants Franchisee the right to operate the Franchised Business within the Territory only, subject to Section 3.5 below. Franchisee acknowledges that (i) the Territory was mutually agreed upon by Franchisor and Franchisee, (ii) prior to the Effective Date hereof, Franchisee conducted Franchisee's own due diligence with regard to potential customers and other matters relative to the operation of the Franchised Business in the Territory, and (iii) Franchisor's agreement to the Territory is permission only, does not constitute a representation, promise, warranty, or guarantee, express or implied, by Franchisor that the Franchised Business operated therein will be profitable or otherwise successful, and cannot, and does not, create any liability for Franchisor.

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

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

3.4 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other services and products not offered under the Marks, (ii) other filtration concepts under the Marks or other trademarks, and (iii) products or services through other channels of distribution in the Territory including, but not limited to, products or services offered through retail stores, the internet, catalog sales, telemarketing or direct marketing sales ("Alternate Distribution Channels"). Franchisor further specifically reserves the right to solicit, sell to, negotiate rates with, and provide Perfect Filter goods and services to customers who own, operate, and/or manage multiple properties either within the Territory or across multiple territories ("Key Accounts"). Franchisor may offer Franchisee the right to service Key Accounts in the Territory, provided that Franchisee accepts negotiated terms and pays Franchisor, at Franchisor's option, a Key Accounts administrative fee; otherwise, Franchisor may service the Key Accounts either directly or permit another franchisee to provide such service. Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels or declined Key Accounts made within the Territory. Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.4 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

3.5 Solicitation and Sales Restrictions. Franchisee must target Franchisee's advertising within the Territory and may only solicit sales from customers located within the Territory. Notwithstanding, Franchisee may solicit and/or service a customer at a physical address outside of the Territory, provided that (i) the address is not in an area serviced by Franchisor or another Perfect Filter franchisee, (ii)

Franchisee did not solicit the customer in violation of this Agreement or the Manual, and (iii) no more than fifteen percent (15%) of Franchisee's Gross Revenue is derived from services rendered at physical addresses outside of the Territory. Franchisee is prohibited from soliciting and selling Perfect Filter products and services outside of the Territory through Alternate Distribution Channels.

4. TERM.

Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above, and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the "Term").

5. SUCCESSOR OPTION.

Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Successor Franchise Agreement") for up to two (2) additional terms of five (5) years each. The term of each such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term.

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

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

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

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

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

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

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

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

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

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

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

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

5.2.6 Franchisee shall pay a successor agreement fee equal to Sixteen Thousand Two Hundred Fifty Dollars (\$16,250.00) upon signing the Successor Franchise Agreement.

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

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

6. FEES

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

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee set forth on the Data Sheet of this Agreement ("Initial Franchise Fee"). **The Initial Franchise Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Franchise Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Territory Determination Fee. As consideration for the Territory rights granted pursuant to Article 2 hereof, Franchisee shall pay Franchisor a territory determination fee ("Territory Determination Fee") of Twenty-Three Thousand Five Hundred Dollars (\$23,500.00) per Territory Count set forth on the Data Sheet. **The Territory Determination Fee is fully earned at the time this Franchise Agreement is**

signed and is not refundable under any circumstances. Franchisee shall pay the full amount of the Territory Determination Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.3 Royalty Fee. Franchisee agrees to pay Franchisor, monthly throughout the Term, a royalty fee equal to six percent (6%) of the Gross Revenue, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor's methods, operations and/or trade secrets. The term "Gross Revenue" includes all revenues, accounts receivable, and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor's methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit or otherwise, with no exclusion for uncollected debt. Gross Revenue is calculated on a cash basis. Gross Revenue shall not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, or (ii) properly documented refunds to customers.

6.1.4 Gross Revenue Reports. Franchisee shall, by the fifteenth (15th) day of each calendar month furnish Franchisor with a report showing Franchisee's Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the immediately prior calendar month (the "Gross Revenue Report"). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. At Franchisor's option, Franchisor may extract Franchisee's Gross Revenue Report, at the times and interims then specified by Franchisor, by an electronic transfer of data via the computer system ("Computer System") that Franchisor requires Franchisee to use in the operation of the Franchised Business.

6.1.5 Method of Payment. Franchisee shall pay Franchisor the Royalty Fee and the Brand Fund Contribution, as defined and more particularly described in Article 12, on each transaction as it is (i) made through Franchisor's required electronic payment processing systems or (ii) otherwise consummated. At Franchisor's request, Franchisee must execute documents, including but not limited to, the Authorization set forth in Attachment 4, that allow Franchisor to automatically take the Royalty Fee, Brand Fund Contribution, as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House ("ACH") payments. Franchisee's failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement.

6.2 System Technology Fee. Franchisee shall pay Franchisor a monthly system technology fee per Territory Count set forth on the Data Sheet, in an amount that Franchisor reasonably determines, for the development, adoption and/or use of new or improved internal systems technology for the benefit of the System and Franchised Business, including but not limited to, email addresses required for use in the Franchised Business, customer relationship management software, a franchise portal, benchmarking platform or other operations or communications systems ("System Technology Fee"). In Franchisor's sole discretion, Franchisor may (i) incorporate different technology in the System or (ii) replace the technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Franchisee shall pay the System Technology Fee in the manner and frequency as reasonably determined by Franchisor. At Franchisor's option, Franchisee shall pay third-party vendor(s) directly for systems technology provided or required pursuant to this Section 6.2.

6.3 Late Fee. If the Royalty Fee, Brand Fund Contribution, System Technology Fee, other fee payable hereunder, or any Gross Revenue Reports or other financial reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of One Hundred Dollars (\$100.00) per day until such payment and/or report is received. This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report,

is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay fees due and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

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

6.5 Insufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, an insufficient funds fee of One Hundred Dollars (\$100.00) per occurrence. This insufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

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

7 TRAINING

7.1 Initial Training Program. Franchisee (specifically including all Franchisee's principals) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial training program ("Initial Training Program") no sooner than thirty (30) days prior to the anticipated Opening Date. The Initial Training Program consists of a course conducted virtually and/or in-person at Franchisor's headquarters or another site designated by Franchisor. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Training Program to Franchisor's sole and complete satisfaction.

7.2 Training Fee. Upon execution of this Agreement, Franchisee shall pay Franchisor an Initial Training Program Fee of Twelve Thousand Five Hundred Dollars (\$12,500.00) for up to two (2) individual(s) (the "Initial Trainees") to attend the Initial Training Program prior to opening the Franchised Business. Franchisee also shall be required to pay all of the expenses of Franchisee's Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.

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

7.4 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time and as may be set forth in the Manual. If required by Franchisor, Franchisee or Principal(s) shall participate in additional training for up to ten (10) days per year, which includes on-going and refresher training session(s) and/or an annual national business meeting or convention, at location(s)

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

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

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

8. OPENING REQUIREMENTS

8.1 Site Requirements. Franchisee is hereby permitted to operate the Franchised Business from a home-based office; however, Franchisee shall secure a site in the Territory to store Franchisee's business vehicle(s), inventory, equipment and supplies (the "Storage Site"). The Storage Site may be Franchisee's home garage or shed, provided that such garage or shed has adequate space and security; otherwise, the premises of the Storage Site shall satisfy Franchisor's site selection criteria, and Franchisee shall obtain Franchisor's consent to the premises of the Storage Site prior to making a binding commitment therefor to lease or purchase. Franchisee assumes all cost, liability, expense and responsibility for obtaining and maintaining the Storage Site and the business vehicle(s), inventory, equipment and other property stored thereon. Franchisee shall indemnify, defend and hold harmless Franchisor, in accordance with Article 14 hereof, for any incidents, accidents, code violations or any other matter whatsoever related to the Storage Site.

8.2 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business. The date on which Franchisee is first authorized by Franchisor to offer services to the public shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor's Initial Training Program, as further set forth in Article 7, (ii) outfit a home-based office, (iii) secure a Storage Site; (iv) purchase from Franchisor one (1) marketing package ("Marketing Package") per Territory Count; (v) purchase from Franchisor's affiliate one (1) equipment inventory package ("Equipment Inventory

Package”) per Territory Count; (vi) obtain all required licenses and insurance to operate the Franchised Business, (vii) obtain all inventory and equipment the Franchisor requires, (viii) acquire, brand, and equip at least one (1) business vehicle in accordance with Franchisor’s specifications, and (ix) provide Franchisor with requested executed ACH Authorization and/or other documents as required by this Agreement and the Manual. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee’s failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within one hundred twenty (120) days following the Effective Date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

8.3 No Relocation. Franchisee’s rights to operate the Franchised Business shall be limited to the Territory set forth in Attachment 2, and no other. Franchisee shall not relocate the office of the Franchised Business or the Storage Site at any time without Franchisor’s written approval, which Franchisor will not unreasonably withhold. Any permitted relocation shall be at Franchisee’s sole expense. In the event such permission is granted, Franchisee shall remove any signs or other property from the original Franchised Business office or Storage Site which identified the original Franchise Business office or Storage Site as part of the System.

9 FRANCHISOR’S OBLIGATIONS

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

9.1 Storage Site Selection Guidelines. Criteria for the location and specifications of the Storage Site, if not Franchisee’s home garage or shed, and approve, in Franchisor’s reasonable discretion, Franchisee’s proposed premises therefor.

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

9.3 Pre-Opening Requirements. A list and specifications, as applicable, of business vehicle(s), equipment, tools, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business;

9.4 Equipment and Inventory Package. Following Franchisee’s payment therefor, deliver the Equipment Inventory Package(s), which includes equipment, parts, and components of our proprietary water filtration systems.

9.5. Marketing Package. Following Franchisee’s payment therefor, deliver the Marketing Materials Package(s), which includes trade show canopy, banner, flag, table cover, business cards, and invoice forms.

9.6 CRM Service Initiation. Following Franchisee’s payment therefor, set up Franchisee’s customer relationship management software account and provide access thereto.

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

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

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

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

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

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

10 FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

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

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

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

10.2.2 Attachment 5 of this Agreement accurately reflects all individuals with an ownership interest, whether direct or beneficial, in the Franchisee entity;

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

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

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

10.2.6 The Principal designated on Attachment 5 has full authority to communicate to Franchisor decision-making on behalf of Franchisee, notwithstanding any deadlock or tie-breaking mechanism set forth in the Franchisee entity's organizational documents ("Designated Principal"). All communications to Franchisor by the Designated Principal shall be binding upon the Franchisee entity and all Principals and such communications may be relied upon by Franchisor, without the need for independent verification. Franchisee and all Principals shall indemnify and hold harmless Franchisor from any claims arising from Franchisor's reliance on communications by the Designated Principal.

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

10.4 Spouse Guaranty. If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 6 hereof.

10.5 Personal Management.

10.5.1 Franchisee and/or a Principal shall personally supervise and manage the operation of the Franchised Business. Franchisee accepts full responsibility for, and shall be fully liable to, Franchisor for the acts and omissions of any and all agents, employees or third persons working for or with Franchisee. Franchisee shall ensure that its agents, employees and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and Principal(s), and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of Franchisee and/or Principal(s). Franchisee's agents, employees and third-party business affiliates shall further meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.

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

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

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

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

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

10.5.4 If a General Manager is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement. Franchisee's replacement General Manager shall attend and satisfactorily complete the Initial Training Program, at Franchisee's sole cost and expense, including the payment of the then-current tuition. Until such replacement is designated and trained, Franchisee shall provide interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in Franchisor's sole discretion, may provide interim management support until such General Manager is properly trained or certified in accordance with Franchisor's requirements. In the event Franchisor provides interim management support, Franchisee shall pay Franchisor an interim management fee at the per diem rate of Six Hundred Dollars (\$600.00) ("Interim Management Fee"). Franchisee shall also reimburse Franchisor for any and all travel costs, including transportation, lodging, meals and other expenses reasonably incurred by Franchisor. The Interim Management Fee and Franchisor's travel costs shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.5. Franchisee remains obligated to pay the Royalty Fee, Brand Fund Contribution, and System Technology Fee during Franchisor's interim management of the Franchised Business, in addition to payment of the Interim Management Fee and Franchisor's travel costs.

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

10.7 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

10.8 Assignment of Numbers and Listings. Franchisee shall execute such forms and documents, including the Internet Advertising, Social Media, Software, and Telephone Listing Agreement contained in Attachment 7 hereof, to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers, listings, and passwords and administrator rights for all email and social media accounts used or created by Franchisee. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

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

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

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

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

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

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

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

11 FRANCHISEE'S OPERATIONS

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

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

11.1.2 Use only the business vehicle(s), equipment, tools, products, and supplies that conform with Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor. Franchisee further shall maintain and make any and all repairs and upgrades to business vehicle(s), equipment, and tools, as Franchisor requires. Franchisee acknowledges and agrees that: (i) Franchisor and/or Franchisor's affiliate may be a designated supplier or sole approved supplier of

any vehicle, equipment, good, or service that Franchisee is required to lease or purchase, (ii) Franchisor and/or Franchisor's affiliate may receive payment from supplier(s) related to Franchisee's required purchases or leases, and (iii) any payments so received are for Franchisor's benefit only and may be used or applied in any manner determined by Franchisor in Franchisor's sole and absolute discretion;

11.1.3 Provide service in strict accordance with Franchisor's methods and specifications, and in compliance with industry best practices. Franchisee shall comply at all times with Franchisor's warranty programs, including but not limited to the issuance of warranty cards to customers, registration of serviced properties through platforms maintained by Franchisor, and repair and/or replacement of work performed for customer claims that meet warranty terms. Franchisor may change the terms of its warranty programs at any time, in Franchisor's sole discretion, and Franchisee shall comply with such programs at Franchisee's sole cost and expense, as revised;

11.1.4 Maintain in good working order, cleanliness, and appearance at least one (1) approved business vehicle(s) that complies with Franchisor's standards for age, model, and condition, as set forth in the Manual and that has the exterior branding required by Franchisor. Franchisee shall not use any business vehicle(s) except those that strictly comply with Franchisor's specifications, in the operation of the Franchised Business;

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

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

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

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

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

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

11.1.11 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks. In particular, Franchisee shall comply with all applicable federal, state, and local telemarketing, telephone solicitation, do-not-call, text/SMS marketing, and related consumer protection laws, rules, and regulations applicable to the Franchised Business ("Telemarketing Laws"). Such Telemarketing Laws include compliance with the Federal CAN-SPAM Act's general rules for commercial email, opt-out rules, and other communication messages and the Telephone Consumer Protection Act, as amended, and compliance with any registration, license, and/or permit requirements. Franchisor may at any time inspect, audit, and review Franchisee's advertising and telemarketing-related procedures, and Franchisee shall, at Franchisee's sole expense, implement any corrective actions that Franchisor's requires.

11.2 Bookkeeping and Reports.

11.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to purchase the Computer System and other computer systems specified in Section 11.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's Proprietary Information, (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, and (iv) may be shared with other franchisees in the System.

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

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

11.2.4 Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

11.2.5 Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, bank statements, and tax returns. If Franchisor's examination finds an understatement of any Gross Revenue Report, Franchisee shall pay Franchisor the amounts due together with interest thereon at the rate provided herein. Additionally, if Franchisee (i) had failed to timely submit Gross Revenue Reports twice

or more within a twelve (12)-month period or (ii) understated Gross Revenue by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

11.3 Computer Systems.

11.3.1 Franchisee, at Franchisee's sole expense, shall install, maintain, update, and upgrade the Computer System and other computer hardware, software, applications and accounts Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing. In Franchisor's reasonable discretion, Franchisor may adopt additional or replacement hardware, software, and applications for the System, and Franchisee shall acquire and use such additions or replacements, as directed by Franchisor.

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

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

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

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

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

11.3.7 Franchisor has established a website that provides information about the System and the services and products offered by the Perfect Filter System (the “Website”). Franchisor has sole discretion and control over the Website. Franchisor may include a listing on the Website with Franchisee’s contact information and/or provide Franchisee with a linked webpage for the Franchised Business. Franchisee has no ownership or other proprietary rights to the Website and Franchisee will lose all rights to such listing and/or webpage of Franchisee’s Perfect Filter business upon expiration or termination of this Agreement for any reason.

11.3.8 In addition to the requirements of Section 6.2, whether to Franchisor or to third party vendor(s), Franchisee shall pay all fees and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software and applications, installation costs and regularly recurring fees for software, internet access, webpage maintenance fees, telecommunication systems, license fees, help desk fees, and licensing or user-based fees for operations or communications hardware, software, programs and applications.

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

11.4 Safety and Security. Franchisee is solely responsible for the safe and secure operation of the Franchised Business and the services provided thereby for Franchisee, Franchisee’s personnel, customers, agents, and the general public. All matters of safety and security are within Franchisee’s discretion and control, and Franchisee’s indemnification obligations set forth in Section 14.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

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

11.6 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease, or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to using such product, service, or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier’s facilities and to test or otherwise evaluate samples from the supplier. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service, or supplier. If Franchisor fails to respond to Franchisee’s submission within said thirty (30) days, such item or supplier shall be deemed “disapproved.”

Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost for inspection and/or testing a proposed new product, service or supplier, not to exceed One Thousand Five Hundred Dollars (\$1,500.00), provided that, if the costs of inspection and/or testing are estimated to, or actually exceed, One Thousand Five Hundred Dollars (\$1,500.00), Franchisor has the right to summarily disapprove the request.

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

11.8 Operational Standards Violation. Franchisor has established certain operational standards, as set forth in the Manual. Franchisee acknowledges that any deviation from an operational standard constitutes a violation of this Agreement and will require Franchisor to incur incalculable administrative and management costs to address such violation. Accordingly, Franchisee agrees that, to compensate Franchisor for its incalculable administrative and management costs due to Franchisee's operational standard violation, Franchisee shall pay Franchisor an Operational Standards Violation Fee, as set forth in the Manual, for each violation of an operational standard. **Franchisee hereby authorizes Franchisor to take payment of the Operational Standards Violation Fee, at Franchisor's option, through electronic funds transfer or ACH payment.** Franchisor need not give Franchisee a cure opportunity before charging the Operational Standards Violation Fee, and Franchisor's imposition of an Operational Standards Violation Fee does not preclude Franchisor from seeking injunctive relief to restrain any subsequent or continuing violation, formally defaulting and terminating this Agreement or exercising any of Franchisor's rights under this Agreement.

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

11.10 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 11 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular territory or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

12 ADVERTISING, PROMOTIONS AND RELATED FEES

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

12.2 Local Marketing.

12.2.1 Franchisee acknowledges and agrees that maintaining a market presence in the Territory is essential to the success of the Franchised Business. Accordingly, Franchisee agrees to participate in such trade shows, expos, home improvement sales events, and other marketing opportunities, including but not limited to, maintaining sales displays, tables and/or kiosks at or in retail outlets within the Territory to achieve maximum sales of Perfect Filter products and services.

12.2.2 In addition to the marketing advertising contributions set forth herein, and following the expenditures set forth in Section 12.2.4 below, Franchisee shall spend in the Territory no less than Two Thousand Five Hundred Dollars (\$2,500.00) monthly on marketing activities ("Local Marketing"). Franchisor reserves the right to increase Franchisee's minimum Local Marketing expenditure by up to ten percent (10%) annually on a cumulative basis. Franchisor further may require Franchisee to allocate to an advertising cooperative, as described in Section 12.4, up to fifty percent (50%) Franchisee's required Local Marketing expenditures. Such allocation will be in partial satisfaction of Franchisee's obligations pursuant to this Section 12.2.2.

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

12.2.4 For at least sixty (60) days following the Opening Date, Franchisee shall spend in the Territory no less than Two Thousand Dollars (\$2,000.00), and up to Five Thousand Dollars (\$5,000.00) as required by Franchisor, to promote the opening of the Franchised Business ("Grand Opening Campaign"). Franchisee shall conduct the Grand Opening Campaign in accordance with a grand opening plan approved by Franchisor.

12.3 Brand Fund.

12.3.1 Franchisor has established a national Brand Fund (the "Brand Fund") on behalf of the System for national advertising, marketing, and business system development and enhancements. Franchisee is required to contribute two percent (2%) of the Gross Revenues generated monthly by the Franchised Business to the Brand Fund ("Brand Fund Contribution"). Payments will be made in the same manner and time as the Royalty Fees.

12.3.2 Franchisor shall direct all advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended

to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

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

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

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

12.3.6 At Franchisee's request, Franchisor will provide the most recently unaudited annual statement available of the Brand Fund's operations to Franchisee. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

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

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

12.5 Directory Listings and Social Media Accounts. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Instagram, Bluesky, X, LinkedIn, YouTube, Threads, Tik Tok,

blogs, or any other social media and/or networking site, unless Franchisee receives Franchisor's prior written approval therefor. Franchisee is further prohibited from using Franchisee's, Principal(s)', or any other individual's or entity's personal social media accounts to promote the Franchised Business. It shall be a material default of this Agreement for Franchisee to maintain any telephone number, email address, social media and/or internet listing, domain name, internet advertising, website, listing with search engines, or any other similar listing or usage related to the Franchised Business in violation of this Section 12.5. Franchisee shall provide Franchisor with all passwords and administrative rights to any and all social media accounts for the Franchised Business, and Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking whatever action as is necessary for the best interest of the System, if Franchisee fails to maintain such accounts in accordance with Franchisor's standards.

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

13 INTELLECTUAL PROPERTY

13.1 Ownership.

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

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

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

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

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

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

13.6 Trade Dress Modifications.

13.6.1 Franchisee is aware that to maintain, protect, and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or trademarks (collectively, "Trade Dress Modifications").

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

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

13.6.4 Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any Trade Dress Modifications required by this Section 13.6. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such expenses, losses or damages caused thereby or seeking compensation

therefor. Further, Franchisee expressly waives any claims, demands or damages arising from or related to any Trade Dress Modifications, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

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

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

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

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

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

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

13.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge, or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

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

13.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name

or that of any other person, firm, entity, or corporation.

14 INSURANCE AND INDEMNIFICATION

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

14.1.1 General Liability. Commercial general liability insurance in the amounts of at least One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate, and which includes coverage for products liability/completed operations;

14.1.2 Contractors Errors and Omissions. Coverage for error, omission, and faulty workmanship in an amount no less than One Million Dollars (\$1,000,000) per occurrence and One Million Dollars (\$1,000,000) in the aggregate;

14.1.3. Business Interruption. Business interruption insurance for a minimum of twelve (12) months, in an amount necessary to satisfy Franchisee's obligations under this Agreement, including an extended period of indemnity for one hundred eighty (180) days;

14.1.4 Property. Fire, vandalism and extended coverage insurance for property damage or loss with primary and excess limits of not less than the full replacement value of equipment, tools, and inventory of the Franchised Business;

14.1.5 Employment. Worker's compensation coverage in the limits required by state law; employer's liability insurance in the amount of One Million Dollars (\$1,000,000) per accident shall be carried on all of Franchisee's employees, owner-operators and uninsured independent contractors; employment practices liability insurance in the amount of Two Hundred Fifty Thousand Dollars (\$250,000), and wage and hour defense coverage of no less than Twenty-Five Thousand Dollars (\$25,000), as well as such other employee insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

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

14.1.7 Cyber Liability. Cyber Liability Insurance of no less than Two Hundred Fifty Thousand Dollars (\$250,000) for all first and third party claims, including but not limited to, cyber data breaches, identity theft, PCI compliance, ransomware, notification costs and defense expenses and social engineering sublimit of no less than Fifty Thousand Dollars (\$50,000).

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

or policies required hereunder.

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

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

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

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

Initial

15 TRANSFERS

15.1 Transfers by Franchisor.

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

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

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

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

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

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

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

15.3.3 The transferee agrees to pay the Initial Training Fee set forth in Section 7.2 hereof and complete Franchisor's Initial Training Program to Franchisor's satisfaction;

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

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

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

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

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

15.4 Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to Thirty-Two Thousand Five Hundred Dollars (\$32,500.00); provided however, for transfers (i) to add a business entity or new shareholder or member of the Franchisee entity and such transfer does not change management control of the Franchise, the transfer fee is One Thousand Five Hundred Dollars (\$1,500.00), and (ii) to a spouse, parent or child upon death or permanent disability of Franchisee or Franchise's Principal, as the case may be, the transfer fee is Five Thousand Dollars (\$5,000.00).

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

15.6 Franchisor's Right of First Refusal.

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

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

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

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

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

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

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

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

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

subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee seeks and/or obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any Collateral Franchisee uses to secure the SBA Financing, and Franchisor and Franchisee further agree that (i) the provisions of Attachment 8 are fully incorporated herein and applicable to Franchisor and Franchisee, (ii) Franchisor shall subordinate its security interest or other lien on Franchisee's Collateral to that of the lender of the SBA Financing and (iii) Franchisor waives the requirement of the written acknowledgement referenced in this Section.

16 DEFAULTS

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

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

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

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

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

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

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

16.2.6 fails to comply with the covenants in Article 14;

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

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

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

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

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

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

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

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

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

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

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

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

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

16.2.20 fails to meet Minimum Performance Standards; or

16.2.21 terminates this Agreement without cause.

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

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

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

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

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

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

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

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

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

17 POST-TERMINATION

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

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

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

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

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

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

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

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

17.1.8 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to (A) (a) the average monthly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of default (or such shorter time period if the Franchised Business has been

open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) or (ii) the number of months then remaining in the then-current term of this Agreement OR (B) Fifty Thousand Dollars (\$50,000.00), whichever is greater. Franchisee acknowledges that a precise calculation of the full extent of the lost Royalties and Brand Fund Contributions Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 17.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

17.2 Right to Purchase.

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

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

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

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

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

18 NON-DISCLOSURE AND NON-COMPETITION COVENANTS

18.1 Operations Manual.

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

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

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

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

18.2 Confidential Information. Franchisee along with its Principals acknowledge and accept that during the term of this Agreement, Franchisee and any Principal will have access to Franchisor's trade

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

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

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

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

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

18.5.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any Competitive Business within twenty-five (25) miles of the Territory or of the territory of any Perfect Filter business (whether operated by Franchisor or a System franchisee); or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Perfect Filter franchisees.

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

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

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

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

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

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

18.11 Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Article 18 (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's Confidential Information, and Franchisee shall provide Franchisor with executed versions thereof. Such covenants shall be substantially in the forms set forth in Attachment 9 as revised and updated from time to time and contained in the Manual. Franchisee shall indemnify and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of Franchisee's failure to obtain executed restricted covenants by employees, agents and third persons as required by this Section.

19 DISPUTE RESOLUTION

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

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

19.3 Arbitration.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 GENERAL

20.1 Relationship of the Parties

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

20.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under

no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in the Manual or otherwise, does not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising control of the day-to-day operations of the Franchised Business.

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

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

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

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

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

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

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

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

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

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

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

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

-Remainder of Page Intentionally Blank-

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

FRANCHISOR:

Perfect Filter, LLC

By: _____

_____,
(Print Name, Title)

FRANCHISEE (Entity):

By: _____

_____,
(Print Name, Title)

FRANCHISEE (Principal):

(Print Name)

FRANCHISEE (Principal):

(Print Name)

ATTACHMENT 1

TRADEMARKS

Perfect Filter



ATTACHMENT 2
TERRITORY DESCRIPTION

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

The above-described area encompasses _____ territory/territories.

ATTACHMENT 3

MINIMUM PERFORMANCE REQUIREMENTS

	Minimum Whole-House Water Filtration Systems Sold Per Month In Each Territory
Months 1 - 3	No Minimum
Months 4 - 6	2
Months 7 - 12	4
Months 13 - 24	9
Months 25+ (and Successor Term)	10

ATTACHMENT 4

AUTHORIZATION AGREEMENT AUTOMATIC DEPOSITS (ACH WITHDRAWALS)

Franchisor Name: **Perfect Filter, LLC**

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

Financial Institution Name: _____ Branch: _____

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

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

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

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

Print Franchisee / Account Holder Name

Print Franchisee/Co-Account Holder Name

Franchisee/ Account Holder Signature-Date

Franchisee/Co-Account Holder Signature-Date

Daytime Phone Number

Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

**Please Return Form to:
Perfect Filter, LLC
4015 Avenida De La Plata, Suite 401
Oceanside, CA 92056**

ATTACHMENT 5

**STATEMENT OF OWNERSHIP INTERESTS IN
FRANCHISEE/FRANCHISEE ENTITY**

Name

Percentage of Ownership

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

_____.

ATTACHMENT 6

SPOUSE GUARANTY

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

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

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

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

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

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

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

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

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

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

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

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

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name: _____
Address: _____

ATTACHMENT 7

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

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

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

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

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

1. Definitions

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

2. Internet Advertising and Telephone Accounts

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

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

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

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

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

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

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

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

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

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

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

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

3. **Miscellaneous**

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

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

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

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

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

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

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

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

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

FRANCHISOR:
Perfect Filter, LLC

By: _____
_____, _____
(Print Name, Title)

FRANCHISEE (Entity):

By: _____
_____, _____
(Print Name, Title)

FRANCHISEE (Principal):

(Print Name)

FRANCHISEE (Principal):

(Print Name)

ATTACHMENT 8

PROVISIONS APPLICABLE TO SBA FINANCING

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

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

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

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

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

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

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

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

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

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

ATTACHMENT 9

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

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

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

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

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

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

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

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

1. Confidentiality Agreement.

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

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

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

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

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

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

2. Covenants Not to Compete.

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

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

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any business that that sells and/or installs water filtration systems ("Competitive Business") other than Franchisee's Perfect Filter franchised business.

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

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

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational, or supervisory capacity in any Competitive Business within twenty-five (25) miles of Franchisee's Territory or of the territory of any other Perfect Filter affiliate-owned or franchised business.

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

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

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

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

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

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

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

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

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

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

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

If directed to Franchisee:

If directed to Covenantor:

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

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

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

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

FRANCHISEE:

By: _____

Name: _____

Title: _____

COVENANTOR:

Name: _____

EXHIBIT C
FINANCIAL STATEMENTS



PERFECT FILTER, LLC

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

AS OF DECEMBER 31, 2025, AND FOR THE PERIOD FROM
INCEPTION (JULY 30, 2025) TO DECEMBER 31, 2025



PERFECT FILTER, LLC

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Independent auditor's report.....	3
Balance sheet	5
Statement of operations	6
Member's deficit.....	7
Statement of cash flows.....	8
Notes to the financial statements	9



Independent Auditor's Report

To the Members
Perfect Filter, LLC
Oceanside, CA 92056

Opinion

We have audited the accompanying financial statements of Perfect Filter, LLC which comprise the balance sheet as of December 31, 2025, and the related statements of operations, member's deficit, and cash flows for the period from inception (July 30, 2025) to December 31, 2025, 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 Perfect Filter, LLC as of December 31, 2025, and the results of its operations and its cash flows for the period from inception (July 30, 2025) to December 31, 2025, then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Kezas & Dunbar

St. George, Utah
June 24, 2026

PERFECT FILTER LLC
BALANCE SHEET
As of December 31, 2025

	<u>2025</u>
Assets	
Current assets	
Prepaid expense	\$ 7,494
Total current assets	<u>7,494</u>
Total assets	<u><u>7,494</u></u>
Liabilities and Member's Deficit	
Current liabilities	
Related party payable	<u>87,501</u>
Total current liabilities	<u>87,501</u>
Total liabilities	<u>87,501</u>
Member's deficit	
Member's deficit	<u>(80,007)</u>
Total member's deficit	<u>(80,007)</u>
Total liabilities and member's deficit	<u><u>\$ 7,494</u></u>

The accompanying notes are an integral part of these financial statements

PERFECT FILTER LLC

STATEMENT OF OPERATIONS

For the Period From Inception (July 30, 2025) to December 31, 2025

	<u>2025</u>
Operating revenues	<u>\$ -</u>
Operating expenses	
Advertising and marketing	45,064
General and administrative	<u>34,943</u>
Total operating expenses	<u>80,007</u>
Net loss	<u><u>\$ (80,007)</u></u>

The accompanying notes are an integral part of these financial statements

PERFECT FILTER LLC
STATEMENT OF MEMBER'S DEFICIT
For the Period From Inception (July 30, 2025) to December 31, 2025

	Member's Deficit
Balance at July 30, 2025	-
Net loss	(80,007)
Balance at December 31, 2025	<u>\$ (80,007)</u>

The accompanying notes are an integral part of these financial statements

PERFECT FILTER LLC

STATEMENT OF CASH FLOWS

For the Period From Inception (July 30, 2025) to December 31, 2025

	<u>2025</u>
Cash flows used in operating activities:	
Net loss	\$ (80,007)
Adjustments to reconcile net income to net cash provided (used) by operating activities:	-
Change in operating assets and liabilities:	
Prepaid expense	(7,494)
Related party payable	<u>87,501</u>
Net cash provided by operating activities	<u>-</u>
Net change in cash and cash equivalents	-
Cash and cash equivalents at beginning of period	<u>-</u>
Cash and cash equivalents at end of period	<u><u>\$ -</u></u>
Supplemental disclosures of cash flow	
Cash paid for interest and taxes	\$ -

The accompanying notes are an integral part of these financial statements

PERFECT FILTER, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

(a) Nature of Business

Perfect Filter, LLC (the "Company") was formed on July 30, 2025, as a California limited liability company. Perfect Filter, LLC was formed for the principal purpose of selling and supporting the Perfect Filter franchise system.

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

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Accounting Standards Codification

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

(c) Use of Estimates

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

(d) Financial Instruments

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

(e) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the year ended December 31, 2025, was \$45,064.

(f) Concentration of Risk

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

(g) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase.

PERFECT FILTER, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

(h) Income Taxes

The Company is structured as a limited liability company under the laws of the state of California. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2025, no tax years are subject to examination.

(2) Commitments and Contingencies

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

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

(3) Related Party Transactions

As of December 31, 2025, the Company had related-party payables of \$87,501, due to entities under common ownership. These amounts primarily consist of advances made to fund operations. The obligations are unsecured, do not bear interest, and are due on demand, unless formal terms have been established. The Company fully intends to repay the liability out of the available operating funds of the Company and accordingly has classified the liability as current in nature.

(4) Prepaids

As of December 31, 2025, the Company has prepaid expenses of \$7,494, representing advance payments for conferences and advertising. These amounts will be recognized as expense over the periods to which the underlying services relate.

(5) Subsequent Events

Management has reviewed and evaluated subsequent events through June 24, 2026, the date on which the financial statements were issued.

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS



Manual Section	Number of Pages
Preface & Introduction	35
Establishing My Franchise Business	37
Personnel	48
Administrative Procedures	25
Daily Procedures	36
Selling & Marketing	22
Total Number of Pages	203

EXHIBIT E

FRANCHISED OUTLETS

As of December 31, 2025

NONE

FRANCHISEES WITH SIGNED AGREEMENTS
OUTLETS NOT YET OPEN

As of December 31, 2025

NONE

FORMER FRANCHISEES

As of December 31, 2025

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

NONE

EXHIBIT F
FORM OF RELEASE

GENERAL RELEASE

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

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

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

Release given this day of _____ by:

FRANCHISEE (Entity):

By: _____

(Print Name, Title)

FRANCHISEE (Principal):

(Print Name)

FRANCHISEE (Principal):

(Print Name)

EXHIBIT G
STATE ADDENDA

EXHIBIT H

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify the Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

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

Franchisee hereby acknowledges the following:

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

Initial

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

Initial

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

Initial

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

Perfect Filter 2026 FDD A

as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

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

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

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

Initial

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

Initial

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

Initial

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

Initial

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

Initial

Perfect Filter 2026 FDD A

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE PERFECT FILTER, LLC, AND ANY OF ITS PARENT COMPANIES, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND SHAREHOLDERS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE IS SPECIFICALLY INAPPLICABLE TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

Initial

FRANCHISEE (Entity):

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE (Principal):

Name: _____

Date: _____

FRANCHISEE (Principal):

Name: _____

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
N/A	N/A

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 I

RECEIPTS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Perfect Filter, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Perfect Filter, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Doug Dutton
4015 Avenida De La Plata
Suite 401
Oceanside, California, 92056
760-456-7887

Issuance Date: July 1, 2026

I received a Disclosure Document dated July 1, 2026, that included the following Exhibits:

EXHIBIT A: State Franchise Administrators and Agents for Service of Process
EXHIBIT B: Franchise Agreement
EXHIBIT C: Financial Statements
EXHIBIT D: Operations Manual Table of Contents
EXHIBIT E: Franchised Outlets
EXHIBIT F: Form of Release
EXHIBIT G: State Addenda
EXHIBIT H: Acknowledgment Statement
EXHIBIT I: Receipts

Date Received: _____
(If other than date signed)

DATE: _____

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

KEEP FOR YOUR RECORDS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Perfect Filter, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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Doug Dutton 4015 Avenida De La Plata Suite 401 Oceanside, California, 92056 760-456-7887
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EXHIBIT H: Acknowledgment Statement
EXHIBIT I: Receipts

Date Received: _____
(If other than date signed)

DATE: _____

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

Please return signed receipt to:
Perfect Filter, LLC
4015 Avenida De La Plata, Suite 401
Oceanside, California, 92056