



FRANCHISE DISCLOSURE DOCUMENT

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PESTMASTER FRANCHISE NETWORK, LLC

A Delaware limited liability company
9716 South Virginia Street, Suite E
Reno, Nevada 89511
(800) 525-8866
pfn@pestmaster.com
<http://www.pestmaster.com>

As a PESTMASTER® franchisee you will operate a business that provides structural and agricultural pest control, termite control, weed control and maintenance services we authorize to residential, commercial and government customers.

The total investment necessary to begin operation of a PESTMASTER® franchised business ranges from \$84,600 to \$188,800. This includes between \$42,500 and \$43,000 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Leslie Neff, Pestmaster Franchise Network, LLC, at 9716 South Virginia Street, Suite E, Reno, Nevada 89511, Telephone: 800-525-8866, pfn@pestmaster.com.

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 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 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: March 31, 2023, as amended August 2, 2023

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and conversion agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Nevada. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Nevada than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Financial Condition.** The Franchisor's Guarantor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, according to the Michigan Department of Attorney General, Consumer Protection Division (the “Division”), the provisions are void and cannot be enforced against you:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided by the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee’s inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor’s intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This subsection does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market value or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c) above.
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the Attorney General of Michigan does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48909
(517) 373-7117

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ITEM 1
THE FRANCHISOR, PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, “Pestmaster”, “us”, “we” “our” and “Franchisor” means PESTMASTER FRANCHISE NETWORK, LLC. “You” or “your” or “Franchisee” means the individual, corporation, company partnership, or other legal entity that buys a PESTMASTER franchise.

Franchisor

We are a Delaware limited liability company formed on August 28, 2020. We began franchising in September 2020. Our principal business address is 9716 South Virginia Street, Suite E, Reno, Nevada 89511. We conduct business under the name PESTMASTER FRANCHISE NETWORK, LLC, and trade name PESTMASTER®, and trademark and service mark “PESTMASTER®, plus the design”, associated logos and commercial symbols, and such other trade names, trademarks and service marks as are now designated (and may be designated in writing by us) (collectively, the “Marks”). As of December 31, 2022, we had 51 franchises. We have not offered franchises in other lines of business nor have we operated business of the type being franchised.

Parents, Predecessor, and Affiliates

On September 24, 2020 we were acquired by HS Group Holding Company, LLC (“HSGH”). Effective August 27, 2021, Threshold Brands, LLC (“Threshold Brands”), acquired all of our membership interests from HSGH. Threshold Brands maintains its principal place of business at 77 North Washington Street, Boston, MA, 02114. Threshold Brands is a wholly owned subsidiary of HSGH. HSGH maintains its principal place of business at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111.

Our predecessor is Pestmaster Franchise Network, Inc. (“PFNI”). PFNI offered franchises for a PESTMASTER® business or similar business from June 1991 until we acquired PFNI’s assets on September 24, 2020. PFNI’s principal business address is 9716 South Virginia Street, Suite E, Reno, Nevada 89511.

Our affiliate, Pestmaster Services, Inc. was formed in May 1981, and was converted into Pestmaster Services, LP (“PSLP”) on September 8, 2020. PSLP’s principal business address is 9716 South Virginia Street, Suite E, Reno, NV 89511. PSLP operates two locations providing structural and agricultural pest control, termite control, weed control and maintenance services to residential and commercial customers similar to those offered by our franchisees.

Our affiliate, Kaigan LLC (“Kaigan”) has operated several Pestmaster businesses since December 2010. Its principal business address is 9716 South Virginia Street, Suite E, Reno, NV 89511. Kaigan operates several locations in Nevada, Arizona and Virginia, providing structural and agricultural pest control, termite control, weed control and maintenance services to residential and commercial customers similar to those offered by our franchisees. Kaigan operates under the name “Pestmaster Services”.

Our affiliate MaidPro Franchise, LLC (“MaidPro”) is a franchisor of businesses providing residential and commercial cleaning and other related services to residential and commercial customers. Its principal business address is 77 North Washington Street, Boston, MA 02114. MaidPro has been offering residential and commercial cleaning service franchises since February 1997. As of December 31, 2022 it had 241 franchised locations in the United States and 16 franchised locations in Canada.

Our affiliate FlyFoe, LLC d/b/a Patio Patrol (“Patio Patrol”), is a franchisor of businesses providing residential and commercial mosquito, wasp, fly, tick control and other general pest control services under

the Patio Patrol name and marks. Patio Patrol's principal business address is 77 North Washington Street, Boston, Massachusetts 02114. Patio Patrol began offering franchises in February, 2018 under the "FlyFoe" name and continued until July 15, 2022 when it began offering franchises under the name "Patio Patrol" and increased its service offering. As of December 31, 2022, there were 7 Patio Patrol franchises in operation.

Our affiliate Men In Kilts US, LLC ("MIK"), is a franchisor of businesses providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services to residential and commercial customers. MIK's principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK began offering franchises in March 2019 and as of December 31, 2022 had 18 franchises.

Our affiliate Men In Kilts Canada, Inc. ("MIK Canada"), is the franchisor of the Men In Kilts brand in Canada. Its principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK Canada through its predecessor has been offering Men In Kilts franchises since 2011 and as of December 31, 2022 had 21 Men In Kilts franchises in Canada.

Our affiliate USA Insulation Franchise, LLC ("USA Insulation") is a franchisor of businesses providing residential insulation services. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. USA Insulation has been offering franchises since March 2006 and as of December 31, 2022 had 98 franchises.

Our affiliate PHP Franchise, LLC ("PHP") is the franchisor of the Plumbing Paramedics and Heating & Air Paramedics franchises. Its principal place of business is 9750 E. 150th Street, Noblesville, IN 46060. PHP has been offering Plumbing Paramedics and Heating + Air Paramedics since November 2020. As of December 31, 2022, Plumbing Paramedics had 1 franchise and Heating + Air Paramedics had 3 franchises.

Our affiliate Sir Grout Franchising, LLC ("Sir Grout") is a franchisor of businesses providing grout and tile cleaning, sealing, caulking and restoration services as well as other services. Its principal business address is 77 North Washington Street, Boston, Massachusetts 02114. Sir Grout has been offering franchises since August 2007 and as of December 31, 2022 had 52 franchises.

Our affiliate Granite Garage Floors Franchising, LLC is a franchisor of businesses that market, sell and install residential garage floor coating systems. Its principal business address is 110 Mansell Circle, Suite 375, Roswell, Georgia 30075. It has been offering franchises since June 2013 and as of December 31, 2022 had 14 franchises.

Our affiliate Mold Medics Franchising LLC is a franchisor of businesses providing mold remediation, air duct cleaning, radon testing and mitigation services, and other services and products. Its principal business address is 811 Washington Avenue, Carnegie, Pennsylvania 15106. It has been offering franchises since December 2020 and as of December 31, 2022 had 1 franchise.

None of our affiliates will provide products or services to our franchisees. Neither our parent, nor affiliates, except as disclosed above, have offered franchises in this or any other line of business.

Agents for Service of Process

Our agents for service of process are disclosed in Exhibit D of this Disclosure Document.

The Franchised Business We Offer

You will operate a PESTMASTER® business that provides structural and agricultural pest control, termite control, weed control and maintenance services and other related products and services we may authorize to residential, commercial and governmental customers utilizing the PESTMASTER System (“System”) under the mark “PESTMASTER®” and associated logos and Marks (“Marks”). We refer to this business in this disclosure document as a “Franchised Business”. You will operate your Franchised Business under the terms of the Franchise Agreement you sign with us (the “Franchise Agreement”). You will operate your Franchised Business within a designated geographic area (“Territory”) described in the Franchise Agreement.

We also offer to qualified individuals and entities that have offered general pest control and services similar or identical to the Franchised Business for at least 1 year, and that have generated more than \$75,000 in sales in that business during the six-month period before signing a Franchise Agreement, the opportunity to become a franchisee as a “conversion franchisee”. A conversion franchisee will sign the Franchise Agreement (see Exhibit B) and will also sign the Conversion Franchise Addendum to the Franchise Agreement. (see Exhibit H)

The market for your goods and services is anyone in need of pest or weed control services. Your customers may be residential or commercial in nature or may be a governmental entity. You will compete with other pest control and maintenance services companies. We believe the market for pest control and maintenance services is mature. Although you will offer your services on a year-round basis, we have found that sales are seasonal in the northern or midwestern part of the United States.

Applicable Regulations

Each state has specific licensing requirements that must be met in the areas of general pest (structural), termite control and agricultural related pest control services. You must obtain, at your expense, a Pest Control Operator’s License, or its equivalent, from all applicable state, county and municipal authorities before you start operation of the Franchised Business or retain the services of a qualified operator with the required credentials. You must also comply with applicable environmental regulations in connection with the use, storage and disposal of certain chemicals and pesticides you will use in your Franchised Business.

ITEM 2 **BUSINESS EXPERIENCE**

Chairman of the Board of Managers – Tom Silk

Mr. Silk joined us as the Chairman of our Board of Managers in September 2022. Mr. Silk is the Chairman of the Board of Managers for our parent company Threshold Brands, LLC and its parent company, HS Group Holding Company, LLC. Mr. Silk is also the Chairman of the Board of Managers for all of our affiliate companies listed in Item 1. From September 2019 to August 2022 Mr. Silk was the CEO of Corporate Rewards d/b/a WorkStride in New York, NY. From January 2013 to September 2019 Mr. Silk served as WorkStride’s Chief Customer Officer.

Vice President and Manager – Caroline Peck

Since December 2020, Ms. Peck has served as our Vice President and Manager. Since August 2021, Ms. Peck has been the Vice President and a Manager of our parent, Threshold Brands, LLC, and since August 2020 Ms. Peck has been the Vice President and a Manager of Threshold Brands’ parent, HS Group Holding Company, LLC. Ms. Peck is also a Vice President and Manager for all of our affiliate companies listed in Item 1. Since January 2023 Ms. Peck has been an Assistant Vice President with The Riverside Company

in Santa Monica, CA. From July 2021 to December 2022 Ms. Peck was a Senior Associate with The Riverside Company in Santa Monica, CA. From July 2019 to June 2021 Ms. Peck was an Associate with The Riverside Company in Santa Monica, CA. From June 2017 to June 2019 Ms. Peck was an Analyst with The Riverside Company in Santa Monica, CA.

Vice President, Secretary and Manager – Stephen Rice

Mr. Rice has been our Vice President and Secretary and a member of our Board of Managers since September 2020. Since August 2021 Mr. Rice has been the Vice President, Secretary and a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Rice has been the Vice President, Secretary and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Rice is also the Vice President, Secretary and a Manager of all of our affiliate companies disclosed in Item 1. Since October 2010, Mr. Rice has been a Principal of The Riverside Company, located in Cleveland, Ohio.

Manager – Ryan Farris

Mr. Farris joined us as a member of our Board of Managers in November 2021. Mr. Farris is also a Manager of our parent, Threshold Brands, LLC, and its parent, HS Group Holding Company, LLC and all of our affiliate companies disclosed in Item 1. Mr. Farris has been with AlphaGraphics since September 2015 and has been the President and COO of AlphaGraphics since October 2017 and, since August 2020, he has also served as the President and COO of PostNet International Franchise Corp., both located in Lakewood, Colorado.

Manager – Steven Siegel

Mr. Siegel has been a member of our Board of Managers since September 2020. Since August 2021 Mr. Siegel has served as a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Siegel has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Siegel is also a Manager of all of our affiliate companies disclosed in Item 1. Since January 2005, Mr. Siegel has served as a Managing Partner at Brookside Consulting located in Thornton, New Hampshire.

Manager – Mark Kushinsky

Since September 2020, Mark Kushinsky has been a member of our Board of Managers and was our CEO from September 2020 to April 2021. Since August 2021 Mr. Kushinsky has served as a Manager of our parent, Threshold Brands, LLC and since August 2020 Mr. Kushinsky has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Kushinsky is also a Manager of all of our affiliate companies disclosed in Item 1. From April 2008 to July 2020, Mr. Kushinsky was Chief Executive Officer of MaidPro Franchise Corporation, located in Boston, MA.

Chief Executive Officer and Manager – Theodore Demarino

Since June 2023, Mr. Demarino has been our Chief Executive Officer ("CEO") and a member of our Board of Managers. Mr. Demarino is also the CEO and a Manager of our parent, Threshold Brands, LLC and of its parent, HS Group Holding Company, LLC. He also serves as the CEO and a Manager of our affiliates listed in Item 1. From October 2019 to May 2023, Mr. Demarino was the President of Liberty Tax in Hurst, TX. Before that, Mr. Demarino served as Operating Partner of Vintage Capital Management in Frisco, TX from September 2016 to October 2019.

Chief Financial Officer – Scott A. Fink

Since June 2023, Mr. Fink has been our Chief Financial Officer (“CFO”). Mr. Fink is also the CFO of our parent, Threshold Brands, LLC and its parent, HS Group Holding Company, LLC. He also serves as the CFO of our affiliates listed in Item 1. From October 2020 to June 2023, Mr. Fink was the CFO of The Bazaar, Inc. in River Grove, IL. Before that, Mr. Fink Served as SFO of Akash Chemicals, Inc. in Glendale Heights, IL from April 2017 to October 2020.

Chief Legal Officer – Robert G. Huelin

Mr. Huelin has served as our Chief Legal Officer (“CLO”) since May 2021. Since August 2021 Mr. Huelin has served as the CLO of our parent, Threshold Brands, LLC. Since May 2021 Mr. Huelin has served as the CLO of all of our affiliate companies listed in Item 1. From December 2014 to May 2021 Mr. Huelin was the Vice President, Legal and Compliance for Wireless Zone, LLC and its predecessor in Rocky Hill, CT.

Vice President, Human Resources – Somerset Buchanan

Since November 2022, Ms. Buchanan has been our Vice President of Human Resources, and the Vice President, Human Resources for our parent, Threshold Brands, LLC and each of our affiliate companies listed in Item 1. From March 2022 until November 2022, Ms. Buchanan was our Senior Director of Central Coaching. From December 2020 until March 2022, Ms. Buchanan was our Director of Central Coaching. Ms. Buchanan was Director of Field and New Franchisee Learning for Dunkin Brands in Canton, MA from February 2019 to June 2020. Ms. Buchanan was previously the Senior Learning Manager of New Franchisee Learning for Dunkin Brands from January 2017 to February 2019.

Senior Director of Franchise Development – Ron Bender

Since December 2022 Mr. Bender has been our Senior Director of Franchise Development. Since August 2021 Mr. Bender has been the Senior Director of Franchise Development for our parent, Threshold Brands, LLC. From February 2019 until August 2021 Mr. Bender was the Vice President of Franchising for EnviroLogik in Bradenton, FL. From January 2015 to January 2019 Mr. Bender was the Vice President of Franchise Development for Big Frog Custom T-Shirts in Dunedin, FL.

President, Growth Brands – Kieran Scott

Since January 2023 Mr. Scott has been our President, Growth Brands. Also since January 2023, Mr. Scott has been the President, Growth Brands for our affiliate, Sir Grout Franchising, LLC. From January 2022 to December 2022 Mr. Scott served as our President, and the President of our affiliate FlyFoe, LLC. From January 2021 to December 2021 Mr. Scott was the Vice President, Operations for Scenthound Franchising, LLC in Jupiter, FL. From April 2019 to December 2021, Mr. Scott was the Director, Operations for Scenthound Franchising. Mr. Scott was a Franchise Business Coach for Mosquito Joe Franchising, LLC in Virginia Beach, VA from September 2015 to January 2018 and a Senior Franchise Business Coach for Mosquito Joe from January 2018 to April 2019.

Training Manager – Robert Ostrop

Since January 2022 Mr. Ostrop has served as our Training Manager. Since February 2020, Mr. Ostrop has been the Operations Manager for our affiliate Kaigan, LLC in Reno, NV. From April 2019 to February 2020, Mr. Ostrop was the Director of Operations for Eastern Arizona Exterminating in Mesa, AZ. From July 2017 to April 2019, Mr. Ostrop was the Service Manager for HomeTeam Pest Defense in Tempe, AZ.

Franchise Development Manager – Leslie Neff

Mr. Neff joined us as our Franchise Development Manager in December 2022. Before joining us, Mr. Neff was the owner and operator of S&N Home Solutions, LLC, a restoration company located in Versailles, KY, from July 2014 to November 2022.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

When you sign the Franchise Agreement, you must pay to us an initial franchise fee of \$42,500 (“Initial Franchise Fee”). The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement. We may offer to prospects who meet our qualifications, including creditworthiness financing of up to the full amount of the Initial Franchise Fee. See Item 10 for additional information.

We may offer you the option of waiving the Initial Franchise Fee in exchange for an increase to the Continuing Royalty Fee rate by an additional 2.5% of Gross Sales (example, a 7% royalty will increase to 9.5% for the initial 5 year term and the first renewal term, if renewed). See Exhibit 5 to Franchise Agreement.

If you are a current member of the United States Armed Forces or you received an honorable discharge from the United States Armed Forces you may be eligible for a 20% reduction of the Initial Franchise Fee on your first Franchised Business. We also offer a “First Responders” discount. If you are a police officer, firefighter, or paramedic/emergency medical technician (EMT) you may be eligible for a 20% reduction of the Initial Franchise Fee on your first Franchised Business.

We currently offer a multi-unit discount. If you purchase 3 or more PESTMASTER franchises, you may be eligible to receive a 25% reduction of the Initial Franchise Fee off the second and any additional franchises you purchase at the time you purchase the initial PESTMASTER franchise.

We may offer a discount of up to 10% off the Initial Franchise Fee to prospects who will be operating their franchise in a hard-to-serve or underserved market, whether geographic or demographic.

If you are a conversion franchise, you will sign the Franchise Agreement and the Conversion Franchise Addendum and we will discount the Initial Franchise Fee by 50%.

Any waiver of, or reduction in, the Initial Franchise Fee will be granted in our sole discretion. We evaluate each situation on an individual basis. We reserve the right to change, modify or discontinue any of these discount/waiver programs at any time.

In 2022, the Initial Franchise Fee we charged ranged from \$0 to \$42,500.

Referral Fee

We pay a referral fee (“Referral Fee”) to any current franchisee for each candidate referred to us who meets our qualifications and signs a Franchise Agreement. Currently, the Referral Fee is \$10,000 for each successful referral of a candidate who is not a current PESTMASTER franchisee or a franchisee of any of our affiliate brands.

Initial Training Fee

Our Initial Training Program is free for two attendees, one of whom must be the owner of the Franchisee and the other of whom must be either an additional owner or a designated manager or supervisor. If you bring more than these two persons to the Initial Training Program, there is a \$500 per attendee fee for additional attendee.

All amounts in this Item 5 are deemed fully earned and non-refundable when due. You pay us, or our affiliates, no other fees or payments for services or goods before your Franchised Business opens.

ITEM 6

OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Continuing Royalty Fees	7% of your monthly Gross Sales: -or- the Minimum Monthly Royalty, whichever is greater.	Payable by electronic funds transfer (“EFT”) no later than the 15th day of each month for the Gross Sales from the immediately preceding month	You will pay a Minimum Monthly Royalty based on months in business. See Note 1 & Note 2.
Brand Fund Fee	2% of monthly Gross Sales.	Payable at the same time and in the same manner as the Continuing Royalty Fees	
Technology Fee	\$500 per month.	Payable at the same time and in the same manner as the Continuing Royalty Fees	This fee may be increased upon 30 days written notice to you.
Renewal Fee	20% of the then-current initial franchise fee.	Upon renewal	
Additional Initial Training	\$500 per attendee.	Before the training	See Note 3.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Vehicle Wrap Fee	\$250 per month until the vehicle wrap is properly completed.	On demand	Only payable if you fail to wrap your vehicle(s) within 120 days after you sign the Franchise Agreement.
Late Submission Fees	\$100 per violation, plus the lesser of 12% interest per year, or the maximum rate allowed by law from date due until paid.	On demand	Payable for any payment (including late fee), request for information, forms, data, or item/information not received when due. See Note 4.
Audit Costs	Underpayment amount and lesser of 12% interest per year or maximum rate allowed by law. Cost of audit if you understate Gross Sales by 2% or more.	On demand	See Note 5.
Management Fee	Cost of our representatives to operate your Franchised Business.	On demand	Only due if you are in default under the Franchise Agreement and you don't cure or can't cure, you take actions that jeopardize the integrity of our System, you are absent, incapacitated or .die, and we step in to operate your business.
Customer Complaints	Amount we incur to remedy customer complaint.	On demand	Applies if we intervene on your behalf. See Note 6.
Transfer Fee	\$5,000.	After our approval of transferee and before transfer	
Indemnification	Will vary under the circumstances.	On demand	You must indemnify us and our designees from and against all loss, costs, expenses, damages and liabilities connected with the Franchised Business.
Cost of Enforcement or Defense	All costs, including attorneys' fees. Will vary under the circumstances.	Upon demand	You must reimburse us for all costs in enforcing your obligations or defending any claim concerning the Franchise Agreement.
Regional Advertising	Cost of advertising divided among franchisees in the region.	Upon demand	If 50% of the franchisees within a region agree to take part in specific advertisements or events all the franchisees in the region must pay their proportionate share of the advertising cost,

Type of Fee (Note 1)	Amount	Due Date	Remarks
			not to exceed 2% of monthly Gross Sales.
Advance Payments	The amount of the payment we make on your behalf.	Upon demand	You must reimburse us for any advanced payments we make for you.
Insurance	The amounts we pay for insurance on your behalf.	Upon demand	You must reimburse us for insurance procured on your behalf.
Collection Fees	Amounts we incur to collect amounts you owe us.	Upon demand	You must reimburse us for our costs related to collection activities following termination or expiration of the franchise agreement.
Convention Fee	\$100 per month.	Payable at same time and in the same manner as Continuing Royalty Fees	See Note 2 and Note 7.
Relocation Fee	Amount equal to our costs for services in evaluating proposed location for relocation of Franchised Business.	Upon demand	Only if you propose to relocate your Franchised Business.
Guarantee Remediation Fee	Amounts we incur to satisfy guarantee of products or services.	Upon demand	Only payable if you fail to satisfy a guarantee of products or services and we have another franchisee perform the remedial work or services.
Produce/Service/Supplier Approval Costs	Amounts we incur to review alternate products, services and suppliers upon request by you.	Upon demand	Payable if you request us to approve an alternate product, service or supplier, regardless of whether we approve or reject the request.
Advanced Marketing Services	SEO service is \$245 per month. Google Ads/PPC management fee is 20% of actual costs incurred, plus costs we incur.	As invoiced	Only payable if you choose to obtain search engine optimization and pay-per-click marketing services from us.

NOTES:

Note 1: You must pay all fees, payments, and charges described in Item 6 to us, through EFT. All fees are uniformly imposed by us. No fees are refundable. We do not collect or impose fees on behalf of any third party.

You must pay us a monthly Continuing Royalty Fee, which is a percentage of your Gross Sales or a Minimum Monthly Royalty, whichever is greater. Under certain circumstances, the Minimum Monthly Royalty may be greater than the royalty based on the percentage of your Gross Sales. The Minimum Monthly Royalty is discussed below.

“Gross Sales” means the total of all income from the sale of all pest control, termite control, weed control services and related services and activities and chemicals, products and merchandise to your customers whether or not sold or performed at or from the Franchised Business, less sales, use or service taxes collected and paid to the appropriate taxing authority, and customer refunds and adjustments. All barter and/or exchange transactions will for the purpose of determining Gross Sales, be valued at the full value of the goods and/or services provided to the Franchised Business. Gross Sales shall also include all insurance proceeds received by you for loss of business due to a casualty to or similar event affecting the operation of the Franchised Business.

Beginning in the fourth month after the Effective Date of the Franchise Agreement, and continuing through month 35, you must pay a Minimum Monthly Royalty of \$300 per month. For months 36 through the remainder of the term of your Franchise Agreement, the Minimum Monthly Royalty is \$600.

If you are a conversion franchisee, for the first 3 years of the Franchise Agreement only, you will have a discounted monthly Continuing Royalty Fee rate of 3% of the prior month's Gross Sales or a Minimum Monthly Royalty of \$150 per month, whichever is greater.

If you have accepted our offer to waive the Initial Franchise Fee under our Franchise Option Amendment your Continuing Royalty Fee rate will be 9.5% of Gross Sales for the initial 5 year term and the first renewal term, if renewed.

Note 2: On or before the 10th day of each month, you must submit to us a correct, signed statement of your Gross Sales for the preceding month just ended. Your monthly Continuing Royalty Fee payment will be deducted by EFT on the 15th day of each month, or other day of the month we designate periodically. In addition to interest on unpaid balances, a \$100 Late Submission Fee as disclosed in the chart above will be charged for amounts, sales summaries or other reports not received by the due date or received incomplete. Your books and records must be available to us for inspection.

Note 3: If, after completing the Initial Training Program, you desire to have additional owners or managers/supervisors attend the program, we charge a \$500 fee for each such attendee, and the opportunity to attend shall be limited based on available space in the program at our sole discretion. You must pay for all of your expenses, including travel costs, room and board and salaries, incurred in attending the Initial Training Program.

We may offer, and we may require you to attend, additional training programs throughout the term of your Franchise Agreement. We reserve the right to charge a fee for attendance at such additional training programs. Our current fee is \$500 per attendee. If you fail to attend a required training program, we reserve the right to charge an additional fee. You must pay all applicable fees for attending additional training, and you are also responsible for all of your expenses, including travel costs, room and board and salaries, incurred in attending the Initial Training Program.

All fees charged by us for any training programs are non-refundable.

Note 4: We may assess a Late Submission Fee of \$100 per violation and also impose interest on the unpaid balance of 12% per year (not to exceed the maximum rate legally permitted).

Note 5: If an inspection or audit of your books and records reveals that any payments due to us have been understated in any report, then you will immediately pay us, upon our demand, the understated amount plus interest from the date the amount was due until paid. If an inspection or audit discloses an understatement of 2% or more, then you will also reimburse us or our designee for all costs and expenses, including accounting and attorneys' fees, connected with the inspection or audit.

Note 6: If we feel that you did not fairly handle a customer complaint, we may intervene and satisfy the customer. You must reimburse us for all costs we incur to satisfy the customer.

Note 7: We may conduct conventions or host meetings of some or all of our franchisees. ("Conventions"). You may be required to attend one or more of our Conventions, and to pay all of your expenses incurred in connection with attending the Conventions, including registration, transportation, meals, lodging and living expenses. We determine the duration, curriculum and location of the Conventions. We charge a \$100 per month Convention Fee that is paid to us via EFT as part of your standard monthly billing. This fee is collected even if you do not attend any Convention(s).

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee	\$42,500 (see Note 1)	Lump sum	Upon signing of Franchise Agreement	Us
Real Estate and Utilities	\$0 to \$6,000 (see Note 2)	As Incurred	Before Opening	Landlord; Utilities
Vehicle, Wrap	\$2,000 to \$45,000 (see Note 3)	As Incurred	As Incurred	Supplier, Vendors
Uniforms	\$100 to \$300 (see Note 4)	As Incurred	Upon purchase	Supplier, Vendors
Equipment	\$4,000 to \$10,000 (see Note 5)	As Incurred	As Incurred	Suppliers, Vendors
Insurance	\$500 to \$3,000 (see Note 6)	As Incurred	As Incurred	Vendor
Training	\$1,500 to \$4,000 (see Note 7)	As Incurred	As Incurred	Vendors
Signage	\$0 to \$5,000 (see Note 8)	As Incurred	As Incurred	Suppliers, Vendors
Licensing	\$1,000 to \$18,000 (see Note 9)	As Incurred	Before Opening	Suppliers, Employees, Government Agencies
Computers, Software, Office Equipment & Supplies	\$4,000 to \$6,000 (see Note 10)	As Incurred	As Incurred	Suppliers, Vendors
Advertising	\$9,000 (see Note 11)	As Incurred	As Incurred	Suppliers

Additional Funds	\$20,000 to \$40,000 (see Note 12)	As Incurred	As Incurred	Us, Suppliers, Vendors
TOTAL	\$84,600 to \$188,800 (See Note 13)			

NOTES:

Note 1: The Initial Franchise Fee is \$42,500. You will receive a Territory in which to operate your Franchised Business with a population of approximately 250,000 people. For discounts and waivers of this Initial Franchise Fee see Item 5. We may offer to finance up to 75% of the Initial Franchise Fee. See Items 5 and 10 for more information.

Note 2: Although we recommend you have an office location for your Franchised Business, we may agree to permit you to operate from your home, if zoning and other applicable regulations permit. It is not expected that you will purchase real estate to operate the Franchised Business. You must locate your office within your Territory. We both must agree upon a suitable location, and we must provide our consent to your proposed location. We anticipate that in most parts of the country, you will pay monthly rent of approximately \$4 per square foot. Most landlords provide some, and under certain circumstances all, of the leasehold improvements as consideration for the lease. Most leases will carry additional common area maintenance, insurance and tax expenses. You will generally be required to make a rent deposit (equal to 1 to 2 months of your base rent) and utility deposits. Landlord and utility companies may require that you place a deposit before you occupy business premises and before installing telephone, gas, electricity and related utility services. These deposits may be refundable in accordance with the agreements made with the landlord and utility companies. A conversion franchisee will have previously paid these expenses. The low estimate assumes you operate from your home. The high estimate is for a security deposit and the first 3 months of rent.

Note 3: You must, at all times, have available for use in the operation of the Franchised Business at least 1 vehicle. We recommend six models of vehicle: (a) GMC Sierra 1500 Extended Cab Standard 6ft (equal to the Chevy Silverado 1500), (b) Nissan Frontier Crew Cab Extended Cab Standard 6ft, (c) Toyota Tacoma SR Extended Cab Standard 6ft, (d) Nissan NV200 Compact Cargo, (e) Ford Transit Van, or (f) Ford 150 Supercab. You may purchase or lease a vehicle, and it may be new or used. The cost of the vehicle will vary based upon the type of vehicle, the age of the vehicle and the available lease or finance terms. Your vehicle must come equipped with a storage box. If you purchase a vehicle, it must be equipped with a camper or topper for storage. The low estimate assumes you already have a vehicle meeting our specifications and only need to have it wrapped with our graphics. The high estimate assumes you purchase one of the vehicles described above and have it wrapped to meet our specifications. No estimate for the vehicle lease or purchase is included for conversion franchises as we assume you will already have a vehicle meeting our specifications. Your vehicle must be outfitted and wrapped with the PESTMASTER® graphic to our specifications within 90 days after you sign your Franchise Agreement, or you must pay a monthly fee of \$250, until the vehicle has been wrapped to meet our specifications.

Note 4: The uniforms suggested for the operation of a Franchised Business are listed in the Manual. You may purchase or rent approved uniforms from our approved supplier. The low estimate assumes you are the only employee in the Franchised Business. The high estimate assumes there are 2 other employees including you.

Note 5: We will provide you with a list of equipment that is either required or recommended for purchase before opening your Franchised Business. Included in this equipment are ladders, sprayers, chemicals, protective gear, tools and miscellaneous supplies. The cost of the equipment will depend on what you

purchase, how much you purchase, where and whom you purchase from, and the market prices for products at the time of purchase. No estimate is included for conversion franchisees, as we anticipate that a conversion franchisee will already have the required equipment.

Note 6: You must maintain insurance coverage that meets our specifications. The costs will vary depending on factors such as the size, location and contents of the Franchised Business, and other factors. The listed cost is an estimate of your monthly premium for the first 3 months of operation.

Note 7: There is no charge for up to two attendees at our Initial Training Program. There is a \$500 fee for additional attendees. You are responsible for all costs of attendance. This is an estimate of your expenses for travel/transportation, lodging/hotel and food/meals while attending the on-site portion of the Initial Training Program. The low estimate assumes one person attends the Initial Training Program and the high estimate assumes three attendees and you pay one additional attendee fee.

Note 8: If you do not operate your Franchised Business as a home-based business, you must install signage we approve at your business premises. The cost of signage varies based upon the supplier of the signage, location of the business, local laws and ordinances, and other factors. The low estimate assumes you operate from your home and do not incur a signage cost.

Note 9: You must acquire your own license to apply pesticides, or you must have an employee or manager who is properly licensed under whom you can serve as an apprentice. You may need to pay for classes, tests or other instruction as part of applying for and receiving a license necessary to operate the Franchised Business. You may also need to hire a licensed tradesman to manage or perform work for your business or under whom you may apprentice while you pursue the necessary licensing. You may need to retain a broker or recruiter to assist you in finding a licensed tradesman to hire. The costs of licensing and use of a broker or recruiter are included in the higher estimated amount.

Note 10: You must purchase an assortment of office equipment and supplies, including stationery, business cards, customer information forms, and related items. You must purchase approved accounting and bookkeeping software. You must license our required pest-control management software. You may obtain these supplies from any available source. The estimates above include the current set-up fee of \$560 and prepayment of a twelve-month contract with a cost of \$1,200 per year.

Note 11: During the term of your Franchise Agreement you must spend at least \$3,000 per month in local advertising to promote your Franchised Business

Note 12: The estimates are for operating expenses you should expect to incur for 3 months, and contemplates expenses such as salaries, rent, utilities, lease costs, equipment, suppliers and miscellaneous expenses. This estimate is based on the past experience of our affiliates.

Note 13: Except for the Initial Franchise Fee, we do not offer financing to you for any items. None of your expenses are refundable. You should review these estimates with an advisor before you make any decision to purchase a franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase fixtures, furniture, vehicles, vehicle wraps, chemicals, application equipment, tools and equipment, marketing materials, signs, advertising, marketing services, computer software, apparel, lease or purchase real estate and lease or purchase other items or services necessary to operate the Franchised Business (“Approved Materials”) from us or from our approved suppliers, and/or according to our specifications. We may update our standards and specifications from time-to-time in our sole discretion

through our Manuals and our intranet. We will provide you with a list of required and recommended materials and information on approved suppliers during the pre-opening process. Neither we nor any of our affiliates are the sole approved suppliers of any products or services that you are required to purchase or lease. Neither we, nor any of our officers, has an interest in any approved or preferred suppliers.

If you would like to sell or use a product or service that differs from our Approved Materials, you must submit a request to us in writing. We may require you to provide product samples and pricing, quality, availability and other information so that we can make an informed decision as to whether the product or service meets our specifications. You must reimburse us for any costs we incur to review and approve the proposed alternate product or service. We may enter into a contract for the purchase of Approved Materials to secure favorable pricing or terms for the franchisees, or for our corporate locations. We may receive rebates or other benefits arising from the purchase of Approved Materials. We reserve the right to revoke our approval of a previously authorized product or service if we determine that it is not meeting the standards and specifications established by us. Any decision to approve or reject a requested alternate product or service is ours in our sole and exclusive discretion.

If you would like to use a supplier other than one of our approved or preferred suppliers or vendors, you must submit a request to us in writing. We may require you to provide information regarding the supplier's ability to timely deliver products in necessary quantities, the price and quality of products or services offered, and the supplier's location, among other information we require to make an informed decision as to whether to approve the supplier. You must reimburse us for any costs we incur to review and approve the proposed alternate supplier. We may enter into a contract with an approved supplier to secure favorable pricing or terms for the franchisees, or for our corporate locations. We may receive rebates or other benefits from our approved or preferred suppliers. However, currently no suppliers to our franchisees compensate us for purchases made by our franchisees. We reserve the right to revoke our approval of a previously authorized supplier if we determine that it is not meeting the standards and specifications established by us. Any decision to approve or reject a requested alternate supplier is ours in our sole and exclusive discretion.

We will approve or reject any request to purchase an alternate product or service, or to utilize an alternate supplier or vendor, within thirty (30) days after you provide us with all information we require to make our decision. Our application form for requesting approval for a product, service or supplier is published in the Manual.

We do not provide our standards and specifications for Approved Materials or approved or preferred suppliers to our franchisees. We may provide standards or specifications for specific Approved Materials to approved or preferred suppliers as necessary to ensure that such products, services or suppliers are able to meet our standards. If we provide standards or specifications we will do so in a writing provided directly to the approved or preferred supplier. If we do not have an approved or preferred supplier for any products or services required to operate the Franchised Business, then we may provide our standards and specifications to the franchisees by publishing the same in our Manual.

We reserve the right at any time to designate a third party, ourselves, or one of our affiliates, as the only designated or approved supplier, or one of several designated or approved suppliers, of any products, services or other items. If we or our affiliates sell any products or services to you, we can make a profit on those products or services. However, currently neither we nor any affiliate derive revenue or any other form of consideration as a result of franchisee required purchases.

Insurance Requirements

You must procure, at your expense, and maintain an insurance policy or policies protecting you, us and our officers, directors and employees against any liability or damage arising from the operation of your Franchised Business, as we may reasonably require. We must be named as an additional insured in each

policy or policies. You must furnish us with a Certificate of Insurance showing compliance with its insurance requirements before beginning the operation of the Franchised Business. The certificate must state that the policy or policies will not be cancelled or materially altered without at least 30 days written notice to us. The certificate must reflect proof of payment of premiums. We may modify the minimum insurance requirements and notify you of the changes in writing.

The following is a list of the current required types and minimum amounts of coverage:

- a. “All Risks” coverage insurance on the Franchised Business and all fixtures, equipment, supplies and other property used in the operation of the Franchised Business, for full repair, as well as replacement value of the equipment, improvements and betterments, not to exceed \$1,000.
- b. Workers’ compensation and employer’s liability insurance and all other legally required insurance, as may be required by statute or rule of the state or county in which the Franchised Business is located and operated.
- c. Comprehensive general liability insurance, participant liability and product liability insurance with limits of \$1,000,000 combined single limit including the following coverages: broad form contractual liability; personal and advertising injury (employee and contractual inclusion) deleted; products/completed operations; and fire damage liability.
- d. Automobile liability insurance with a combined single limit of at least \$500,000.
- e. Insurance required by the lease for the Franchised Business.

As of December 31, 2022, neither we nor our affiliates received any revenue from purchases of products or services made by franchisees, including any rebates, incentives or other funds from any approved or preferred suppliers.

The following table summarizes the approximate percentages of your purchases of equipment and supplies through sourcing restrictions, based on the nature of the restriction.

REQUIRED PURCHASES FROM US	REQUIRED PURCHASES FROM APPROVED SUPPLIERS	REQUIRED PURCHASES IN ACCORDANCE WITH OUR SPECIFICATIONS AND STANDARDS
Establishment – 0%	Establishment – 50%	Establishment - 90%
Operation - 0%	Operation – 80%	Operation – 90%

We do not have any purchasing or distribution cooperatives as of the date of this Disclosure Document. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers and distributors.

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 the disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition	Section IV.	Items 8 and 11 and 12
b. Pre-opening purchases/leases	Section VII, XIV and XVI	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections V, VI, VII, XIV and XVI	Items 7, 8, 11 and 12
d. Initial and ongoing training	Sections VI	Items 6 and 11
e. Opening	Sections IV, VI, V, XIV.A	Items 7 and 11
f. Fees	Sections VI.E, XII	Items 5 and 6
g. Compliance with Standards and Policies/Operating Manual	Sections VIII, XI.B, XII.G, XIII.C, XIV.A, D, H, R, W, Z and XVI.B	Items 8 and 11
h. Trademarks and Proprietary Information	Sections VII, IX and XVII.E	Items 13 and 14
i. Restrictions on Products/Services Offered	Section XIV.F, I	Item 8 and Item 16
j. Warranty and Client Service Requirements	Sections XIV.S	Items 6, 8 and 16
k. Territorial Development and Sales Quotas	Sections I, III and XIV.W	Items 11 and 12
l. Ongoing Product/Service Purchases	Section XIV.I	Item 8
m. Maintenance, Appearance and Remodeling Requirements	Sections V.B, D, XIV.C,D and XXI.B(vi)	Items 6 and 8
n. Insurance	Section XVI	Items 6 and 8
o. Advertising	Sections VII.F, IX.E, XI	Items 6 and 11
p. Indemnification	Sections XXV	Item 6
q. Owner's Participation/Management/Staffing	Sections XVII.B	Item 15
r. Records/Reports	Sections XIII and XX.M	Items 6 and 11
s. Inspections/Audits	Sections VII.E, XII.E, XIV.D, XV.C and XX.M	Items 6 and 11
t. Transfer	Sections XXI	Items 6 and 17
u. Renewal	Section II	Items 6 and 17
v. Post-termination Obligations	Sections XVII.C and XX	Items 6 and 17
w. Non-competition Covenants	Section XVII.C	Item 17
x. Dispute Resolution	Sections XXXII	Item 17
y. Conversion Franchisee's Obligations	Conversion Addendum, Sections 5 and 7	Item 1, 2, 5 and 11
z. Guaranty of franchisee obligations	Section XVIII and Ex. 2 to the Franchise Agreement	Item 15

Obligation	Section in Agreement	Disclosure Document Item
aa. Spousal Non-Disclosure and Non-Competition Agreement	Section XVIII	Item 15 and Exhibit I

ITEM 10

FINANCING

Except as disclosed below, we offer no financing arrangements to Pestmaster franchisees, and we do not receive payment or other consideration for the placing of financing. We do not guaranty any note, lease or obligation you enter into for your Franchised Business.

We may offer financing of up to the full amount of the Initial Franchise Fee as disclosed in Item 5 to prospects who meet our qualifications, including creditworthiness.

If you qualify and accept financing from us, you must sign the Promissory Note attached as Exhibit 6 to the Franchise Agreement. Your owners must guaranty the payment of all amounts you owe under the Promissory Note.

The Promissory Note will provide for payment by electronic funds transfer (EFT) in scheduled monthly installments of up to 24 months. We will charge interest at an annual rate of 12%. The Promissory Note may be prepaid at any time without penalty.

If you fail to make payment under the Promissory Note within 10 days after a payment date we may impose a late charge of 5% of the unpaid amount. If any payment is not made within 30 days after the due date we may impose an additional late charge of 5% of the unpaid amount plus a 5% late charge of the unpaid amount for each 30-day period that the amount remains unpaid. (Section 1)

Under the Promissory Note, you waive: (1) the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce your obligations under the Note (Section 6); (2) the right to demand, presentment for payment, notices of nonperformance or nonpayment, protest and notice of protest, notice of dishonor, diligence in bringing suit and notice of acceleration (Section 7); (3) questions of governing law, personal jurisdiction and convenience of forum and venue (Section 12 and 14); (4) trial by jury (Section 13); and (5) all claims that you may have against us and any persons and entities related to us, other than our obligations under the Franchise Agreement, accruing on or before the date of the Promissory Note (Section 16). If any of the events of default described in Section 5 of the Note occur, the entire unpaid principal and accrued interest, if any, of the Note will become immediately due and payable without further notice. Under Section 8 of the Note, you must pay all of our expenses and costs of collection, including attorneys' fees and expenses, court costs, costs of sale and costs of maintenance and repair we incur in connection with the enforcement of the Note, collection of amounts due and sale or other disposition of any collateral.

A default under the Franchise Agreement or any other agreement with us constitutes a default under the Promissory Note (Section 5). A default under the Promissory Note constitutes a default under the Franchise Agreement, which gives us the right, among other remedies, to terminate the Franchise Agreement.

We may sell, assign or discount the Promissory Note. If we do assign the Promissory Note we will not remain primarily obligated under the Note. You will also lose all of your defenses against us as they relate to the Promissory Note as a result of the sale or assignment (Section 17).

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

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

Pre-Opening Assistance

Before you open your Franchised Business, we will:

1. Approve a location for the Franchised Business office. You are responsible for selecting the site. The site must be located in your Territory and when deciding to approve or reject your location we will consider various factors such as population base and density, business potential, existing business practices and other condition which we deem important to the successful operation of your Franchised Business. (Franchise Agreement - Section IV.E.) We will approve or reject your proposed site within 30 days of submission. We may approve you to work from a private residence if applicable law permits. We do not negotiate your lease or purchase the site. You must select and get approval for a site no later than 120 days after signing the Franchise Agreement, unless we agree otherwise in writing. (Franchise Agreement - Section IV.A.) We do not own premises which we lease to you.
2. Approve your initial marketing and advertising materials. (Franchise Agreement - Section XI.B)
3. Establish your internet marketing presence and website. (Franchise Agreement - Section VII.F)
4. Provide the template for the PESTMASTER® Graphic to wrap your vehicle with the PESTMASTER® Graphic to our specifications. (Franchise Agreement - Section V.D)
5. Provide our Initial Training Program to you and one of your employees, who must be your manager if you employ a manager. (Franchise Agreement - Section VI.A.)
6. Provide you with our Manual, Approved Materials list, and information regarding our approved suppliers. (Franchise Agreement – Section XV). The table of contents of the Manual is attached to this Disclosure Document as Exhibit E. The total number of pages in the Manual is 113.

Post-Opening Assistance

During the operation of the Franchised Business:

1. We will review for approval or disapproval your advertising and marketing materials for your Franchised Business. (Franchise Agreement - Section XI.B)
2. We will maintain and update the Manual, the Approved Materials list and the information regarding our approved suppliers. (Franchise Agreement - Section VIII and XIV.I.)
3. We may modify the System, including the adoption and use of new or modified marks or copyrighted materials, new products, new equipment or new techniques. (Franchise Agreement - Section X.)
4. We may offer training or host conventions where topics may include sales practices, business management practices, System standards and specifications, marketing, advertising, products and

services, and training in approved procedures concerning the use of tools, chemicals, products, merchandise, supplies and services. (Franchise Agreement - Section XV.)

5. We may establish and maintain either a series of “private” pages on our website or an intranet through either of which we may communicate with you, and where we may disseminate the Manual, updates to it and other confidential information. (Franchise Agreement - Section XIV.F.)

Site Selection and Typical Length of Time Before Opening

The typical length of time between signing the Franchise Agreement and commencing business is generally 90 days. Some facts that may affect this timing include the amount of time it takes you to obtain any necessary licensure, the amount of time it takes you to find a location for your business office that we approve and your ability to secure any necessary financing. In any event, you must open your Franchised Business within 120 days after signing the Franchise Agreement, unless we otherwise require or approve in writing. (Franchise Agreement - Section XIV.B). We may terminate your Franchise Agreement if you do not obtain our approval of the site for your Franchised Business and open your Franchised Business within this time frame and retain any amounts you paid us or our affiliates. (Franchise Agreement – Section XIX.A.14).

If you are a conversion franchisee you must successfully complete our Initial Training Program and begin operation of your Franchised Business within 60 days after you sign the Franchise Agreement and Conversion Addendum. (Conversion Addendum, Section 5.F.)

Initial Training Program

You must successfully complete our Initial Training Program to our satisfaction, before you may open your Franchised Business. If you have a manager your manager must also complete the Initial Training Program to our satisfaction. Our Initial Training Program includes both a self-paced program conducted remotely and an on-site training program held at our headquarters in Reno, NV or in such other location as we designate. Our Manual is the instructional materials you will use during our Initial Training Program. We do not charge for the Initial Training Program for up to two attendees; however, you are solely responsible for all costs incurred for attendees including travel, lodging, meals, transportation, and wages. If you would like to send additional personnel you may as long as we have room and you pay the training fee for them, which is currently \$500 per person. We estimate the Initial Training Program will consist of approximately 47 hours, as described below. (Franchise Agreement - Section VI.B). We offer our Initial Training Program on an as needed basis but generally once every other month.

Your Franchise Agreement may be terminated if, for any reason, you or you manager, if any, do not successfully complete the Initial Training Program to our satisfaction within 90 days after you sign the Franchise Agreement. (Franchise Agreement – Section XIX.A(14)). We will not reimburse you any the costs or expenses you incur to attend the Initial Training Program, nor costs related to opening the Franchised Business. (Franchise Agreement – Sections VI.A-B). If you do not complete the Initial Training Program to our satisfaction within this time period we can terminate your Franchise Agreement. (Franchise Agreement - Section XIX.A.14)

A description of the Initial Training Program is as follows:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Business Coaching	1	0	Remote or in-person
Marketing	5	0	Remote or in-person
Safety	1	3.5	Remote or in-person
Financial Controls	1	1	Remote or in-person
Recruiting	1	0	Remote or in-person
Field Software	0	5	Remote or in-person
Pest Identification and Treatment – Core Services	1	12	Remote or in-person
Sales	5	0	In-Person
Business Strategies	2.5	0	In-Person
Service Ride Along	0	8	In-Person
Total Hours	17.5	29.5	

The primary instructor for our training program is our Training Manager Robert Ostrop. Mr. Ostrop has been with our affiliate Kaigan, LLC since 2020 and joined us as our lead training instructor in 2022. He is a certified and licensed pesticide applicator in three states with more than ten years of experience in the pest control industry.

Conferences

We may, at our option conduct a Convention that you must attend. You are solely responsible for paying all incurred expenses to attend the Convention, including travel, transportation, food/meals, hotel/lodging and wages (with payment to be made at the time and upon the terms specified by each vendor) while attending the conferences, conventions, and training sessions/programs. You must pay us a monthly Convention Fee of \$100 per month which is not refundable (Franchise Agreement - Section XII.E)

Additional Training

If you hire a manager that manager will need to complete to our satisfaction our Initial Training Program within 90 days after they begin working for you. (Franchise Agreement – Section V.C.). The cost for this manager to attend the Initial Training program is \$500 per day. If this training is not held at our offices, you must reimburse us for any costs incurred by our representatives to perform this training. All amounts must be paid to us before the training begins. We may hold this training in-person or electronically.

We may offer, and we may require you to attend, additional training programs throughout the term of your Franchise Agreement. We reserve the right to charge a fee for attendance at such additional training programs. If you fail to attend a required training program, we reserve the right to charge an additional fee. You must pay all applicable fees for attending additional training, and you are also responsible for all of your expenses, including travel costs, room and board and salaries, incurred in attending the Initial Training Program. (Franchise Agreement - Section VI.D)

However, you will have responsibility for your employees and all acts of your employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions, and all other terms and conditions of employment.

Brand Fund

We collect a monthly Brand Fund Fee. The Brand Fund Fee is 2% of your monthly Gross Sales. The Brand Fund Fee is non-refundable and is due at the time the Continuing Royalty must be paid. (Franchise Agreement – Section XII.C and Section XI.B-D)

Brand Fund Fees are paid into the Brand Fund which is administered by us. The purpose of the Brand Fund is to develop programs that benefit the Pestmaster brand. This means we may use monies in the Fund for any purpose that promotes the Pestmaster name or any other names we choose to use in the Pestmaster System, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. We may also use money in the Fund to pay for coaching and training for the franchisees in marketing, advertising, recruiting and sales. It is our responsibility to determine how monies in the Brand Fund are spent. (Franchise Agreement – Section XI.B)

We will decide whether to use advertising agencies and which ones or whether to create advertising materials in-house; and decide which media to use, which may include Internet, print, radio, television, direct mail, or local in-store promotions. Although the Brand Fund is not audited, we will prepare annual income and expense statements that will be available to you upon request. Excess funds not spent in any given fiscal year will be carried forward to the next fiscal year. If any taxes become due based upon the activities of the Brand Fund, these taxes may be paid out of the funds in the Brand Fund. We can terminate the Fund only after all monies have been spent.

All Pestmaster franchisees must contribute to the Brand Fund based on the terms of their Franchise Agreement. Neither we nor our affiliates will, with respect to Pestmaster businesses operated by us or our affiliates, contribute to the Brand Fund. No portion of the funds collected will be used principally to sell franchises. However, a brief statement about availability of information regarding the purchase of Pestmaster franchises may be included in advertising and other items produced and/or distributed using the Brand Fund. We may collaborate with the advertising and marketing funds of franchise systems affiliated with us. There can be no assurance that the Brand Fund's participation in these collaborations and joint efforts will benefit Pestmaster franchisees proportionately or equivalently to the benefits received by the other franchised businesses or the other franchised systems affiliated with us that also participate. We are not obligated to make proportionate expenditures of your contributions per market area or otherwise. (Franchise Agreement – Section XI.B). We do not guarantee that expenditures from the Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We may, but have no obligation to, loan amounts to the Fund and can determine the repayment obligation of the Fund, including interest rate of the loan and repayment terms, as we see fit.

In our fiscal year ended December 31, 2022 expenditures were made from the Brand Fund (which was formally referred to as an Advertising Fund) as follows:

Use of Fund in 2022	
Marketing	25%
Production and Agency	36%
Administrative	34%
Government Contract Procurement Software	5%
Total	100%

We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future. However, you must join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Franchised Businesses. (Franchise Agreement – Section XI.B). There is also no advertising council that exists to advise us on advertising policies.

We can require franchisees within a given advertising region, if 50% of the franchisees within that region agree, to take part in specific advertisements or events. We will divide the costs among the franchisees within the region, but they will not exceed 2% of monthly Gross Sales. (Franchise Agreement – Section X.D)

Local Advertising

You must conduct local marketing, advertising and promotional programs. For the first 24 months after beginning operation of the Franchised Business, you must spend a minimum of \$3,000 each month on local advertising. After your franchise has been open for 24 months, you must continue to spend \$3,000 each month on local advertising; except that you will be exempted from this requirement in any month when, during the preceding twelve-month period, you have achieved a minimum of \$500,000 in Gross Sales. (Franchise Agreement – Section XI.A)

All of your marketing, advertising and promotional programs must comply with our guidelines as specified in the Manuals. You must submit to us, in a format and at a time and on a schedule as prescribed by us, reports showing all marketing and advertising expenditures. You must provide to us for our approval any and all of your advertising, marketing and promotional material, and you shall not publish, display or otherwise use any such materials without our prior written approval. (Franchise Agreement – Section XI.B)

We have no obligation to spend any amount on advertising in any Territory we may grant you.

Computer System

We will provide specifications to you for the computer hardware and software you must use. You must use any computer hardware or software, or automated central accounting system that we require, including any upgrades. We do not provide maintenance, repairs, updates or upgrades to your computer systems. We cannot estimate the costs of maintaining, updating or upgrading your computer system or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances. We are not contractually limited to the number and cost of upgrades, update or maintenance that we may require.

You must use the pest control software program that we require. (Franchise Agreement – Section XII.D). The current fee for this software is \$560, plus a fee of \$100 per month per 1,000 active customers per month, or a minimum of \$1,200 per year on a 12-month agreement. Your fee will increase as the number of customers increases. You will use this software for scheduling, technician tracking through application

GPS, invoicing accounts receivable, state reporting, office reporting, chemical and product tracking, and sales. We reserve the right to require you, at your expense and in the timeframe determined by us, to update or upgrade the hardware and or software you use to conform to new standards or specifications and we have no limitations on our ability to do so.

You must utilize computer systems and programs that are fully compatible with any computer program or system which we have listed in the Manual. Minimum computer hardware and software requirements are as follows: Intel Pentium 2.5 GHZ or faster, 4 GB Ram or higher, Monitor with 1024 X 768 or higher screen resolution, Mouse, Keyboard, Hi Speed Internet Access, T 1 (full or partial), Cable, or DSL and Internet Based QuickBooks. Recommended: Microsoft Windows 10, Apple OSX, Internet Explorer 11.0 or higher, Google Chrome (latest update available), MS Word 2010 or better, Excel 2010 or better. The cost of a computer system varies widely but we estimate you may purchase a computer system for between \$1,000 and \$2,500. We have independent access to your computerized information and data stored on your system and related information and there are no contractual limitations on our ability to do so. (Franchise Agreement - Section XIII.D).

Electronic Media

We have the right to approve, or control all of your electronic media, including Internet activities, and e-mail marketing correspondence, digital content, and electronic communications. This includes any websites and Social Networking and Marketing activities, including Twitter, Facebook, Foursquare, LinkedIn, Pinterest, Instagram or any other Social media outlets. This also includes any group or social buying platforms, promotions or campaigns. You must comply with all of our requirements regarding the upkeep and any communications sent out via these channels.

You may not establish a website on the Internet using any domain name containing the words PESTMASTER.com, .net, .biz, .org or any variation thereof. We provide you with access to our website and a profile page contained within our website for the advertisement of your Franchised Business. We may establish, maintain, modify, or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may require that you utilize e-commerce products or services designated by us.

We must approve any digital or electronic content you would like to publish regarding your Franchised Business or the System including all digital imagery.

Telephone Numbers & Digital Media

You must use only the email addresses we provide to you for you in the operation of your Franchised Business. You may have as many telephone and facsimile numbers and telephone directory listings for your PESTMASTER® Franchised Business as you choose. However, you must transfer all of these email addresses and telephone numbers to us on the expiration, termination, repurchase or transfer of your Franchised Business, at your expense. You must sign an authorization that grants us the right to change, transfer or terminate your telephone listings, your email addresses, social Media accounts, domain names, and comparable electronic identities, on your behalf upon expiration, termination, repurchase or transfer of your Franchised Business. (Franchise Agreement – Section XX.D)

ITEM 12 TERRITORY

You will receive a Territory within which your Franchised Business must be located. The Territory will include a population of approximately 250,000 individuals and will be delineated by zip codes, streets, geographic and/or political boundaries.

You may only relocate the Franchised Business if the lease for its premises is terminated without your fault, or if the location is destroyed, condemned or otherwise rendered unusable, you find a new location within your Territory and we approve that new location. Except as discussed below you may only service customers in your Territory. You must concentrate your marketing and activities within your Territory. You are expressly prohibited from marketing your services and soliciting customers outside of your Territory without our express written permission. You do not receive the right to acquire additional franchises in your Territory. Your territorial rights may not be modified.

You must promote actively and aggressively the products and services of the Franchised Business within your Territory.

We have the right, in our sole discretion, to establish or to grant others the right to establish a PESTMASTER® business outside of the Territory as we deem appropriate. However, we will not operate PESTMASTER businesses, or grant franchises for the operation of PESTMASTER businesses, that are physically located within the Territory. We may grant franchises distinct from the franchise offered in this Disclosure Document, which may, or may not, use the Marks. We, and our Affiliates may, through alternative channels of distribution, both within and outside the Territory, sell at both wholesale and retail, all products and services which may, or may not, be part of the System.

Among other things, we and our affiliates have the right to (a) establish or license franchises and/or company-owned pest control and other related services businesses offering similar or identical products and services, and using the System or elements of the System, (i) under the Marks or otherwise anywhere outside of the Territory or (ii) under names, symbols, or marks other than PESTMASTER inside the Territory; (b) sell or offer, or license others to sell or offer, any products and services using the Marks or other marks through any similar and dissimilar channels of distribution, including, without limitation, through telephone, mail order, kiosk, retail, co-branded sites and sites located within other retail businesses, Intranet, Internet, web sites, wireless, email or other forms of e-commerce, for distribution inside and outside of the Territory; (c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; and (d) acquire, be acquired by, or merge with other companies with existing pest control and related businesses, and other related services anywhere (including inside or outside of the Territory). We will not compensate you for any of our activities including soliciting or accepting orders in your Territory, even if they have an impact on your Franchised Business.

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.

Each time that you desire to bid on, or perform, work at a location outside of your Territory, you must request our permission and receive our approval. If we approve your request and you generate and service an account in another franchisee's territory, you must pay the franchisee in whose Territory the work is performed, 50% of the Gross Sales received from the account each time you service the account. This policy also applies to accounts outside of your Territory who were serviced by you before we sell a franchise for a territory that includes the location of that account. Thus, if you generate and service an account in an area that is not at the time within the territory of another franchisee which later becomes a franchisee's territory, upon the completion of your existing contracts, you must pay that franchisee 50% of the revenues received from that account each time you service that account. If you fail to comply with this requirement, we may terminate the Franchise Agreement. If there is a dispute between franchisees, our decision will be final.

We, and any related entity, may service certain Corporate Accounts that have contracted with us or a related entity for service regardless of where the Corporate Account or its locations are located. "Corporate Accounts" means those accounts having two or more locations, at least one of which is within your Territory and at least one is outside of your Territory. We may offer you the opportunity to service the Corporate Account location in your Territory. Within 10 days following your receipt of our notification of an offer to

service a Corporate Account (including the terms, conditions and prices that we and the Corporate Account have contracted to), you must notify us in writing, whether you will service the Corporate Account, accept our contract, and render the services to the Corporate Account location in your Territory. If you reject the opportunity or fail to timely respond to our notice, we may, directly or through a third party, service the Corporate Account location in your Territory and you will not receive any compensation for the rejected opportunity. These terms do not apply if you have a pre-existing relationship with a Corporate Account location in your Territory, in which case you may continue to provide services to that location under the terms of your existing arrangement.

ITEM 13 **TRADEMARKS**

We grant you the non-exclusive right to operate a Franchised Business under the trademark “PESTMASTER®” and other marks we may authorize you to use. By “Marks” we mean trade name, trademark, service marks, logos, designs or other commercial symbols, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and trade dress we grant you the right to use to identify your PESTMASTER® Franchised Business.

The following is a description of the principal trademarks which are registered of the Principal Register of the United States Patent and Trademark Office (USPTO):

Mark	Registration No.	Registration Date
“PESTMASTER®”	1,465,865	November 17, 1987
“Insect Design Mark” 	3,323,375	October 30, 2007
Pest Management with Environ-mentality	3,981,535	June 21, 2011

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of the Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or rights in any of these Marks. All registrations have been renewed on a timely basis and all appropriate maintenance affidavits have been filed with the USPTO. Except as discussed below, no currently effective agreement limits our right to use or license the use of these Marks.

In 1990, Pestmaster Services, Inc. entered into a written agreement with Evans Pest Master, Inc. (“Evans”), in which our affiliate agreed not to use the mark PESTMASTER®, or any mark confusingly similar, in Santa Clara, Santa Cruz, Alameda, San Mateo, San Benito and Monterey counties in California, and Evans agreed not to use the mark Pest Master, or any mark confusingly similar, elsewhere in California. The parties’ agreement prohibited each party from advertising its pest control business in the counties in which it had agreed not to operate. Therefore, we may not advertise in the six California counties in which Evans has the exclusive right to operate a pest control business under Pest Master. The agreement is expressly confined to the six counties specifically named and recognized our affiliate’s superior rights to use PESTMASTER® outside of California by virtue of its then federal registration of the mark.

We are also aware of a competing pest control business in the township of Livonia, Michigan, who may have a superior prior right to use the trade name “Pest Master” in that township. We are uncertain as to the exact length of time that this competing business has used the trade name “Pest Master” but we have a reasonable basis to conclude that it dates to sometime during the 1980s. We have no plans to take action regarding this matter.

You will not receive any interest in the Marks. You may not, at any time, contest the validity or ownership of the Marks, including any Marks authorized or licensed to you after you sign your Franchise Agreement.

We have the right to control any administrative proceedings or litigation involving the Marks. You must notify us immediately when you learn about an infringement of, or challenge to, your use of our Marks. We have no affirmative obligation to preserve and protect the ownership and validity of the Marks. We will take action that is appropriate including taking no action. We will defend and indemnify you for compensatory damages, if a third-party challenge to your use of the Marks succeeds, if you timely notify us as soon as you learn of the challenge, cooperate with us in defending against the action, and use the Marks in the manner that your Franchise Agreement requires.

You must use our Marks as we develop them. You must obtain our written consent before using our Marks in any way, except for materials we provide to you or have previously approved (and not subsequently disapproved) in writing. You cannot use any mark that could be confused with our Marks. You must modify or discontinue using any Mark upon direction to do so from us, within a reasonable time after receiving notice from us. If that happens, you will be responsible for your costs of complying (for example, changing signs or advertising materials). We have no liability or obligation with respect to your modification or discontinuance of any of the Marks.

You must not use any Mark, or any portion of the Marks, as part of any corporate or trade name, (other than as permitted in the Manual), or in any modified form, or connected with the sale of any unauthorized service, or in any manner not authorized in writing. You must use the designation ®, TM, SM, or other trademark registration notice where applicable, or otherwise indicate in your advertising the ownership and status of the Marks.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or copyrights are material to the franchise. If it becomes advisable at any time, in our sole discretion, to acquire a patent or copyright, you must use this patent or copyright as required by us.

You do not receive the right to use an item covered by a patent or copyright, but you can use the confidential information in the Manual. Although we have not filed an application for copyright registration for the Manual, we claim common law copyrights to the Manual, which is our confidential information. You must promptly notify us when you learn of an unauthorized use of the confidential information or the Manual. We are not obligated to take any action against any unauthorized user of the confidential information, or the Manual, but will respond to this information as we think appropriate. We are not obligated to indemnify you for losses caused by a third-party concerning your use of this information. There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the materials we claim copyright protection in. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee’s use of the copyrighted materials in any state.

You will receive proprietary, confidential and trade secret information of ours. You will be required to maintain the confidentiality of this information, unless we authorize otherwise in writing. You may divulge

confidential information only to your employees who must know it to operate your Franchised Business. All information you receive from us will be considered confidential, unless you can prove you learned the information before receiving it from us, or that it has become part of the public domain.

Your employees that will have access to confidential information must sign employment contracts with confidentiality provisions. We will be entitled to seek equitable remedies, such as injunctive relief, to protect our confidential information, Manual and Marks.

The Manual belongs to us, and you must return it to us upon the expiration or termination of your Franchise Agreement.

You must not use, in advertising or any other form of promotion, our copyrighted materials, without the appropriate © or other copyright registration notice. (Franchise Agreement - Section IX.E)

You must maintain a current computer listing of the names and addresses of all customers of your Franchised Business. The definition of a current customer list is any client that you have provided services for within the last 2 years. This customer listing, and any copies, will be our sole property.

If you own a conversion franchise, you must comply with the confidentiality provisions of the Franchise Agreement. All information regarding your customers, before you sign your Franchised Agreement, will be considered confidential information. (Conversion Addendum, Section 6.A)

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You, or a full-time manager, must directly supervise your Franchised Business. You must keep us informed of the identity(ies) of your manager(s). All of your managers of your Franchised Business must successfully complete the Initial Training Program. A manager is not required to have an equity interest in the franchise.

You, any shareholder who owns 5% or more of you if you are a corporation, any general partner if you are a partnership, any managing member if you are a limited liability company, or your approved manager, must devote full-time, energy and best efforts to the management and operation of your Franchised Business. You, any shareholder who owns 5% or more of you if you are a corporation, general partners if you are a partnership, or any members who owns 5% or more of you if you are a limited liability company, must personally guaranty the Franchisee's obligations to us.

We do not require your spouse or domestic partner to sign the Franchise Agreement or Personal Guaranty, but we do require that your spouse or domestic partner sign a Non-Disclosure and Non-Competition Agreement, attached as Exhibit I to this Disclosure Document.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and services we require. You may not offer products or services we have not approved. You must be open for the conduct of business, at such times and for the minimum number of hours specified in the Manual. We have the right to add additional authorized products and services that you must offer. There are no limits on our right to do so. Unless we otherwise permit you may only offer products and services to locations inside your Territory. You may not advertise on the Internet or through other social media unless we otherwise approve.

You will at all times, conduct your Franchised Business in compliance with the System and cease rendering services or using equipment, inventory, products or signs that are not components of the System.

If we develop or market special discount or free coupon programs you will have the right to participate. If you participate you must adhere to all aspects of that program. If you do not participate, we may inform consumers that you are not a participant in the program and you will not be entitled to the benefits of the program. We can implement pricing policies, such as minimum or maximum price policies, minimum advertised price policies and unilateral minimum price policies, and you must abide by these policies. You must comply with all customer programs we implement, and all policies related to them, as we may periodically modify them.

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 or Other Agreement	Summary
a. Length of the franchise term	Section II.A.	5 years
b. Renewal or extension of term	Sections II.B.	If you have complied with all the provisions in the Franchise Agreement, you can renew for the then-current term of the Franchise Agreement.
c. Requirements for franchisee to renew or extend	Sections II.C and D.	You may renew your Franchise Agreement if: (i) you have notified us of your intent to renew not later than 6 months prior to expiration of the current Franchise Agreement; (ii) you are not in default of the Franchise Agreement or any ancillary agreements, (iii) you have not received 3 or more defaults during the current term of the Franchise Agreement; (iv) you have timely paid all amounts due to us; (v) you are not in default with our vendors or suppliers; (vi) you sign our then-current form of franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement); (vii) you pay the renewal fee of 20% of the then-current initial franchise fee; and (viii) you have signed a general release.
d. Termination by franchisee	None.	You may terminate on any grounds permitted by applicable state law.
e. Termination by franchisor without cause	None.	Not applicable.

Provision	Section in Franchise or Other Agreement	Summary
f. Termination by franchisor with cause	Sections XIX.A.	We may terminate your Franchise Agreement upon delivery of notice to you if you default under the terms of the Franchise Agreement (subject to applicable state law).
g. "Cause" defined (curable defaults)	Section XIX.A.	(i) You fail to obtain and maintain the required licenses; (ii) You, on two or more occasions, under-report Gross Sales by more than 2% for any period of 3 or more weeks; (iii) You fail or refuse to make payment of amounts due, and do not correct such failure or refusal within 10 days of notice; (iv) You fail or refuse to comply with any provision of the Franchise Agreement, or any mandatory specification, standard or operating procedure prescribed in the Manual, and do not correct such failure or refusal within 10 days of notice; (v) Any person required to sign a Guaranty Agreement fails to do so; (vi) You fail to comply with any agreements with our approved vendors;
h. "Cause" defined (non-curable defaults)	Section XIX.A.	The following events constitute non-curable defaults: (i) You or any other interest-holder is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect our reputation; (ii) You violate any covenant of confidentiality or makes any unauthorized use, disclosure or duplication of any portion of the Manual or duplicates or discloses or makes any unauthorized use of any trade secret or confidential information provided by us; (iii) You abandon the Franchised Business for 3 consecutive business days in any 12 month period; (iv) You violate any of the transfer and assignment provisions in the Franchise Agreement; (v) You are adjudicated bankrupt, become insolvent, commit any affirmative act of insolvency or file any action or petition of insolvency, or if a receiver is appointed, or if a receiver makes a general assignment for the benefit of your creditors, or if a final judgment against you remains

Provision	Section in Franchise or Other Agreement	Summary
		unsatisfied for 30 days or longer, or if execution is levied against your business or property, or if suit to foreclose any lien or mortgage against your business or property is instituted against you and not dismissed within 30 days; (vi) You materially misuse the Marks or commit any other act which can reasonably be expected to materially impair the goodwill associated with the Marks; (vii) You make unauthorized use of proprietary software programs; (viii) You fail 3 or more times during a 12 month period or 5 times during the term of the Franchise Agreement, to submit reports when due; (ix) You fail to commence operation of the Franchised Business within 120 days from signing the Franchise Agreement, or you or any required attended fail to successfully complete the Initial Training Program within 90 days after signing the Franchise Agreement; (x) You engage in an act that is so dishonest, untrustworthy, self-dealing, and/or fraudulent, that it goes to the essence of this Agreement and/or frustrates one of the principal purposes of this Agreement and/or irreparably damages the trust between you and us; (xi) You commit an incurable breach of the Franchise Agreement; (xii) You violate the non-compete provisions of the Franchise Agreement; (xiii) You receive 3 or more default notices during the term of the Franchise Agreement.
i. Franchisee's obligation on termination/ non-renewal	Section XX.	Your obligations include: stop operations of the Franchised Business; stop using the Marks; assign any assumed names to us; stop advertising as a PESTMASTER business; de-identify the business premises, motor vehicles and other property bearing the Marks; turn over customer lists and copies; pay all sums owed to us; pay all of our damages and costs in enforcing provisions of your Franchise Agreement; turn over all manuals and

Provision	Section in Franchise or Other Agreement	Summary
		other property of ours; turn over all signs to us; sell to us, at our option, all items bearing the Marks; assign all telephone and facsimile numbers to us and comply with the covenants not to compete.
j. Assignment of contract by franchisor	Section XXI.A.	There is no restriction on our right to assign.
k. "Transfer" by franchisee-definition	Section XXI.B.	You may transfer your Franchise Agreement, and all rights under the Franchise Agreement, subject to certain restrictions and satisfaction of certain conditions.
l. Franchisor's approval of transfer by franchisee	Section XXI.B.	We have the right to approve all of your transfers.
m. Conditions for franchisor's approval of transfer	Sections XXI.B.	(i) You must pay all amounts owed to us before transfer; (ii) You must sign a general release; (iii) Transferee must demonstrate, to our satisfaction, that it has sufficient financial resources, character and ability to run the Franchised Business; (iv) You must pay the transfer fee of \$5,000; (v) Transferee must sign the then-current form of Franchise Agreement; (vi) Transferee must complete the Initial Training Program; (vii) If required by us, re-image or re-model or re-brand the Franchised Business (including vehicles), at your expense; (viii) If necessary, before the transfer the Transferee must sign a lease for the premises or accepted assignment of your lease; (ix) Transferee must acquire a vehicle or acquire your vehicle(s) prior to the transfer; (x) You must release any security interest you have in the Franchised Business.
n. Franchisor's right of first refusal to acquire franchisee's business	Section XXIII.	We have the right of first refusal to purchase your Franchised Business for 30 days from date of delivery of written offer
o. Franchisor's option to purchase franchisee's assets	Section XX.I.	Upon termination or expiration, we have option to purchase assets of the Franchised Business at the lesser of cost or fair market value. We have 30 days to exercise our option. We have the right to inspect equipment at any time during the 30 day period.

Provision	Section in Franchise or Other Agreement	Summary
p. Franchisee's death or disability	Sections XXII.	Your heirs, beneficiaries, devisees or legal representative can apply to us to continue operation of the Franchised Business or sell or otherwise transfer your interest in your Franchised Business within 180 days of your death or incapacity. If they fail to do so, the Franchise Agreement will terminate and we will have the option to buy the Franchised Business. In the event of your death or absence/incapacitation, we may operate the Franchised Business so long as we deem necessary and practical.
q. Non-competition covenants during the term of the franchise	Section XVII.C.; Conversion Addendum, Section 6.B.	You must not divert or attempt to divert any business or client to a competitor; perform any act which may harm the goodwill associated with the Marks and the System; have any interest in a business (including a business you currently operate) specializing in selling and providing general pest, termite and weed control services and related products or any other products or services similar to those provided through the System or any business competitive with any of our franchisor affiliates.
r. Non-competition after the franchise is terminated or expires	Section XVII.C.; Conversion Addendum, Section 6.B.	You must not own, operate or engage in a business specializing in selling and providing general pest, termite and weed control services similar to those provided through the System for 18 months after your Franchise Agreement is terminated, either within the Territory, including the location of your Franchised Business, or within a 20-mile radius of your Franchised Business or any other PESTMASTER® business.
s. Modification of the Franchise Agreement	Sections X and XXIX.	Only a written agreement between you and us can modify your Franchise Agreement. But we can unilaterally change the Manuals.
t. Integration/merger clause	Section XXIX; Conversion Addendum, Sections II.A. and B.	Only the terms of your Franchise Agreement, and if applicable, Conversion Addendum are binding (subject to applicable state law). Any

Provision	Section in Franchise or Other Agreement	Summary
		representations or promises made outside the disclosure document, Franchise Agreement and Conversion Addendum, may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section XXXII.	Except for certain claims, non-binding mediation in Washoe County, Nevada (subject to state law).
v. Choice of forum	Section XXXI.B.	Any action must be brought in the appropriate state or federal court in Washoe County, Nevada (subject to state law).
w. Choice of law	Section XXXI.A.	Nevada law generally applies, subject to state law.

ITEM 18

PUBLIC FIGURES

We do not 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 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 that 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.

We do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Ron Bender, 9750 E. 150th Street, Suite 500, Noblesville, IN 46060, (941) 465-1944, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2020 to 2022

(Column 1) Outlet Type	(Column 2) Year	(Column 3) Outlets at the Start of the Year	(Column 4) Outlets at the End of The Year	(Column 5) Net Change
Franchised	2020	30	36	+6
	2021	36	41	+5
	2022	41	51	+10
Company Owned*	2020	6	6	0
	2021	6	6	0
	2022	6	6	0
Total Outlets	2020	36	42	+6
	2021	42	47	+5
	2022	47	57	+10

*The “company-owned” outlets disclosed in the table above are owned and operated by our affiliates.

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2020 to 2022

(Column 1) State	(Column 2) Year	(Column 3) Number of Transfers
All	2020	0
	2021	0
	2022	0
Totals	2020	0
	2021	0
	2022	0

Table No. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2020 to 2022

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Terminations	(Col. 6) Non- Renewals	(Col. 7) Reacquired by Franchisor	(Col. 8) Ceased Operations– Other Reasons	(Col. 9) Outlets at End of Year
AR	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Terminations	(Col. 6) Non- Renewals	(Col. 7) Reacquired by Franchisor	(Col. 8) Ceased Operations– Other Reasons	(Col. 9) Outlets at End of Year
AZ	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
CA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	2	0	0	0	0	4
FL	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	4	0	0	0	0	9
GA	2020	3	0	1	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
IL	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	1	1
IN	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
KS	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
MD	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MI	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
NC	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
NJ	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	1	2
NM	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NY	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Terminations	(Col. 6) Non- Renewals	(Col. 7) Reacquired by Franchisor	(Col. 8) Ceased Operations– Other Reasons	(Col. 9) Outlets at End of Year
OH	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	3	1	0	0	0	3
OK	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
PA	2020	1	2	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
SC	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
SD	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
TN	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	1	0	0	0	0
TX	2020	6	1	1	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	1	0	0	0	5
UT	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
VA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	30	8	2	0	0	0	36
	2021	36	5	0	0	0	0	41
	2022	41	16	4	0	0	2	51

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS *
FOR YEAR 2020 to 2022

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Outlets Reacquired From Franchisees	(Col. 6) Outlets Closed	(Col. 7) Outlets Sold to Franchisees	(Col. 8) Outlets at End of Year
AZ	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

CA	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
NV	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
VA	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6

* The “company-owned” outlets disclosed in the table above are owned and operated by our affiliates.

Table No. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2022

(Column 1) State	(Column 2) Franchise Agreements Signed But Outlet Not Opened	(Column 3) Projected New Franchise Outlet In the Next Fiscal Year	(Column 4) Projected New Company- Owned Outlets in the Next Fiscal Year
AL	0	2	0
CA	2	2	0
FL	0	2	0
GA	2	1	0
MA	0	1	0
NC	0	2	0
NE	1	0	0
NJ	0	1	0
TX	0	2	0
WA	0	3	0
Total	5	16	0

The names of our franchisees and the addresses and business telephone numbers of their outlets are listed at Exhibit C.

The name and last known address and telephone number of every franchisee who has had a franchise 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 us within 10 weeks of the date of this Disclosure Document, is listed at Exhibit F. There are 9 franchisees on that Exhibit.

In some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all franchisees will be able to communicate with you. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last three fiscal years, current or former franchisees have signed a confidentiality clause that restrict them from discussing with you their experience as a franchisee in our franchise system.

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

ITEM 21

FINANCIAL STATEMENTS

Included as Exhibit A are the audited consolidated financial statements of our parent, HS Group Holding Company, LLC, as of December 31, 2022, 2021 and 2020 and for the years ended December 31, 2022 and 2021 and for the period from August 13, 2020 (Acquisition Date) through December 31, 2020. Our parent, HS Group Holding Company, LLC guarantees our performance under the Franchise Agreement (see Exhibit A).

ITEM 22

CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document:

- Exhibit B - PESTMASTER® Franchise Agreement
 - Exhibit 1 – Territory
 - Exhibit 2 – Guaranty Agreement
 - Exhibit 3 – Electronic Funds Transfer Authorization
 - Exhibit 4 – Franchise Compliance Questionnaire
 - Exhibit 5 – Franchise Option Amendment
 - Exhibit 6 – Promissory Note
- Exhibit H - PESTMASTER® Conversion Addendum
- Exhibit I - Spousal Non-Disclosure and Non-Competition Agreement

ITEM 23

RECEIPTS

You will find two copies of a detachable receipt at the end of this Disclosure Document. Please sign and date both copies of the receipt and return one to us.

EXHIBIT A

FINANCIAL STATEMENTS/PARENT GUARANTEE

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Financial Report
December 31, 2022

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Independent Auditor's Report**Board of Directors****HS Group Holding Company LLC and Subsidiaries d/b/a Threshold Brands****Opinion**

We have audited the consolidated financial statements of HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in members' equity, and cash flows for the years ended December 31, 2022, 2021 and for the period from August 13, 2020 (Acquisition Date), through December 31, 2020, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (Acquisition Date), through December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022, the Company adopted new accounting guidance Accounting Standards Codification 842: Leases. Our opinion is not modified with respect to this matter.

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 issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

RSM VS LLP

Detroit, Michigan
March 29, 2023

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,140,848	\$ 7,181,077
Accounts receivable, net	2,959,600	3,103,333
Inventory	814,623	643,430
Prepaid expenses and other current assets	2,829,645	824,037
Total current assets	9,744,716	11,751,877
Property and equipment, net	2,322,195	2,351,757
Other assets:		
Goodwill, net	53,301,755	46,891,935
Intangibles, net	21,583,738	20,870,313
Right of use asset - operating leases, net	5,387,291	-
Capitalized contract costs	3,913,698	2,797,306
Other assets	367,951	94,716
Total other assets	84,554,433	70,654,270
Total assets	\$ 96,621,344	\$ 84,757,904
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	\$ 2,742,183	\$ 535,257
Accrued expenses	3,407,728	3,371,998
Current portion of long-term debt	284,372	284,372
Operating lease liabilities, current	1,294,361	-
Current portion of deferred franchise and territory fees	1,703,657	3,035,222
Total current liabilities	9,432,301	7,226,849
Long-term debt, net	27,158,660	27,233,503
Deferred franchise and territory fees, net of current portion	6,581,039	3,820,652
Operating lease liabilities noncurrent	4,181,062	-
Other liabilities	79,560	210,500
Total liabilities	47,432,622	38,491,504
Members' equity	49,188,722	46,266,400
Total liabilities and members' equity	\$ 96,621,344	\$ 84,757,904

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Operations

Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2022	2021	2020
Revenues:			
Recurring revenue	\$ 49,952,460	\$ 35,732,914	\$ 5,781,317
Franchise fee revenue	2,284,333	1,148,834	283,548
Total revenues	52,236,793	36,881,748	6,064,865
Operating expenses:			
Cost of services	10,370,829	7,426,467	380,075
General and administrative expenses	20,540,509	13,518,147	2,434,096
Payroll and benefits	23,860,189	16,589,524	3,599,307
Depreciation and amortization expenses	8,629,385	6,451,934	1,473,992
Transaction expenses	884,988	2,054,118	3,045,954
Total operating expenses	64,285,900	46,040,190	10,933,424
Loss from operations	(12,049,107)	(9,158,442)	(4,868,559)
Other expense (income):			
Interest expense (income)	2,434,486	1,364,806	(2,689)
Other (income) expense	(211,155)	(135,282)	19,673
Other expense	2,223,331	1,229,524	16,984
Net loss	\$ (14,272,438)	\$ (10,387,966)	\$ (4,885,543)

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Changes in Members' Equity

Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

Balance, August 13, 2020 - Pushdown of basis from Riverside, net of transaction expenses	\$ 29,879,014
Contributed capital related to acquisitions	25,392,955
Net loss	<u>(4,885,543)</u>
Balance, December 31, 2020	50,386,426
Issuance of Class A units	1,150,000
Contributed capital related to acquisitions	5,150,000
Foreign currency translation	(32,060)
Net loss	<u>(10,387,966)</u>
Balance, December 31, 2021	46,266,400
Issuance of Class A units	774,578
Contributed capital related to acquisitions	16,500,000
Foreign currency translation	(79,818)
Net loss	<u>(14,272,438)</u>
Balance at December 31, 2022	<u>\$ 49,188,722</u>

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Cash Flows

Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2022	2021	2020
Cash flows from operating activities:			
Net loss	\$ (14,272,438)	\$ (10,387,966)	\$ (4,885,543)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	8,569,099	6,370,658	1,473,992
Accretion of debt issuance costs	209,532	122,886	-
Gain on sale of fixed assets	(24,018)		
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	370,896	(487,558)	556,040
Prepaid expenses and other current assets	(2,005,608)	407,111	(590,962)
Inventories	(78,308)	(476,180)	-
Capitalized contract costs	(1,084,997)	(1,228,179)	(41,967)
Other assets	(118,426)	162,394	(12,037)
Accounts payable and accrued expenses	2,140,788	1,252,712	(341,995)
Deferred franchise and territory fees	1,098,016	330,255	7,041
Other liabilities	(130,940)	210,500	-
Operating lease assets and liabilities	86,293	-	-
Net cash used in operating activities	(5,240,111)	(3,723,367)	(3,835,431)
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(13,858,805)	(13,460,421)	(22,841,392)
Purchase of property and equipment	(544,325)	(972,162)	(73,905)
Purchases of intangibles assets	-	(200,000)	-
Proceeds from sales of equipment	192,627	208,379	-
Net cash used in investing activities	(14,210,503)	(14,424,204)	(22,915,297)
Cash flows from financing activities:			
Borrowings on long-term debt	-	16,000,000	12,500,000
Payment of debt issuance costs	-	(551,094)	(410,323)
Payments on long-term debt	(284,375)	(143,594)	(533,611)
Proceeds from capital contributions	15,774,578	1,150,000	22,638,948
Net cash provided by financing activities	15,490,203	16,455,312	34,195,014
Effect of exchange rate changes on cash	(79,818)	(42,530)	-
Net (decrease) increase in cash and cash equivalents	(4,040,229)	(1,734,789)	7,444,286
Cash and cash equivalents, beginning	7,181,077	8,915,866	1,471,580
Cash and cash equivalents, ending	<u>\$ 3,140,848</u>	<u>\$ 7,181,077</u>	<u>\$ 8,915,866</u>

(Continued)

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Consolidated Statements of Cash Flows (Continued)

Years Ended December 31, 2022, 2021 and for the Period from August 13, 2020 (Acquisition Date) through December 31, 2020

	2022	2021	2020
Supplemental disclosures of cash flow information:			
Interest paid	\$ 2,001,525	\$ 1,077,276	\$ -
Income taxes paid	\$ -	\$ -	\$ -
Supplemental schedule of noncash operating, investing and financing activities:			
Pushdown accounting of acquisition of business:			
Net assets acquired	\$ -	\$ -	\$ 11,892,873
Goodwill	-	-	18,063,821
Subtotal	-	-	29,956,694
Pushdown of basis from Riverside, net of transaction cost:	-	-	(29,879,014)
Working capital adjustment	-	-	(77,680)
	\$ -	\$ -	\$ -
Acquisition of businesses:			
Assets acquired	\$ 3,538,411	\$ 6,096,407	\$ 12,467,823
Liabilities assumed	(478,214)	(2,105,264)	(3,560,093)
Net identifiable assets acquired	3,060,197	3,991,143	8,907,730
Goodwill	12,428,214	15,536,934	18,530,396
Net assets acquired	15,488,411	19,528,077	27,438,126
Less cash acquired	(129,606)	(917,656)	(2,087,657)
Add due from seller	-	-	244,930
Less units issued as consideration	(1,500,000)	(5,150,000)	(2,754,007)
Cash purchase price	\$ 13,858,805	\$ 13,460,421	\$ 22,841,392

See notes to consolidated financial statements.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of business: HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (collectively, the Company) through its wholly owned subsidiaries including Threshold Brands LLC, MaidPro Franchise, LLC (MaidPro), FlyFoe, LLC (FlyFoe), Men In Kilts US, LLC (Men in Kilts), Men in Kilts Canada Inc. (MIKC), Pestmaster Franchise Network, LLC (PFN), Pestmaster Services, L.P. (PSI), Kaigan LLC (Kaigan), USA Insulation Franchise, LLC (USA), USA Enterprises, LLC (USAE), FDIE, LLC (FDIE), Sir Grout Franchising, LLC (SGF), Sir Grout, LLC (SG), Plumbing Heating Paramedics LLC (PHP), PHP Franchise LLC (PHPF), Granite Garage Floors Franchising, LLLC (GGFF), and Granite Garage Floors Atlanta (GGFA) is in the business of selling franchises as well as operating certain franchises and supply companies.

MaidPro is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide residential and office cleaning services in the United States and Canada. MaidPro began franchising operations in January 1997 and conducts operations from its principal office in Massachusetts.

FlyFoe was established on November 30, 2017. FlyFoe is a franchisor that provides support, guidance, and training to its franchisees. FlyFoe's franchisees provide mosquito and tick control services and other related services in the United States.

Men in Kilts was established on March 29, 2019, and MIKC was established in 2002. They are each franchisors that provides support, guidance, and training to its franchisees. Their franchisees provide exterior house cleaning services, including window cleaning, gutter cleaning, house washing, and pressure washing for both residential and commercial properties in the United States and Canada.

PFN operates as a franchisor of pest control services throughout the United States. It provides territorial rights for operation of their businesses, giving initial training and ongoing support for franchisees. The customer base is both residential and commercial. It began operations in 1981. PSI and Kaigan operate certain Pestmaster franchises.

USA was established on March 22, 2006. It is a franchisor that provides support, guidance, and training to its franchisees. Its franchisees provide insulation services for both residential and commercial buildings. USAE operates certain USA franchises. FDIE is an operating company that primarily provides inventory to USA franchises. FDIE manufactures foam insulation and related chemicals and equipment that it sells and ships directly to franchisees.

SGF was established in 2004. It is a franchisor that provides a variety of services across grout and tile restoration (e.g., cleaning, repair, color sealing, re-caulking), stone restoration (e.g., floor and countertop polishing, crack repair), surface coatings (e.g., durability coating, slip-resistance coatings), and sandless hardwood refinishing. SG also acts as a product supplier for franchisees, where supplies are purchased from vendors and directly shipped to the franchisees.

PHP was established in 2011. It provides HVAC and plumbing services to residential customers throughout Indiana. PHP offers HVAC system repairs, HVAC system replacements, plumbing system repairs, and recurring maintenance check-ins. PHPF is a newly established franchisor that will sell franchises providing services similar to PHP.

GGFA was established in 1980. The company provides upgrading of concrete surfaces (garage floors, basements, workshops, unfinished spaces, exterior porches, and patios) with an industrial coating system with finishes appearing like Granite, Quartz, Stone, Metallic or Terrazzo. GGFF will sell franchises providing services similar to GGFA.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Significant accounting policies:

Basis of presentation: The consolidated balance sheets are presented as of December 31, 2022 and 2021. The consolidated statements of operations, changes in members' equity, and cash flows are presented for the year ended December 31, 2022, 2021, and for the period August 13, 2020 (acquisition date), through December 31, 2020. The accompanying consolidated financial statements of the Company include its wholly owned subsidiaries.

All intercompany transactions have been eliminated. The accompanying consolidated financial statements have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Company follows to ensure its financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these notes to the consolidated financial statements are to the FASB Accounting Standards Codification (ASC).

Revenue recognition policy: The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows: identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when or as performance obligations are satisfied.

Nature of services

The Company's franchise agreements include (a) the right to use its symbolic intellectual property over the term of each franchise agreement, (b) preopening services, such as training, (c) ongoing services, such as management of the advertising fund contributions and support services for the franchisees, and (d) a license to use the Company's internal-use software which is hosted on the Company's software as a service (SaaS) platform. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day-to-day, the symbolic intellectual property is accessed over time and the customer (the franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities). Revenue earned from providing the services is collectively referred to as franchise revenue.

The Company's revenue consists primarily of franchise revenue (which is discussed above), which includes franchise royalties, advertising fund contributions, franchise fees, and support services performed for franchisees. Initial franchise fees are based on the market type selected and are paid at the time an individual franchise agreement is signed. Territory fees are for the purchase of additional territory over and above the minimum qualified households allowable based on the market type selected and are also paid at the time an individual franchise agreement is signed.

The Company also operates certain franchise locations. The revenue for these consists of revenue recognized at a point in time as the service is completed.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Payment terms

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. Agreements may include initial and renewal franchise fees, sales-based royalties, and fees for administrative services performed for the franchisee.

The Company believes its franchising agreements do not contain a significant financing component because (a) the timing of the upfront payment does not arise for the reason of provision of financing to the Company and (b) the sales-based royalty is variable and based on factors outside the Company or the franchisee's control.

Revenue recognition

Initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement beginning when the agreement is signed. Franchise agreements typically have a term of five to 10 years with the option to renew for an additional five years if the franchisee is in compliance with the terms of the franchise agreement.

Continuing royalties are calculated as a percentage of franchisees' reported sales that are related entirely to the Company's performance obligation under the franchise agreement. These royalties are considered variable consideration, but because they relate to a license of intellectual property, they are not included in the transaction price. Instead, royalty revenue is recognized as franchisee sales occur. Advertising contributions received from the Company's franchisees are recorded as a component of franchise royalties and fees in the consolidated statements of operations.

Contract balances

The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred franchise and territory fees) also is recorded.

Commission costs

The Company defers those direct and incremental costs associated with the sale of franchises. Deferred costs are charged to earnings when the related deferred franchise and territory fees are recognized as revenue over the term of the respective agreement. The Company has determined the period of benefit for direct and incremental costs associated with the sale of franchises to be the initial term of the franchise agreement. Amortization is recognized on a straight-line basis commensurate with the pattern of revenue recognition. Deferred costs are recorded in prepaid expenses and other current assets and other noncurrent assets in the accompanying consolidated balance sheets.

Advertising funds

The Company collects funds from its franchisees for advertising pursuant to the Company's franchise agreements at a percentage of franchisee sales. These advertising services are not considered distinct because they are highly dependent and interrelated to the franchise right. Advertising contributions are considered part of the transaction price for the franchise right and recognized as revenue as the underlying sales occur. The advertising costs incurred for franchisees will be expensed in accordance with the Company's normal policy.

Cash and cash equivalents: The Company considers all short-term, highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. Cash equivalents consist of money market accounts.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its franchisees and customers to make required payments. Management considers the following factors when determining the collectability of specific accounts: credit worthiness of franchisees, past transaction history with the franchisee, current economic industry trends, and changes in franchisee payment terms. Certain franchisees are on payment plans for outstanding balances but continue to make payments in accordance with the established payment plans. If the financial conditions of the Company's franchisees or customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to the allowance. Accounts receivable that remain outstanding after the Company has made reasonable collection efforts are written off against the allowance and a credit to accounts receivable. Recoveries of accounts receivable previously written off are recorded when received. The allowance for doubtful accounts on accounts receivable was approximately \$505,000, and \$491,000, at December 31, 2022 and 2021 respectively.

Concentration of credit risk: The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents in bank deposit accounts, which 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 risk on cash and cash equivalents. The Company grants credit to its franchisees and customers. Consequently, the Company's ability to collect the amounts due from franchisees and customers is affected by economic fluctuations. The Company routinely assesses the financial strength of its franchisees and customers and believes that its accounts receivable credit risk exposure is limited.

Franchisor advertising: Advertising costs of the franchisor are charged against income during the period the advertising is displayed. Advertising costs are expensed as incurred and totaled approximately \$1,863,000, \$2,148,000, and \$184,000 for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively.

Software development costs: Costs for software developed for internal use are accounted for in accordance with ASC 350, Intangibles – Goodwill and Other - Internal-Use Software. ASC 350 requires the capitalization of certain costs incurred in connection with developing or obtaining internal-use software. In accordance with ASC 350, the Company expenses costs incurred in the preliminary project stage of developing or acquiring internal use software, such as research and feasibility studies, as well as costs incurred in the post-implementation/operational stage, such as maintenance and training. Capitalization of software development costs occurs only after the preliminary project stage is complete, management authorizes the project, and it is probable that the project will be completed and the software will be used for the function intended. Costs associated with the purchase and development of computer software are capitalized and amortized on a straight-line basis over the estimated useful life of the related asset. Software development costs are recorded in property and equipment in the accompanying consolidated balance sheets. The Company capitalized software development costs. There were no capitalized costs for the year ended December 31, 2022 and approximately \$130,000 of capitalized software costs for the year ended December 31, 2021.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment is stated at cost, net of accumulated depreciation and amortization. Expenditures for additions and improvements are capitalized while maintenance and repair expenditures are charged to operations as incurred. When assets are sold or otherwise retired from service, their cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is included in the results of operations. Depreciation and amortization is computed using the straight-line method based on the following estimated useful lives:

	Years
Equipment	5-10
Vehicles	5-10
Furniture and fixtures	3-5
Leasehold improvements	Lesser of useful life or lease term
Software development costs	3-7

Goodwill and intangibles: Goodwill is recognized for the excess of the fair value of an acquired business over the fair value of the identifiable net assets acquired. Under FASB ASC Topic 350, Intangibles—Goodwill and Other, the Company elected the accounting alternative to amortize goodwill on a straight-line basis over 10 years.

The Company has elected the provisions of FASB Accounting Standards Update (ASU) 2014-18, *Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination*. ASU 2014-18 specifies that a private company that elects the accounting alternative to recognize or otherwise consider the fair value of intangible assets as a result of any in-scope transactions should no longer recognize separately from goodwill: (1) customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of the business and (2) noncompetition agreements.

The Company tests its recorded goodwill for impairment upon a triggering event. Factors that could trigger an impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the overall business, significant negative industry or economic trends and a sustained period where market capitalization, plus an appropriate control premium, is less than member's equity. Goodwill is tested using a fair-value approach at the entity level. No indications of impairment were identified for the years ended December 31, 2022, and 2021.

Intangible assets include franchise agreements, trade names, trade secrets and software. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which range between 7 to 25 years.

Long-lived assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If impairment is considered, recoverability of these assets is measured by a comparison of the carrying amount of the asset to estimated future undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount of which the carrying amount of the asset exceeds the fair value of the asset. No indications of impairment were identified for the years ended December 31, 2022, and 2021.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fair value measurements: The Company uses the fair value measurement and disclosure guidance for all assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that management believes market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2: Inputs to the valuation methodology include quoted prices in markets that are not active or quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable, reflecting the entity's own assumptions about assumptions market participants would use in pricing the asset or liability.

Leases: In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Company adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Company has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, Leases.

The Company elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Company does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Company has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon the adoption of Topic 842 on January 1, 2022.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Company obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its various asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred. Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's operating leases of approximately \$6.67 million and \$6.71 million, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

Income taxes: As a limited liability company, the Company is treated as a partnership for federal and state income tax purposes. As such, the taxable income of the Company is allocated in the tax returns of its members for federal and state tax purposes in accordance with their respective percentage ownership. Accordingly, no provision for federal income taxes is included in the consolidated financial statements. Entity-level, composite state and local income taxes (benefits) are accrued at the applicable rates, if any, and are included in the consolidated statements of operations.

The FASB provides guidance for how uncertain tax provisions should be recognized, measured, disclosed, and presented in the consolidated financial statements. The Company identifies its tax positions taken or expected to be taken in the course of preparing its tax returns and determines whether any tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Management has determined that there are no uncertain tax positions at December 31, 2022, 2021, nor for the period from August 13, 2020 (acquisition date), through December 31, 2020.

Debt issuance costs: Debt issuance costs are carried at cost less accumulated amortization as a direct deduction from the carrying amount of the related loan. The costs are amortized over the term of the related loan using a method that approximates the effective interest rate method. Amortization expense is classified in interest expense in the accompanying consolidated statements of operations. Amortization expense recognized on debt issuance costs was approximately \$210,000, \$123,000, and de minimus as of December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Foreign currency translation: The functional currency of the Company's international subsidiary is the Canadian dollar. Foreign currency denominated assets and liabilities are translated into United States dollars at the rate of exchange in effect at year-end. Income and expenses are translated at a weighted average rate of exchange for the year ended December 31, 2022. The aggregate effect of translating the financial statements is included in foreign currency translation in the statement of changes in members' equity.

Use of estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and does not expect the impact to be significant.

Subsequent events: The Company evaluated subsequent events for potential required disclosure through March 29, 2023, which is the date the consolidated financial statements were available to be issued.

Note 2. Acquisition of Businesses

HS Group: On August 13, 2020, by the effects of the purchase agreement, Riverside acquired HS Group Holding Company, LLC which at the time included the entities of MaidPro, Flyfoe and Men in Kilts, in exchange for fair value of total consideration of \$29,956,694.

The acquisition was funded through equity contributions from Riverside and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. Goodwill is deductible for income tax purposes.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2: Acquisition of Businesses (Continued)

The business combination was accounted for under the acquisition method of accounting. In accordance with the pushdown basis of accounting, the net assets of the Company were adjusted to their estimated fair values as of the date of acquisition. The total consideration and net assets of the Company are summarized in the following table:

Consideration:	
Cash	\$ 13,970,942
Due to seller	17,469
835 Class A Units of HS Group Holding Company, LLC	1,500,000
Total invested capital	<u>\$ 15,488,411</u>
Recognized amount of net assets of the Company:	
Cash	\$ 129,606
Receivables	227,163
Inventory	92,885
Other current assets	154,809
Contract assets	31,395
Fixed assets	23,852
Right-of-use asset	43,701
Tradenname	1,038,000
Franchise agreements	1,797,000
Accounts payable and accruals	(101,868)
Lease liability	(45,540)
Deferred revenue	(330,806)
Total identifiable net assets acquired	<u>3,060,197</u>
Goodwill	<u>12,428,214</u>
	<u>\$ 15,488,411</u>

The fair value of the 2,650 Class A Units was determined on the basis of contemporaneous contributed capital of other members' of the Company's Class A Units on the acquisition date.

As of December 31, 2020, the Company had not yet finalized the purchase price allocation. During the year ended December 31, 2021, the Company made adjustments to the preliminary purchase price allocation as additional information became available. Accordingly, the Company recorded an adjustment to Goodwill of approximately \$91,000.

In connection with the transaction, Riverside incurred \$1,307,039 of transaction expenses which were netted with the total pushdown of basis from Riverside within the consolidated statement of changes in members' equity.

Of the \$11,555,000 of identified intangible assets, \$7,258,000 was assigned to franchise agreements (10-year life), \$2,610,000 was assigned to trade names (20-year life), and \$1,687,000 to developed software (7-year life).

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2: Acquisition of Businesses (Continued)

Pestmaster: Effective September 23, 2020, the Company acquired 100% of the membership interest in PFN, PSI and Kaigan for total consideration of \$9,970,416.

The acquisition was funded through equity contributions and the issuance of membership units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. The majority of goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:

Cash	\$ 9,290,124
1,000 Class A Units of HS Group Holding Company, LLC	864,150
Due from seller	(183,858)
Total invested capital	<u>\$ 9,970,416</u>

Recognized amount of identifiable assets acquired and liabilities assumed:

Cash	\$ 30,402
Receivables	849,588
Prepaid expenses and other assets	32,436
Capitalized contract costs	89,523
Notes receivable	67,356
Property and equipment	851,603
Intangible assets	2,796,000
Accounts payable	(289,723)
Accrued expenses and other liabilities	(360,622)
Deferred franchise and territory fees	(601,732)
Notes payable	(533,611)
Total identifiable net assets acquired	<u>2,931,220</u>
Goodwill	<u>7,039,196</u>
	<u>\$ 9,970,416</u>

The fair value of the 1,000 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

As of December 31, 2020, the Company had not yet finalized the purchase price allocation. The Company was in on-going negotiations with the seller on the working capital adjustment. During the year ended December 31, 2021, the Company made adjustments to consideration and the preliminary purchase price allocation as additional information became available and the working capital adjustment was finalized. Accordingly, the Company recorded an adjustment to Goodwill of \$133,000 during the period, primarily related to the working capital adjustment.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2: Acquisition of Businesses (Continued)

In connection with the transaction, the Company incurred \$1,663,661 of transaction expenses which were expensed as incurred in the accompanying consolidated statement of operations.

Of the \$2,796,000 of identified intangible assets, \$1,879,000 was assigned to franchise agreements (10-year life) and \$917,000 was assigned to trade names (20-year life).

USA Insulation: Effective December 23, 2020, the Company acquired 100% of the interest in USA, USAE and FDIE for total consideration of \$17,283,852.

The acquisition was funded through equity contributions, draw down of debt, and the issuance of membership units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired and liabilities assumed recognized at fair value at the date of acquisition:

Consideration:

Cash	\$ 15,638,925
Due from seller	(244,930)
2,200 Class A Units of HS Group Holding Company, LLC	1,889,857
Total invested capital	<u>\$ 17,283,852</u>

Recognized amount of identifiable assets acquired and liabilities assumed:

Cash	\$ 2,057,255
Receivables	362,950
Prepaid expenses and other assets	210,738
Capitalized contract costs	321,014
Notes receivable	34,678
Property and equipment	602,280
Intangible assets	4,162,000
Accounts payable	(163,956)
Accrued expenses and other liabilities	(549,809)
Deferred franchise and territory fees	(1,111,051)
Total identifiable net assets acquired	<u>5,926,099</u>
Goodwill	11,357,753
	<u>\$ 17,283,852</u>

The fair value of the 2,200 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$1,382,293 of transaction expenses which were expensed as incurred in the accompanying consolidated statement of operations.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

Of the \$4,162,000 of identified intangible assets, \$1,605,000 was assigned to franchise agreement (10-year life), \$1,476,000 was assigned to trade names (20-year life) and \$1,081,000 was assigned to trade secrets (25-year life).

Men in Kilts Canada: On February 8, 2021, the Company acquired 100% of the assets in MIKC for total consideration of \$1,450,854.

The acquisition was funded through equity contributions and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. Goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:

Cash	\$ 1,300,854
150 Class A Units of HS Group Holding Company, LLC	150,000
Total invested capital	<u>\$ 1,450,854</u>

Recognized amount of net assets of the Company:

Other current assets	\$ 34,500
Intangible assets	927,000
Accrued expenses and other liabilities	<u>(69,593)</u>
Total identifiable net assets acquired	891,907
Goodwill	558,947
	<u>\$ 1,450,854</u>

The fair value of the 150 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$252,478 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the \$927,000 of identified intangible assets, \$829,000 was assigned to franchise agreements (10-year life) and \$98,000 was assigned to trade names (20-year life).

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

Plumbing Heating Paramedics: Effective May 7, 2021, the Company acquired 100% of the membership interest in PHP for total consideration of \$5,380,087.

The acquisition was funded through equity contributions, draw down of debt and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and assets acquired and liabilities assumed recognized at the preliminary fair value at the date of acquisition:

Consideration:

Cash	\$ 2,436,860
Due from seller	(56,773)
3,000 Class A Units of HS Group Holding Company, LLC	3,000,000
Total invested capital	<u>\$ 5,380,087</u>

Recognized amount of identifiable assets acquired and liabilities assumed:

Cash	\$ 783,815
Receivables	265,090
Prepaid expenses and other assets	20,621
Property and equipment	195,658
Intangible assets	905,000
Accounts payable	(11,857)
Accrued expenses and other liabilities	(630,062)
Deferred service contract	(130,955)
Notes payable	(132,500)
Extended warranties	(541,548)
Total identifiable net assets acquired	<u>723,262</u>
Goodwill	<u>4,656,825</u>
	<u>\$ 5,380,087</u>

The fair value of the 3,000 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$669,400 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

The \$905,000 of identified intangible assets were assigned to trade names (20-year life).

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

Sir Grout: Effective September 13, 2021, the Company acquired 100% of the membership interest in SGF and SG for total consideration of \$12,697,136.

The acquisition was funded through equity contributions, draw down of debt and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired and liabilities assumed recognized at preliminary fair value at the date of acquisition:

Consideration:

Cash	\$ 10,697,136
1,354 Class A Units of HS Group Holding Company, LLC	2,000,000
Total invested capital	<u>\$ 12,697,136</u>

Recognized amount of identifiable assets acquired and liabilities assumed:

Cash	\$ 133,841
Receivables	152,790
Other assets	66,092
Intangible assets	2,612,000
Accounts payable	(5,338)
Accrued expenses and other liabilities	(128,159)
Deferred revenue	(455,252)
Total identifiable net assets acquired	<u>2,375,974</u>
Goodwill	<u>10,321,162</u>
	<u>\$ 12,697,136</u>

The fair value of the 1,354 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$697,658 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the \$2,612,000 of identified intangible assets, \$2,029,000 was assigned to franchise agreements (10-year life) and \$583,000 was assigned to trade names (20-year life).

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

Granite Garage: Effective May 13, 2022, the Company acquired 100% of the membership interest in GGFF and GGFA for total consideration of \$15,488,411.

The acquisition was funded through equity contributions, and the issuance of member units to the sellers.

The goodwill arising from the above acquisition is largely due to the fair value of certain intangible assets along with the assembled workforce being subsumed into goodwill, the Company's presence in the marketplace, and its long-term expected revenue growth. A tax election was filed; therefore, goodwill is deductible for income tax purposes.

The business combination was accounted for under the acquisition method of accounting. The following table summarizes the consideration paid and the assets acquired and liabilities assumed recognized at preliminary fair value at the date of acquisition:

Consideration:

Cash	\$ 13,970,942
Due to seller	17,469
835 Class A Units of HS Group Holding Company, LLC	1,500,000
Total invested capital	<u>\$ 15,488,411</u>

Recognized amount of net assets of the Company:

Cash	\$ 129,606
Receivables	227,163
Inventory	92,885
Other current assets	154,809
Contract assets	31,395
Fixed assets	23,852
Right-of-use asset	43,701
Tradename	1,038,000
Franchise agreements	1,797,000
Accounts payable and accruals	(101,868)
Lease liability	(45,540)
Deferred revenue	(330,806)
Total identifiable net assets acquired	<u>3,060,197</u>
Goodwill	<u>12,428,214</u>
	<u>\$ 15,488,411</u>

The fair value of the 835 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$884,988 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the \$2,830,000 of identified intangible assets, \$1,792,000 was assigned to franchise agreements (10-year life) and \$1,038,000 was assigned to trade names (20-year life).

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2022	2021
Equipment	\$ 715,331	\$ 594,155
Vehicles	1,773,069	1,408,474
Furniture and fixtures	97,051	74,083
Leasehold improvements	629,288	503,139
Work in process	68,915	-
Software development costs	133,357	133,357
Total property and equipment	3,417,011	2,713,208
Less accumulated depreciation and amortization	(1,094,816)	(361,451)
Property and equipment, net	<u>\$ 2,322,195</u>	<u>\$ 2,351,757</u>

Depreciation expense for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, was approximately \$428,000, \$297,000, and \$64,000 respectively.

Note 4. Intangible Assets and Goodwill

Following is a summary of intangible assets:

		December 31, 2022		
	Weighted-Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	8.04	\$ 15,351,284	\$ 3,023,790	\$ 12,327,494
Trade names	18.12	7,821,407	736,027	7,085,380
Software	4.62	1,776,300	599,008	1,177,292
Trade secrets	22.98	1,081,000	87,428	993,572
		<u>\$ 26,029,991</u>	<u>\$ 4,446,253</u>	<u>\$ 21,583,738</u>
Goodwill	8.26	<u>\$ 64,527,306</u>	<u>\$ 11,225,551</u>	<u>\$ 53,301,755</u>

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 4: Intangible Assets and Goodwill (Continued)

	Weighted-Average Remaining Useful Life	December 31, 2021		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	9.03	\$ 13,600,000	\$ 1,544,043	\$ 12,055,957
Trade names	19.08	6,789,000	364,499	6,424,501
Software	5.62	1,687,000	333,957	1,353,043
Trade secrets	23.98	1,081,000	44,188	1,036,812
		<u>\$ 23,157,000</u>	<u>\$ 2,286,687</u>	<u>\$ 20,870,313</u>
Goodwill	9.08	<u>\$ 52,088,447</u>	<u>\$ 5,196,512</u>	<u>\$ 46,891,935</u>

The change in the carrying value of goodwill for the years ended December 31, 2022 and 2021, is as follows:

Balance at December 31, 2020	\$ 35,677,018
Additions of goodwill	15,536,934
Amortization expense	(4,279,313)
Measurement period adjustment	(42,704)
Balance at December 31, 2021	<u>46,891,935</u>
Additions of goodwill	12,433,214
Amortization expense	(6,023,394)
Balance at December 31, 2022	<u>\$ 53,301,755</u>

A measurement period adjustment was recorded in 2021 that related primarily to the working capital adjustment for the acquisition of Pestmaster and an adjustment to notes receivable for the acquisition of HS Group Holding Company, LLC. The net effect adjusted goodwill by approximately \$43,000. The effect of amortization expense was de minimis.

Amortization expense recognized on intangible assets and goodwill totaled approximately \$2,100,000 and \$6,020,000, respectively, as of December 31, 2022. Amortization expense recognized on intangible assets and goodwill totaled approximately \$1,800,000 and \$4,280,000, respectively, as of December 31, 2021. Amortization expense recognized on intangible assets and goodwill totaled approximately \$493,000 and \$917,000, for the period August 13, 2020 (acquisition date) through December 31, 2020, respectively.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 4: Intangible Assets and Goodwill (Continued)

The future estimated aggregate amortization expense for intangibles and goodwill as of December 31, 2022, is as follows:

	Goodwill	Intangibles
Years ending December 31:		
2023	\$ 6,452,731	\$ 2,259,116
2024	6,452,731	2,259,116
2025	6,452,731	2,259,116
2026	6,452,731	2,259,116
2027	6,452,731	2,259,116

Note 5. Long-Term Debt

In connection with the Company's acquisition of USA on December 23, 2020, the Company entered into a credit agreement with a financial institution. Maximum borrowings under the credit agreement allow for \$2,000,000 of a revolving loan, \$12,500,000 of a senior secured term loan and \$20,000,000 of additional term loans, which are secured by substantially all of the assets of the Company. The available borrowings on the revolver are limited to a borrowing base, calculated from the adjusted senior debt to earnings before interest, taxes, depreciation and amortization (EBITDA) as further defined in the credit agreement. In connection with the agreement, the Company incurred debt issuance costs of \$410,323, which are amortized over the term of the credit agreement.

In connection with the Company's Acquisition of PHP on May 7, 2021, the Company signed the First Amendment to the Loan Agreement (the First Amendment) which provided an additional term loan of \$4,000,000. The Company incurred debt issuance costs of \$100,000, which are amortized over the term of the credit agreement.

On September 13, 2021, the Company signed the Second Amendment to the Loan Agreement (the Second Amendment), which granted approval for the acquisition of Sir Grout, LLC, and provided an additional term loan of \$12,000,000. The Company incurred debt issuance costs of \$451,094, which are amortized over the term of the credit agreement.

On May 13, 2022 and August 24, 2022 the Company signed the Third and Fourth Amendments, respectively. These amendments had no impact to cash flows and were to allow for the acquisition of Granite Garage and to update the definition of EBITDA, as it relates calculations required to be performed to confirms that the Company has met its debt covenants.

The interest rate is a floating rate equal to the lesser of London Interbank Offered Rate (LIBOR) plus the applicable margin and the maximum rate, as defined in the credit agreement, which is 9.2% as of December 31, 2022. Principal payments are due quarterly on the first day of each quarter in an amount equal to \$71,093 and with a balloon payment on December 23, 2025. There is \$28,072,031 outstanding on the senior secured term loan at December 31, 2022, and nothing drawn down on the revolving loan or the additional term loans.

The credit agreement includes certain ratios and excess cash flow payments. The credit agreement is collateralized by all business assets of the Company. As of December 31, 2022, the Company was in compliance with its debt covenants.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 5. Long-Term Debt (Continued)

Amortization expense recognized on debt issuance costs was approximately \$210,000, \$123,000, and de minimus as of December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively.

A summary of long-term debt is as follows as of December 31, 2022:

	2022	2021
Term loan	\$ 28,072,031	\$ 28,356,406
Less unamortized debt issuance costs	(628,999)	(838,531)
Less current portion	(284,372)	(284,372)
	<u>\$ 27,158,660</u>	<u>\$ 27,233,503</u>

Future maturities of long-term debt are as follows:

2023	\$ 284,372
2024	284,372
2025	<u>27,503,287</u>
	<u>\$ 28,072,031</u>

Note 6. Leases

Operating lease: The Company leases real estate and vehicles, under operating lease agreements that have initial term of four to 15 years. Some leases include one or more options to renew, generally at the Company's sole discretion, with renewal terms that can extend the lease five times up to a term of five years each. In addition, certain leases contain termination options, where the rights to terminate are held by either the Company, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Company will exercise that option. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Lease expense is approximately \$1,426,819 for the year ended December 31, 2022. Weighted average lives remaining on lease terms are 4-10 years and the weighted average discount rates are 1.00%.

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2022:

Operating leases	
Operating cash outflows—payments on operating leases	\$ 1,379,117
Right-of-use assets in exchange for new lease obligations:	
Operating leases	\$ 6,670,560

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 6. Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2022:

Years ending December 31:

2023	\$ 1,291,303
2024	1,277,119
2025	1,220,701
2026	594,701
2027	288,550
Thereafter	803,049
Total lease payments	5,475,423
Less imputed interest	172,113
Total present value of lease liabilities	<u>\$ 5,647,536</u>

Future minimum rentals, as determined under Topic 840, for all non-cancelable leases as of December 31, 2021 payments are as follows:

2022	\$ 1,304,478
2023	1,215,191
2024	1,215,070
2025	1,118,024
2026	400,947
Thereafter	564,049
	<u>\$ 5,817,759</u>

Note 7. Commitments and Contingencies

Legal matters: From time to time, the Company may be involved in legal actions arising in the ordinary course of business or, conditions may exist that may result in a loss but will only be resolved when one or more future events occur or fail to occur. Each of these actions or matters is assessed by the Company's management and legal counsel to evaluate the perceived merits of any proceeding or claim, as well as any relief sought or expected to be sought. Such assessment involves the exercise of judgment. The Company establishes accruals for losses that management deems to be probable and subject to reasonable estimate. If the assessment indicates that a potentially material loss contingency is not probable but reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Related-party transaction: A company related to the Company's majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in general and administrative expense on the accompanying consolidated statements of operations. The total expense for the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, is approximately \$295,000, \$294,000 and \$100,800, respectively.

HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands

Notes to Consolidated Financial Statements

Note 8. Members' Equity

Members' equity consisted of the following membership units:

	2022	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	72,224
Class B Units	7,524	4,184

	2021	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	62,608
Class B Units	6,510	5,137

Class A Units have voting rights on all matters requiring the consent, approval or vote of the Members. The Class A Units receive preference on distributions.

Class B Units are profit interests that do not have voting rights and have been issued to designated management employees of the Company without any corresponding capital contribution. The holders of these units are entitled to share in the appreciation of the Company's assets that occur subsequent to the date of grant. The Class B Units are dilutive to the participating preferred units.

The Company has issued 8,415, 6,452, 1,367 units to certain management employees as of December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020, respectively. The units substantially vest upon a change in control of the Company, if still employed. The fair value of the awards at the date of grant is estimated using option pricing models. The expected terms assumption reflects the period for which the Company believes the awards will remain outstanding and is based on the expected behavior of the award holders. The Company determined the volatility of the fair value of its units through comparison to similar entities considering such characteristics as industry, stage of life cycle, size, and financial leverage. The risk free rate reflects the U.S. Treasury yield curve for similar expected life instruments in effect at the time of grant. During the years ended December 31, 2022 and 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020 there were 4,231, 1,314, and zero cumulative units forfeited, respectively.

For the years ended December 31, 2022, 2021, and for the period from August 13, 2020 (acquisition date), through December 31, 2020 there was unrecognized compensation costs related to the Class B Units of approximately \$943,000, \$2,250,000 and \$504,000, respectively. The unrecognized compensation costs will be recognized at the time the vesting criterion is probable to occur.

GUARANTEE OF PERFORMANCE

For value received, **HS GROUP HOLDING COMPANY, LLC**, a Delaware limited liability company (the "Guarantor"), located at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111, absolutely and unconditionally guarantees to assume the duties and obligations of **PESTMASTER FRANCHISE NETWORK, LLC**, located at 9716 South Virginia Street, Suite E, Reno, Nevada 89511 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Santa Monica (city), California (state), on the 29 day of March, 2023.

GUARANTOR:

HS GROUP HOLDING COMPANY, LLC

By: Caroline Peck
Name: Caroline Peck
Title: Vice President and Manager

EXHIBIT B



PESTMASTER FRANCHISE NETWORK, LLC

FRANCHISE AGREEMENT

DATE: _____

PSM # _____

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4. FRANCHISE COMPLIANCE QUESTIONNAIRE
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6. PROMISSORY NOTE

PESTMASTER FRANCHISE NETWORK, LLC

FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”), made as of _____, by and between PESTMASTER FRANCHISE NETWORK, LLC, a Delaware limited liability company, having its principal place of business at 9716 South Virginia Street, Suite E, Reno, Nevada 89511 (“Franchisor”), and _____, whose principal address is _____, an individual/partnership/corporation/limited liability company established in the State of _____ (“Franchisee”).

RECITALS

WHEREAS, Franchisor and its predecessor as the result of the expenditure of time, skill, effort and money, (a) has developed and owns a system (“System”), identified by the mark “PESTMASTER®” relating to the establishment, development and operation of businesses specializing in providing structural and agricultural pest control, termite control, weed control and maintenance services to residential, commercial and governmental customers, which System may be changed, improved or further developed by Franchisor from time to time, and (b) may acquire the right to develop, promote, sell and distribute an assortment of pest control and maintenance chemicals, solutions and other products and related supplies bearing the mark “PESTMASTER®” (“PESTMASTER® Trademarked Product Lines”); and

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive signage and decoration for the business premises, trucks and other motor vehicles used in operating the Franchised Business as defined below; procedures and techniques for providing structural and agricultural pest control, termite control, and weed control services; the PESTMASTER® Confidential Operations Manual (“the Manual”); uniform operating methods, procedures and techniques; record keeping and reporting systems, and sales promotion, marketing and advertising programs; all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor is the owner of the right, title and interest together with all the goodwill connected thereto, in and to the trade name, trademark and service mark “PESTMASTER®”, “PESTMASTER®, plus the design”, associated logos and commercial symbols, and such other trade names, trademarks and service marks as are now designated (and may be designated in writing by Franchisor) as an integral part of the System (collectively, the “Marks”); and

WHEREAS, Franchisor grants to qualified persons franchises to own and operate PESTMASTER® businesses providing services and activities authorized and approved by Franchisor in utilizing Franchisor’s System and Marks. Franchisee desires to operate a PESTMASTER® business under Franchisor’s System and using the Marks and has applied for a franchise and such application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, operations, and service and the necessity of operating the Franchised Business in strict conformity with Franchisor’s standards and specifications;

WHEREAS, Franchisee acknowledges and agrees that, in the administration of this Agreement and in taking actions with respect to Franchisor’s relationship with Franchisee, Franchisor must take into account the needs of the System, and the effect upon the System as a whole, and the need to protect the Marks for the benefit of the System; and

WHEREAS, Franchisor expressly disclaims the making of and Franchisee acknowledges that it has not received, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement, other than as may be set forth in the Franchise Disclosure Document provided to Franchisee. Franchisee acknowledges that Franchisee has read this Agreement and Franchisor's Franchise Disclosure Document and that Franchisee has no knowledge of any representation by Franchisor, or its officers, directors, shareholders, employees or agents that are in addition to or contrary to the statements made in Franchisor's Franchise Disclosure Document or to the terms hereof.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement hereby agree as follows:

The Recitals above are incorporated herein by reference.

I. GRANT OF FRANCHISE

A. Subject to all of the terms and conditions of this Agreement, we license to you the right and obligation to operate a Franchised Business utilizing the System and the Marks within the geographic area that includes a population of approximately 250,000 persons (the "Territory"). The rights and obligations herein granted are sometimes referred to in this Agreement as the "Franchised Business."

B. You expressly acknowledge and agree that we have the right, on behalf of ourselves or through our affiliates, in our sole discretion, to (a) establish or license franchises and/or company-owned pest control and other related services businesses offering similar or identical products and services, and using the System or elements of the System, (i) under the Marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory; (b) sell or offer, or license others to sell or offer, any products and services using the Marks or other marks through any similar and dissimilar channels, including, without limitation, through telephone, mail order, kiosk, retail, co-branded sites and sites located within other retail businesses, Intranet, Internet, web sites, wireless, email or other forms of e-commerce, for distribution inside and outside of the Territory; and (c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory. You will not be entitled to compensation from any of our activities or sale of any products or services within your Territory.

C. You also agree that we may purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than (while this Agreement is in effect) the Marks, regardless of the location of these businesses and/or facilities, which may be within the Territory or immediately proximate to the Territory.

II. TERM AND RENEWAL

A. This Agreement shall take effect upon the date when a representative of Franchisor has executed this Agreement (the "Effective Date") and, unless terminated pursuant to Section., shall continue in effect for a term of five (5) years (the "Term"). If this Agreement is signed as part of the renewal of the Franchise, then the Effective Date shall be the first day after the expiration of the Term of the prior franchise agreement, or the date upon which all parties hereto have signed this Agreement, whichever is later.

B. You may be eligible to renew your license to operate the Franchised Business granted hereunder if you meet all conditions of renewal set forth in Section II.D. We have the absolute right to refuse to renew or extend the term of the Franchised Business granted in this Agreement if you have, during

the Term, received three (3) or more notices of default, whether or not you have subsequently cured such default.

C. You must notify us that you intend to seek renewal of the Franchised Business by providing written notice not less than six (6) months prior to the expiration of the Term. Failure to provide the required notice shall act as a waiver of your option to renew.

D. You may be eligible to renew the Franchised Business if you:

1. Provide us with the notice required under Section II.C; and
2. Are not in default under this Agreement, or any other agreement ancillary hereto; and
3. Have not received three (3) or more notices of default during the Term, regardless of whether you cured the default(s); and
4. Have timely paid all Continuing Royalties, fees, and any other amounts due and owing to us and any of our affiliates; and
5. Are not in default beyond the applicable cure period with us or any of our affiliates or any of your vendors or suppliers; and
6. Enter into the then-current form of franchise agreement offered by us, which may contain terms different from those contained herein including, but not limited to, different performance standards, renewal terms, royalty structures or fees, and territory; and
7. Pay the renewal fee of twenty percent (20%) of the then-current initial franchise fee; and
8. Except to the extent prohibited by applicable state law, execute and deliver to us a general release (under seal if necessary) and waiver, in a form satisfactory to us, of any and all claims of any nature whatsoever you might have against us, our subsidiaries or affiliates (if applicable) and our officers, members, managers, directors, attorneys, shareholders, agents and employees, successors, assigns and personal representatives, in their corporate and individual capacities, and all Indemnitees (as hereinafter defined in Section XXIV.C.). **New York residents see New York addendum for this section.**

E. If you continue to operate after the end of the Term without exercising an option to renew, you shall be deemed to be operating on a month-to-month basis under the terms and conditions of this Agreement. In such circumstances, and notwithstanding the foregoing, we may on 10 days written notice, terminate this Agreement and your right to operate the Franchised Business.

III. TERRITORY

A. The Territory is described with particularity in Exhibit 1.

B. Franchisee shall concentrate its marketing and activities exclusively within the Territory. Franchisee is expressly prohibited from marketing or performing its services outside of the Territory without the express prior written permission of Franchisor.

C. Franchisee shall not solicit customers, perform work or sell products to a customer located outside of the Territory without the express prior written permission of Franchisor. A customer is outside a Franchisee's territory if the location where the work is performed is outside the Territory or if the customer account that contracts for services or purchases products has a business address outside of the Territory. An account's location shall be determined by Franchisor in its sole and absolute discretion.

D. If Franchisor permits Franchisee to solicit a customer outside its Territory, and such customer is in the Territory of another franchisee, then Franchisee shall pay to the franchisee in whose Territory the customer is located fifty percent (50%) of the revenue generated by such customer. Soliciting or providing services to a customer in another franchisee's territory without the prior written permission of Franchisor is a material breach of this Agreement and may result in the termination of this Agreement. This section shall apply to work performed at the time the work is performed; regardless of whether the customer was located in a Territory that was not assigned to any franchisee at the time the contract with the customer was awarded.

E. Franchisee agrees that the offer to sell or sale of products or services outside of Franchisee's Territory, and not otherwise within the Territory of another franchisee, without the express prior written permission of Franchisor is prohibited.

F. Franchisor and any of its affiliates may service Corporate Accounts, regardless of their location, that contract with Franchisor and any of its affiliates for services. "Corporate Accounts" shall mean an account having two (2) or more locations, at least one (1) of which is within Franchisee's Territory and at least one of which is outside of Franchisee's Territory. Unless Franchisee has a pre-existing relationship with the Corporate Account location in Franchisee's Territory, in which case Franchisee may continue to provide services to that location under the terms of its existing arrangement, Franchisor may offer Franchisee the opportunity to service the Corporate Account location in Franchisee's Territory. Franchisee may, but is not obligated to, elect to service the Corporate Account location in Franchisee's Territory. Within ten (10) days following receipt of notification from Franchisor of an offer to service a Corporate Account location (including the terms, conditions and prices that Franchisor and the Corporate Account have contracted to), Franchisee shall notify Franchisor in writing whether it will service the Corporate Account location in its Territory, accept the duties, obligations and rights under Franchisor's contract, and render such services to the Corporate Account location at the prices set forth in Franchisor's contract (such prices possibly being less than the prices normally charged by Franchisee to its customers). Franchisee's failure to timely respond to Franchisor's notices shall signify its election not to service the Corporate Account location in its Territory. Franchisor may, directly or through a third party, service any Corporate Account location in Franchisee's Territory that Franchisee declines to service.

IV. PREMISES

A. Franchisee may operate the Franchised Business only at a location that meets Franchisor's standards and that is approved by Franchisor (the "Premises"). Franchisee will be responsible for purchasing or leasing a suitable site for the Premises, which shall be the principal location of the Franchised Business. Prior to the lease or purchase of a site, Franchisee shall submit a description of the proposed site to Franchisor, together with a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the proposed site. The Premises must be located in Franchisee's Territory. Franchisor will consider various factors in approving Franchisee's submission, including but not limited to population base and density, business potential, and existing business practices. Franchisor shall provide Franchisee with written notice of approval or disapproval of the proposed site within thirty (30) days after receiving Franchisee's written proposal. Franchisee must receive approval for a Premises no later than four (4) months after the Effective Date of this Agreement.

B. After receiving Franchisor's written approval of the location of the Franchised Business as provided in Section IV.A. hereof, Franchisee shall execute a lease or sublease (if the Premises are to be leased or subleased) or a binding agreement to purchase the site.

C. If the lease for the Premises is terminated without fault of Franchisee, or if the Premises are destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor will grant permission for relocation of the Franchised Business within Franchisee's Territory to a new Premises. Any such relocation shall be at Franchisee's sole expense and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor, and a reasonable fee for its services, in connection with the process of evaluating proposed locations for the relocation of the Franchised Business.

V. VEHICLE

A. Franchisor shall provide Franchisee its Manual which shall include specifications for the vehicle Franchisee is required to use in the operation of the Franchised Business. Franchisee may purchase or lease a vehicle(s) that meets Franchisor's standards.

B. Franchisee, at its expense, shall at all times during the Term maintain the interior and exterior of the vehicle(s) utilized in the Franchised Business in good repair, attractive appearance, rust free and sound operating condition. Franchisee, at the request of Franchisor, shall make necessary repairs to Franchisee's vehicle(s) in order to maintain the reputation of the System.

C. It shall be the sole responsibility of Franchisee to investigate all applicable licensing, leasing and other requirements for the maintenance of Franchisee's vehicle(s) and to ensure ongoing compliance with all such requirements.

D. The motor vehicle(s) used by Franchisee in conducting the Franchised Business must be wrapped in the approved PESTMASTER® logo graphics supplied and/or approved by Franchisor, and further, such logo and graphics must be maintained in good appearance. Failure to wrap vehicle according to Franchisor's specifications within the initial one hundred twenty (120) day period after Franchisee signs this Agreement shall result in a TWO HUNDRED FIFTY DOLLAR (\$250) per month fee until such time as the motor vehicle has been wrapped as specified. Additional sales, advertising or display information can be placed on the motor vehicle(s) only with the prior written approval of Franchisor.

VI. TRAINING AND CONVENTION

A. Franchisor shall provide initial training to Franchisee's owner (or to the Franchisee if the franchise is owned by an individual or a sole proprietorship) and to one employee of Franchisee, who must be the manager of the Franchised Business if Franchisee employs a manager. There shall be no registration fee for the two individuals who attend the initial training program. Additional attendees shall be charged a fee of \$500 per attendee. Franchisee shall be responsible for all costs and expenses incurred to attend the initial training program including, but not limited to, fees, travel costs, room and board expenses, and employees' wages.

B. Franchisee is required to attend the initial training at the direction of the Franchisor, and to complete the initial training to Franchisor's satisfaction. Franchisee must complete the initial training program no later than ninety (90) days after the Execution Date of this Agreement. Failure to complete the initial training in a timely manner is a default event and may result in the termination of this Agreement.

C. If Franchisee designates new or additional managers after the initial training program is completed, Franchisor may require such new or additional managers to attend an initial training program. Franchisor shall designate the time, place and content for such training. The fee for each required attendee shall be Five Hundred Dollars (\$500). Franchisee shall be solely responsible for payment of all costs and expenses incurred by Franchisee's employees/personnel in attending such training including, but not limited to, travel, hotel/lodging, food/meals, transportation, and wages. Franchisee shall also be responsible for reimbursing all costs and expenses incurred by Franchisor if the initial training under this Section is provided at Franchisee's Premises. Franchisor may, in its sole discretion, approve Franchisee to provide the training required under this Section. The failure to complete any required training for new or additional managers shall be a default under this Agreement.

D. Franchisee may be required to attend periodic training programs. The timing, location and content of such training programs will be determined by Franchisor in its sole and exclusive discretion. Franchisor may charge a fee to attend required training programs. If Franchisee does not attend any required training event, Franchisor may charge Franchisee an additional fee. Franchisee will be responsible for all out-of-pocket expenses incurred by Franchisee and any of Franchisee's personnel who attend any such on-going training or conferences, including travel, transportation, hotel/lodging, meals, and any employee wages.

E. We may, at our option, from time-to-time conduct conventions or host meetings of some or all of our franchisees. ("Conventions"). The duration, curriculum and location of the Conventions will be determined by us, in our sole and exclusive discretion. You may be required to attend one or more of our Conventions, and to pay all of your expenses incurred in connection with attending the Conventions, including transportation cost, meals, lodging and living expenses. You must pay us a monthly Convention Fee in the amount of One Hundred Dollars (\$100) per month, which is paid via EFT as part of your standard monthly billing. The Convention Registration Fee is not refundable and will be collected and retained even if you do not attend any Conventions in a given calendar year.

VII. PROPRIETARY MARKS

A. Franchisee acknowledges that Franchisor is the sole and exclusive owner of the Marks, and that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor from time to time during the term of the franchise. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee acknowledges that all usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, and commercial symbols authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

B. Franchisee shall not use any of the Marks or portion of any of the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law.

C. Franchisee shall immediately notify Franchisor of any claim, demand, or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof. Franchisee shall also notify Franchisor of any action, claim or demand asserted against Franchisee relating to the Marks, within five (5) days after Franchisee receives notice of said action, claim, or demand.

1. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks, Franchisor shall have the sole right and discretion to determine the action to be taken, if any, including the right to take no action.

2. Franchisor shall have the sole right to defend any action brought by a third-party challenging Franchisee's use of the Marks and to contest or bring an action against a third party whom Franchisor suspects is infringing upon Franchisor's Marks.

3. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor and execute any and all documents and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. Franchisee shall not directly or indirectly communicate with any person other than Franchisor and Franchisor's legal counsel in connection with any such infringement, challenge, or claim.

4. Both parties will make every effort consistent with the foregoing to protect, maintain, and promote the Marks as identifying the System.

5. Unless it is established that a third-party challenge is based on Franchisee's misuse of the Marks, Franchisor will indemnify and defend Franchisee in such matter, and reimburse Franchisee for the amount of any compensatory damages imposed against Franchisee by reason of its use of the Marks in accordance with this Agreement, provided Franchisee has notified Franchisor immediately after learning of the claim and fully cooperates in the defense of such action. Because Franchisor will defend such claim, Franchisee is not entitled to reimbursement of any legal fees or related costs paid to independent legal counsel or others. Franchisor's indemnity shall not cover any punitive damages that may be imposed against Franchisee by reason of its use of the Marks.

FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

D. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor and/or Franchisee to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, Franchisee shall comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor, and Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any of the Marks.

E. In order to preserve the validity and integrity of the Marks and copyrighted materials licensed herein and to assure that Franchisee is properly employing the same in the operation of its Franchised Business, Franchisor or its agents shall have the right of entry and inspection of Franchisee's business premises, vehicles and workplaces at all reasonable times and, additionally, shall have the right to observe the manner in which Franchisee is rendering its services and conducting its activities and operations and to inspect equipment, products, supplies, reports, forms and documents and related data in

order to test content and evaluate Franchisee's performance to make certain that the Franchised Business is being operated in accordance with the quality control provisions and performance standards established by Franchisor.

F. Franchisor restricts Franchisee from all e-commerce activities including advertising, marketing, social networking on any non-sanctioned web page or social media site, or other internet available media without Franchisor's prior written consent. Franchisee shall not establish or maintain a Web site on the Internet or any comparable public computer network to promote the Franchised Business without Franchisor's prior written consent regardless of whether or not Franchisee's Web site incorporates the word "PESTMASTER" or any of the other Marks in the domain name. Franchisor retains the sole right to advertise on the Internet and create a Web site using "PESTMASTER" in the domain name and may use PESTMASTER® Brand Fund ("the Fund") described in Section XXII.H. to support the cost of constructing and maintaining such Web site; provided, however, Franchisor agrees to identify all PESTMASTER® businesses operating under a license from Franchisor on any PESTMASTER® Web site that is supported by the proceeds of the Fund.

VIII. OPERATIONS MANUAL

A. During the Term Franchisor will make available to Franchisee Franchisor's Manual containing specifications, standards, operating procedures and rules prescribed from time to time by Franchisor for PESTMASTER® businesses and information relative to other obligations of Franchisee hereunder and the operation of its Franchised Business (the "Manual"). Franchisee shall at all times abide by and meet the standards and specifications stated in the Manual, which is incorporated by reference as an addendum to this Agreement. Franchisor shall have the right to add to and otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor for PESTMASTER® businesses, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Any required standards exist to protect Franchisor's interests in the PESTMASTER® System and Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. The Manual may be in physical or digital form and may be provided in hard copy or through a website or other internet-based platform. In order to protect Franchisor's interests in the PESTMASTER® System and Marks, Franchisor reserves the right, in its sole discretion, to determine if Franchisee is meeting a required standard.

B. The Manual shall at all times remain the sole property of Franchisor and shall promptly be returned upon the expiration or other termination of this Agreement. Franchisee agrees and covenants that the Manual is proprietary and confidential property of Franchisor that contains trade secrets and other confidential and proprietary information. Franchisee agrees and covenants that neither Franchisee, nor any owner, director, shareholder, manager, agent or employee of Franchisee shall disclose, duplicate or otherwise use in an unauthorized manner any portion of the Manual.

C. The Manual contains proprietary information of Franchisor and shall be kept confidential by Franchisee both during the term of the franchise and subsequent to the expiration or termination of the franchise. If Franchisee has possession of a physical copy of the Manual, or if Franchisor provides any information in any form of physical media, then Franchisee covenants and agree to keep such physical materials secure in a locked receptacle and to limit access to the materials to personnel approved by Franchisor.

D. Franchisee acknowledges and agrees that the Manual and other system communications will be in the English language only and may only be available on the Internet or other online or computer communications.

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals thereof.

IX. CONFIDENTIAL INFORMATION

A. Franchisee acknowledges that its entire knowledge of the operation of a PESTMASTER® business including the knowledge or know-how regarding the specifications, standards and operating procedures of the PESTMASTER® services and activities, is derived from information disclosed to Franchisee by Franchisor and that certain of such information is proprietary, confidential and a trade secret of Franchisor. Franchisee shall maintain the absolute confidentiality of all such proprietary information during and after the term of the franchise and shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor.

B. Franchisee shall divulge such confidential information only to the extent and only to such of its employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge and know-how, including, without limitation, specifications and standards concerning the operation of the Franchised Business and other data, which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate lawfully came to its attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had lawfully become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, lawfully becomes a part of the public domain, through publication or communication by others.

C. Any and all customer lists and their contents relating to the Franchised Business, whether compiled or developed by Franchisee or any other person, are owned by Franchisor, and are Franchisor's proprietary property (whether supplied by Franchisor or not) and Franchisee shall not use the customer lists for any purpose whatsoever other than in the normal conduct of the Franchised Business prior to any default under this Agreement, or termination or expiration of this Agreement and for no other purpose and Franchisee must require any of Franchisee's employees, agents and independent contractors who have access to customer lists to sign a confidentiality agreement. To the extent that Franchisee may have or claim any right, title or interest in or to such customer lists and contents, Franchisee agrees to, and does hereby, assign to Franchisor all of Franchisee's right, title and interest therein. Franchisee will, upon demand, promptly deliver to Franchisor a complete list of current and former customers, including name, telephone number, complete mailing address, types of services provided, frequency of service, last date serviced and price of service, and other information concerning such customers as requested by Franchisor.

D. In order to preserve the confidentiality of Franchisor's information, Franchisee acknowledges that Franchisor shall be entitled to seek immediate equitable remedies, including but not limited to, restraining orders and injunctive relief, without the requirement of posting bond, in the event Franchisee misuses any confidential information in violation of this Agreement, and that money damages alone would be an insufficient remedy with which to compensate Franchisor for such violation. Furthermore, Franchisee agrees that all employees of Franchisee having access to the confidential and proprietary information of Franchisor shall be required to execute a confidentiality agreement in a form acceptable to Franchisor.

E. Franchisee shall not use in advertising or in any other manner the copyrighted materials of Franchisor without the appropriate © copyright notice in accordance with Franchisor's instructions.

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals thereof.

X. MODIFICATION OF THE SYSTEM

Franchisee acknowledges that from time to time hereafter Franchisor may change or modify the System identified by the Marks and Franchisor's business in any manner that is not expressly and specifically prohibited by this Agreement including, without limitation, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials; new computer programs or systems; new types or brands of chemicals, products, services and activities; new training or education programs and services; new equipment requirements; or new techniques and that Franchisee will promptly accept, use and display for the purpose of this Agreement all such changes in the System, as if they were part of this Agreement at the time of execution hereof. Franchisee will make such expenditures to implement such changes or modifications in the System as may reasonably be necessary. Whenever Franchisor has expressly reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests, including without limitation Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or Franchisor's right or discretion is exercised. Franchisee shall not change, modify or alter the System in any way without obtaining the prior written permission of Franchisor.

XI. ADVERTISING

A. Franchisee agrees, at its sole expense, to conduct advertising and promotional programs at the local level for the Franchised Business. For the first twenty-four months after beginning operation of the Franchised Business, Franchisee must spend a minimum of Three Thousand Dollars (\$3,000) each month on local advertising. After the Franchised Business has been open for twenty-four months, Franchisee shall continue to spend Three Thousand Dollars (\$3,000) each month on local advertising; except that Franchisee shall be exempt from this requirement in any month when, during the preceding twelve-month period, Franchisee achieved a minimum of Five Hundred Thousand Dollars (\$500,000) in Gross Sales at the Franchised Business.

B. All of Franchisee's local advertising shall comply with our guidelines for advertising as specified in the Manuals. Franchisee must submit to Franchisor, in a format and at a time and on a schedule as prescribed by Franchisor, reports showing all marketing and advertising expenditures. Franchisee will provide to Franchisor, for its approval, any and all advertising and promotional material prepared by Franchisee, and shall not publish, display or otherwise use any such materials without Franchisor's prior written approval.

C. Franchisee must pay Franchisor the Brand Fund Fee in accordance with Section XII.H. The Brand Fund is administered by Franchisor. Franchisor may use Brand Fund Fees and any other amounts contained in the Brand Fund for any purpose that promotes the Marks or any other names Franchisor chooses to use in the System, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. Franchisor may also use money in the Brand Fund to pay for coaching and training for the

franchisees in marketing, advertising, recruiting and sales. Franchisor will decide whether to use advertising agencies and which ones or whether to create advertising materials in-house.

D. Franchisor solely determines how monies in the Brand Fund are spent. Franchisor may collaborate with the advertising and marketing funds of certain franchise systems affiliated with it. There can be no assurance that the Brand Fund's participation in these collaborations and joint efforts will benefit Franchisee or other Pestmaster franchisees proportionately or equivalently to the benefits received by Franchisee or the other franchised businesses or the other franchised systems affiliated with Franchisor that also participate. Franchisor is not obligated to make proportionate expenditures of Franchisee's contributions per market area or otherwise. Franchisor does not guarantee that expenditures from the Fund will benefit Franchisee or any other franchisee directly, on a pro rata basis, or at all. Franchisor may, but has no obligation to, loan amounts to the Fund and can determine the repayment obligation of the Fund, including interest rate of the loan and repayment terms, as Franchisor sees fit. If any taxes become due based upon the activities of the Brand Fund, these taxes may be paid out of the funds in the Brand Fund. Franchisor reserves the right to terminate the Fund after all monies have been spent.

E. Franchisor may, from time to time, develop, establish and market special discount or free coupon programs designed to induce volume users of Franchisee's services to patronize Franchisee's Franchised Business, and Franchisee shall have the right, but not the obligation, to participate therein. Franchisor shall notify Franchisee of the creation of all such discount or coupon programs and shall advise Franchisee with respect to all elements thereof. Within five (5) days after receipt of such notice, Franchisee shall advise Franchisor as to whether or not Franchisee wishes to participate in such discount or coupon programs. If Franchisee notifies Franchisor that it wishes to participate, Franchisee shall in all respects adhere to all elements of said program. If Franchisee elects to be excluded from such discount or coupon program or programs, Franchisor shall have the right to advise consumers, by advertising, sales solicitation or otherwise that Franchisee is not a participant in such program, and Franchisee shall not be entitled to the benefits thereof. Franchisor shall establish all such discount or coupon programs in its sole discretion.

F. In addition to amounts payable under the foregoing provisions, Franchisor may require franchisees within a given advertisement region, if fifty percent (50%) of franchisees within such advertisement region agree, to take part in specific advertisements and/or events. Costs will be divided among franchisees within the region but will not exceed two percent (2%) of monthly Gross Sales. Advertising regions for this purpose shall be determined by Franchisor in Franchisor's discretion.

G. Franchisee shall not use in advertising any of the Marks without the appropriate ® registration mark or the designations TM or SM where applicable in the manner directed by Franchisor.

H. In order to protect the PESTMASTER® brand, Franchisor has the right to approve, or control all of Franchisee's electronic media, including Internet activities, and e-mail marketing correspondence, digital content, social media, and electronic communications. This includes, but is not limited to, any Web sites and Social Networking and marketing activities, including Twitter, Facebook, Foursquare, LinkedIn, Pinterest, Instagram or any other Social media outlets including any group or social buying platforms, promotions or campaigns. Any digital or electronic content published must meet Franchisor's standards and must be pre-approved by Franchisor. Franchisee must use only the email addresses which Franchisor will provide to Franchisee for Franchisee and its employees in the operation of the Franchised Business.

I. Franchisee, for itself, its owners, shareholders, directors, officers, managers, employees and agents (the "Participants"), agrees that Franchisor and its affiliates have the right and permission to make, use and publish photographs/film/videotapes/ electronic representations and/or sound recordings of the Participants made in connection with Franchisor's training, marketing, events, and other materials

utilized or developed in connection with the System (the "Publicity Materials") and Franchisor and its affiliates are authorized to reproduce, copyright, exhibit, broadcast, and distribute the Publicity Materials at Franchisor's discretion without limitation and without compensation to the Participants.

J. Immediately upon notification, Franchisee shall discontinue any advertising that would, in Franchisor's sole opinion, be detrimental to the PESTMASTER® System, Marks, Franchisor, Franchisor's affiliates or other franchisees. Franchisee agrees that upon termination, transfer, or expiration of this Agreement, Franchisee shall immediately remove all advertising that Franchisee controls and notify all advertising sources that Franchisee's advertising must be removed and/or canceled immediately. For advertising that cannot be immediately canceled, Franchisee is responsible for any and all costs related to such advertising until such time as it can be canceled or it expires.

XII. ROYALTY AND OTHER FEES

A. Upon execution of this Agreement, Franchisee shall pay an initial franchise fee of \$42,500 (the "Initial Franchise Fee") unless Franchisee is financing a portion of the Initial Franchise Fee, in which case Franchisee shall execute the Promissory Note attached as Exhibit 6 to this Agreement. The Initial Franchise Fee shall be deemed fully earned and non-refundable under any circumstances upon execution of this Agreement.

B. Each month Franchisee shall pay to Franchisor, without offset, credit or deduction of any nature, a Continuing Royalty equal to seven percent (7%) of your monthly Gross Sales.

Franchisee must pay a Continuing Royalty as described above, or a Minimum Monthly Royalty, whichever is greater. The Minimum Monthly Royalty shall be due during the first month in which the Franchised Business begins operation, or in the fourth month after the Effective Date of this Agreement, whichever occurs first. For the first month in which the Minimum Monthly Royalty is due through the thirty-fifth (35) month after the Effective Date, the required Minimum Monthly Royalty is Three Hundred Dollars (\$300). For months thirty-six (36) through the remainder of the Term, the Minimum Monthly Royalty is Six Hundred Dollars (\$600).

C. Franchisee agrees to participate in Franchisor's electronic funds transfer ("EFT") program which authorizes Franchisor to utilize a pre-authorized bank draft system. Franchisee must sign and deliver to Franchisor an irrevocable EFT Authorization attached hereto as Exhibit 3 to enable Franchisor's financial institution to debit Franchisee's primary bank account in order to pay the Continuing Royalty, Brand Fund Fee, Technology Fee, and all other amounts which Franchisee may owe to Franchisor or its affiliates under this Agreement or any other agreement between the parties. All costs and expenses, including any resulting from the dishonor by Franchisee's bank of any electronic funds transfer, shall be Franchisee's sole responsibility. This authorization is irrevocable and shall remain in effect until thirty (30) days after the termination or expiration of this Agreement.

D. In the event any payment (including a late fee), request for information, forms, data or any item related to the operation of the Franchised Business is not received by Franchisor by the established due date, Franchisee agrees to pay a late fee ("Late Submission Fee") of One Hundred Dollars (\$100) per violation, which is intended to reimburse Franchisor for expenses and to compensate Franchisor for its inconvenience, and does not constitute interest. Any acceptance of an amount which is less than the full amount due, shall not be considered a waiver of Franchisor's right to (or Franchisee's obligation for) the full amount then due, or which may become due in the future. Franchisee acknowledges that its failure to pay all amounts when due shall constitute a material breach and grounds for termination of this Agreement, as provided in Section XIX.

E. Franchisor shall have the right to establish reasonable procedures for verifying figures and collecting Continuing Royalty Fees and other Fees due Franchisor. Franchisee will make available to Franchisor for inspection by Franchisor at any time during normal business hours, all original books and business records that Franchisor may deem necessary to ascertain Franchisee's Gross Sales and that Franchisee is operating in compliance with this Agreement.

F. "Gross Sales" means the total of all income from the sale of all pest control, termite control, weed control services and related services and activities and chemicals, products and merchandise to your customers whether or not sold or performed at or from the Franchised Business, less sales, use or service taxes collected and paid to the appropriate taxing authority, and customer refunds and adjustments. In calculating Gross Sales, no deduction shall be allowed for operating expenses, including, without limitation, for payments which Franchisee makes to its employees or third-party independent contractors who provide goods or services on Franchisee's behalf that enable Franchisee to perform the services from which it derives such revenue. All barter and/or exchange transactions pursuant to which the Franchised Business furnishes services and/or products in exchange for goods or services to be provided to Franchisee or the Franchised Business shall, for the purpose of determining Gross Sales, be valued at the full value of the goods and/or services so provided to Franchisee or the Franchised Business. Gross Sales shall also include all insurance proceeds received by Franchisee for loss of business due to a casualty to or similar event affecting the operation of the Franchised Business.

G. Franchisee shall pay Franchisor a monthly Technology Fee of Five Hundred Dollars (\$500.00). You must begin paying the Technology Fee in the month in which the Franchised Business commences operations. As consideration for the payment of the Technology Fee, Franchisee shall be entitled to a license to utilize any field service or point-of-sale software that Franchisor purchases for use by Franchisee, if Franchisor elects to purchase or utilize such software. Franchisor reserves the right to require Franchisee to purchase software or other services directly from preferred or exclusive vendors, at Franchisee's sole expense. Franchisor reserves the right, in its sole discretion, to increase the Technology Fee upon thirty days written notice to Franchisee. Information regarding required software and services shall be provided to Franchisee in the Manual. The Technology Fee is non-refundable.

H. Franchisee shall pay to Franchisor a monthly "Brand Fund Fee" equal to two percent (2%) of Franchisee's Gross Sales. Brand Fund Fees will be maintained in a Brand Fund, as described in Section XI.C-D. The Brand Fund Fee shall be paid according to the same schedule as the Continuing Royalty and the Technology Fee, or according to such schedule as shall be prescribed by Franchisor in Franchisor's sole and exclusive discretion. The Brand Fund Fee is non-refundable.

I. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Continuing Royalty Fee payments, Brand Fund Fees, amounts due for purchases from Franchisor and its affiliates, interest or any other indebtedness of Franchisee.

XIII. ACCOUNTING AND RECORDS

A. Franchisee shall establish and maintain a bookkeeping, accounting and record keeping system conforming to the requirements prescribed by Franchisor, including without limitation the use and retention of customer invoices, payroll records, check stubs, sales tax records and returns, cash receipts and disbursements, journals and general ledgers.

B. Franchisee will supply to Franchisor on or before the fifteenth (15th) day of each month, in the form approved by Franchisor, an activity report. In addition, Franchisee will supply to Franchisor on or before July 15 for the six (6) month period ending June 30 and March 31 for the six (6) month period

ending December 31, in a form approved by Franchisor, an income statement and a balance sheet. Additionally, Franchisee shall, at its expense, submit to Franchisor within ninety (90) days after the end of each fiscal year during the term of this Agreement, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year, including all adjustments necessary for fair presentation of the financial statements. Such financial statements will be certified to be true and correct by Franchisee. Franchisor reserves the right to require that Franchisee submit annual financial statements audited by an independent certified public accountant, prepared at Franchisee's expense.

C. Franchisee shall submit to Franchisor such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the Manual or otherwise in writing.

D. Franchisor shall have the right to require Franchisee to utilize computer terminals and software that are fully compatible with any program or system which Franchisor, in its discretion, may employ. If Franchisor requires such computer terminals and software, all Gross Sales, inventory data, sales information, and such other information as required by Franchisor shall be recorded on such computer terminals. In addition, Franchisee shall utilize such automated central accounting system equipment, pest control software and other software program(s) as Franchisor may prescribe. Franchisor shall have full access to all of Franchisee's computer data, computer system and related information by means of direct access whether in person, electronic, digital, by telephone/modem or any other method dictated by Franchisor. Franchisor reserves the right to require Franchisee, at Franchisee's expense and in the timeframe determined by Franchisor, to update or upgrade the hardware and or software Franchisee uses to conform to new standards or specifications, and Franchisor has no limitations on its ability to do so. Franchisee must keep Franchisee's computer equipment in good repair, and Franchisee is responsible at Franchisee's own expense, for the ongoing maintenance and repairs for Franchisee's computer equipment and internet.

E. Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at its expense, the books, records, and tax returns of Franchisee. Franchisor shall also have the right, at any time, to conduct an internal inspection or audit or have an independent audit made of the books of Franchisee at Franchisor's expense. Any inspection or audit of business records or books of accounts is solely for determining Franchisee's compliance with Franchisee's contractual obligations and does not constitute control over Franchisee's day-to-day operation of the Franchised Business. If an inspection or audit, whether internal or independent, should reveal that any payments to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to a late charge and interest as prescribed in Section XII.D. above, from the date such amount was due until paid. If an inspection discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor or its designee for any and all internal and external costs and expenses connected with the inspection or audit (including, without limitation, administrative costs, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement and applicable law.

F. Franchisee acknowledges that nothing contained herein constitutes Franchisor's agreement to accept any payments after same are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of the Franchised Business. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute a material default and grounds for termination of this Agreement.

G. Franchisor retains the right to utilize a remote computer monitoring system, and to use the system to remotely examine Franchisee's records pertaining to the operation of the Franchised Business and Franchisee shall provide Franchisor with independent access to all of Franchisee's computer systems, as required by Franchisor.

XIV. ADDITIONAL OBLIGATIONS OF FRANCHISEE

A. Franchisee shall comply with all requirements set forth in this Agreement, the Manual and other written policies supplied to Franchisee by Franchisor. Mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor in the Manual or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include all such mandatory specifications, standards and operating procedures and rules. Franchisee shall comply with the entire System including, but not limited to, the provisions of this Section XIV.

B. Franchisee shall commence operation of the Franchised Business not later than four (4) months after the Execution Date of this Agreement or as otherwise approved in writing by Franchisor in its sole discretion. Prior to the opening of the Franchised Business, Franchisee shall have complied with all Franchisor's pre-opening training, standards and specifications. If Franchisee for any reason fails to commence operation as herein provided, such failure shall be considered a material default and Franchisor may terminate this Agreement as herein provided.

C. Franchisee shall maintain the condition and appearance of the Premises and any motor vehicle(s) used in the operation of the Franchised Business in good condition and repair and replace worn out or obsolete motor vehicles, fixtures and signs. If at any time in Franchisor's judgment the general state of repair or the appearance of the Premises, any motor vehicles, equipment, supplies, signs or decorations used in the operation of the Franchised Business do not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of such notice, Franchisor shall have the right, in addition to all other remedies, to effect such repairs, painting, maintenance or replacement of on behalf of Franchisee and Franchisee shall pay the entire costs thereof on demand.

D. If an inspection of the condition and appearance of the Premises, any motor vehicles, equipment, supplies, signs or decorations reveals deficiencies which remain uncorrected after notification by Franchisor of such deficiencies, Franchisor reserves the right to either terminate this Agreement in accordance with the provisions of Section XVIII. or, in the alternative, to impose a monetary fine payable by Franchisee in accordance with the guidelines set forth in the Manual. Franchisee acknowledges that the imposition of such fines shall be in addition to any other remedies that may be available to Franchisor.

E. Unless Franchisor has given written approval for Franchisee to operate the Franchised Business from a personal residence, the location of the Franchised Business approved by Franchisor in accordance with Section IV.A hereof shall be used solely for purposes of conducting a PESTMASTER® business.

F. In operating the Franchised Business, Franchisee shall offer for sale and use all types of pest control, termite control, weed control services and related products and services that Franchisor from time to time authorizes and only for the purposes permitted by Franchisor, and shall not offer for sale, sell or use any other services or products.

G. Franchisor may develop a line of solutions, chemicals and other items and merchandise bearing the Marks ("PESTMASTER® Trademarked Product Lines") which Franchisor may introduce into the System in its sole discretion. At such time as Franchisor introduces the PESTMASTER® Trademarked Product Lines into the System, Franchisee shall carry an adequate supply and maintain a representative inventory of such PESTMASTER® Trademarked Product Lines as required by the Manual. Franchisee shall maintain, carry and promote such PESTMASTER® Trademarked Product Lines for sale to the general public in order to meet customer demand as designated by Franchisor. Franchisee shall promote, offer and

sell all merchandise included in the PESTMASTER® Trademarked Product Lines and any services prescribed by Franchisor as part of the System. Franchisee acknowledges that failure to abide by this provision shall result in diffusing PESTMASTER® public image to the detriment of all PESTMASTER® franchisees.

H. Franchisor may develop custom software for conducting accounting and related activities (“PESTMASTER® Proprietary Software Program”) and mandate its use by Franchisees. If developed, Franchisee shall comply with all specifications and standards prescribed by Franchisor regarding the PESTMASTER® Proprietary Software Program as provided from time to time in the Manual. The software shall be proprietary to Franchisor and confidential information of Franchisor. Franchisor shall license such software to Franchisee at the then-current fees published by Franchisor in the Manual. Franchisor may also require Franchisee to use other or additional software as set forth in the Manual which may require the payment of additional costs by Franchisee. Currently, Franchisor requires Franchisee to use certain pest control software.

I. From time to time, Franchisor shall provide Franchisee with information regarding required fixtures, furniture, vehicles, vehicle wraps, chemicals, application equipment, tools and equipment, marketing materials, signs, advertising, marketing services, computer software, apparel, lease or purchase real estate and lease or purchase other items or services necessary to operate the Franchised Business (“Approved Materials”). Franchisor shall also provide Franchisee with information regarding any approved or preferred vendors from whom Franchisee is required or recommended to buy Approved Materials. Franchisor may change the approved or preferred vendors and may revise the Approved Supplies List from time to time in its sole discretion. Franchisee acknowledges that Franchisor may have sole suppliers for certain products or services and that sole supplier may be Franchisor, an affiliate or unrelated third party. In such event, Franchisor shall have no obligation to approve another supplier for such particular product or service.

1. Franchisee may request in writing permission from Franchisor to sell or use a product or service that differs from our Approved Materials. Franchisor may require Franchisee to provide product samples and pricing, quality, availability and other information so that Franchisor can make an informed decision as to whether the product or service meets our specifications. Franchisor may require Franchisee to reimburse Franchisor for any costs incurred to review and approve the proposed alternate product or service. Any decision to approve or reject a requested alternate product or service is in Franchisor’s sole and exclusive discretion. Franchisor reserves the right to revoke our approval of a previously authorized product or service if Franchisor determines that it is not meeting the standards and specifications established by Franchisor.

2. Franchisee may request in writing permission from Franchisor to purchase products or services from a supplier other than one of our approved or preferred suppliers or vendors. Franchisor may require Franchisee to provide information regarding the supplier’s ability to timely deliver products in necessary quantities, the price and quality of products or services offered, and the supplier’s location, among other information necessary to make an informed decision as to whether to approve the supplier. Franchisor may require Franchisee to reimburse Franchisor for any costs incurred to review and approve the proposed alternate supplier. Any decision to approve or reject a requested alternate supplier is in Franchisor’s sole and exclusive discretion. Franchisor reserves the right to revoke our approval of a previously authorized supplier if Franchisor determines that the supplier is not meeting the standards and specifications established by Franchisor.

3. Franchisor will approve or reject any request to purchase an alternate product or service, or to utilize an alternate supplier or vendor, within thirty (30) days after Franchisee provides Franchisor with all information required.

J. All inventory, products and materials, and other items and supplies used in the operation of the Franchised Business which are not specifically required to be purchased in accordance with Franchisor's Approved Supplies List and Approved Suppliers List shall conform to the specifications and quality standards established by Franchisor from time to time.

K. The Franchised Business shall at all times be under the direct, supervision of Franchisee (or a trained and competent employee acting as full-time manager). Franchisee shall keep Franchisor informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Business. No employee of Franchisee will be deemed to be an employee of Franchisor for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from Franchisee to Franchisor. Franchisee alone is responsible for hiring, firing, training, setting hours for and supervising all employees. Franchisee shall at all times faithfully, honestly and diligently perform its obligations hereunder and shall not engage in any business or other activities that will conflict with its obligations hereunder.

L. Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, privacy, security and data protection laws, consumer protection, trade regulation, equal opportunity, labor and employment laws, worker's compensation, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes and sales, use and property taxes.

M. Franchisee shall obtain and maintain, at its expense, a Pest Control Operator's License or equivalent licenses from all applicable state, county and municipal authorities prior to commencing operation of the Franchised Business or retain the services of a qualified operator with the required credentials.

N. In the event that Franchisee fails to obtain the required state pest control, termite control or other licenses necessary or retain the services of a qualified operator with the required credentials to operate the Franchised Business within ninety (90) days after the Execution Date of this Agreement, Franchisor shall have the right to terminate this Agreement as provided herein.

O. Franchisee shall participate actively in a PESTMASTER® Regional Advisory Council ("Council"), if developed, and participate in all Council programs approved by Franchisor for Franchisee's particular Council. The purposes of the Council(s) include, but are not limited to, exchanging ideas and problem-solving methods, advising Franchisor on expenditures for regional marketing and advertising, providing back-up support and staffing for lobbying and community influence, and coordinating System franchisee efforts. Such Council(s) may be formed by Franchisor at such time that more than one (1) Franchisee conducts a Franchised Business in any given region, the boundaries of such region to be determined in the sole discretion of Franchisor.

P. All advertising and promotional activities by Franchisee in any medium shall be conducted in a dignified manner and shall accurately promote, describe and otherwise represent the type, quality and other features of the services and related support activities.

Q. Franchisee shall maintain a current listing of the names and addresses of all customers of the Franchised Business for use in the after-sale support of PESTMASTER® services. The definition of a current customer list is any client that services have been provided for within the last two (2) years. Said customer list shall be the sole property of Franchisor. Franchisee shall update the customer listing and supply a copy of same to Franchisor annually, due September 1, or at any time upon Franchisor's request.

R. Whenever a PESTMASTER® process requires the use of a particular guarantee, as stated in the Manual, Franchisee shall execute and deliver to each customer to whom the PESTMASTER® process has been sold a guarantee on the form then currently furnished by Franchisor. Franchisee shall perform and fulfill promptly upon presentation of a valid guarantee the services requested by the customer, all in accordance with the terms and conditions of the respective guarantee. Franchisee hereby authorizes Franchisor to charge Franchisee's account with such amount as shall be determined under the provisions of the guarantee policy then in effect in the event some other franchisee of Franchisor performs work under Franchisee's guarantee. Franchisor shall credit Franchisee's account with the charges for work performed by Franchisee that relates to a guarantee issued by any such other franchisee.

S. Franchisee acknowledges that each and every detail of the quality of workmanship, customer service, customer relations, warranty and guarantee service, appearance and demeanor of Franchisee and its employees, and chemicals and materials utilized by Franchisee, is important to Franchisor and to other PESTMASTER® franchisees and businesses. Franchisee shall cooperate with Franchisor by maintaining such high standards in the operation of the franchise and Franchisee shall at all times give prompt, courteous and efficient service to its customers. All work performed by the Franchised Business shall be performed competently and in a workmanlike manner. The Franchised Business shall in all dealings with its customers, suppliers and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee shall promptly notify Franchisor of any customer complaints or disputes that Franchisee receives or is aware of concerning the performance of services or products sold to customers. If in any situation Franchisor feels that Franchisee did not fairly handle a customer complaint, Franchisor may, in addition to all rights under this Agreement, intervene and satisfy the customer. In such event, Franchisor may in its discretion reimburse the customer up to one hundred percent (100%) of the original amount for pest control, termite control, weed control and maintenance services, chemicals and other products and services provided or performed, and Franchisee shall reimburse Franchisor for any such payment to a customer within thirty (30) days of receipt of invoice from Franchisor.

T. Franchisee shall use only such business forms, work order forms, invoices and other forms as are approved by Franchisor. All invoices shall be sequentially numbered.

U. Franchisee shall notify Franchisor in writing within five (5) days of the 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 including actions involving professional services or the credentials of any employee or contractor associated with Franchisee, which may adversely affect the operation or financial condition of the Franchised Business.

V. Franchisee acknowledges and agrees that exchanging information with Franchisor by e-mail is efficient and desirable for day-to-day communications and that Franchisor and Franchisee may utilize e-mail for such communications. Franchisee authorizes the transmission of e-mail by Franchisor and its employees, vendors, and Affiliates ("Official Senders") to Franchisee during the term of this Agreement and any renewal thereof. Franchisee further agrees that: (a) Official Senders are authorized to send e-mails to those of Franchisee's employees as Franchisee may occasionally authorize for the purpose of communicating with Franchisor; (b) Franchisee will cause its officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) Franchisee will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such

person works for or is affiliated with Franchisee; and (d) Franchisee will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the term of this Agreement and any renewal thereof.

W. The grant of this franchise is expressly conditioned upon Franchisee's successful penetration of the market in Franchisee's Territory. Franchisee must promote actively and aggressively the products and services of the Franchised Business within Franchisee's Territory.

X. Franchisee shall pay all taxes as required by local, state or federal laws regarding the products, services or equipment furnished or used in connection with the operation of the Franchised Business. Franchisee shall pay to Franchisor (or any subsidiary, affiliate or designee) promptly and when due the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected, or paid by Franchisor on the account of services or goods furnished by Franchisor to Franchisee through sale, lease or otherwise, or on account of collection by Franchisor of the Initial Franchise Fee, Continuing or Minimum Royalties or any other payments to Franchisor called for by this Agreement.

Y. Franchisee must pay Franchisor all amounts, if any, advanced by Franchisor or which Franchisor has paid, or for which Franchisor has become obligated on Franchisee's behalf for any reasons whatsoever, promptly upon Franchisor's notice to Franchisee of such amounts being due and payable.

Z. Unless otherwise specifically approved by Franchisor, the Franchised Business must be open for the conduct of business, at such times and for the minimum number of hours specified by Franchisor, in the Manual.

XV. FRANCHISOR'S OPERATIONS ASSISTANCE

A. Franchisor may from time to time advise or offer guidance to Franchisee relative to prices for the structural and agricultural pest control, termite control, weed control services and related products and services offered for sale by the Franchised Business that in Franchisor's judgment constitutes good business practice. Such guidance will be based on the experience of Franchisor and its franchisees in operating PESTMASTER® businesses and an analysis of the costs of such services, activities, merchandise, supplies, accessories and products and prices charged for competitive inventory and products. Franchisee shall not be obligated to accept any such advice or guidance and shall have the sole right to determine the prices to be charged from time to time by the PESTMASTER® business, and no such advice or guidance shall be deemed or construed to impose upon Franchisee any obligation to charge any fixed, minimum or maximum prices for any product or service offered for sale by the Franchised Business.

B. Upon commencement of operation of the Franchised Business, and during the term of this Agreement, Franchisor shall provide to Franchisee the following:

1. A comprehensive list of established sources of tools, chemicals, merchandise and supplies necessary for the operation of the Franchised Business and the specifications for such products.
2. Suggested and mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor, as well as information relative to other obligations of Franchisee under this Agreement and the operation of the franchise.

C. Franchisor shall advise Franchisee of problems arising out of the operation of the Franchised Business as disclosed by reports submitted to Franchisor by Franchisee or by inspections conducted by Franchisor of the Franchised Business. Franchisor may furnish Franchisee with such

assistance in connection with the operation of the Franchised Business as is reasonably determined to be necessary by Franchisor from time to time. Operations assistance may consist of advice and guidance with respect to:

1. Proper utilization of procedures developed for a PESTMASTER® business with respect to services regarding the sale of tools, chemicals, products, merchandise, supplies and services as approved by Franchisor;
2. Additional equipment, merchandise, products and services authorized for PESTMASTER® businesses;
3. The institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of a PESTMASTER® business; and
4. Advertising, catalogs and promotional programs.
5. Any evaluation or inspection Franchisor conducts is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of the Franchised Business or to assume any responsibility for Franchisee's obligations under this Agreement.

D. Franchisor or Franchisor's representative may make periodic visits to the Franchised Business for the purposes of consultation, assistance, and guidance of Franchisee in all aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who attend at the Franchised Business will prepare, for the benefit of both Franchisor and Franchisee, written reports with respect to such visits outlining any suggested changes or improvements in the operations of the Franchised Business and detailing any defaults in such operations which become evident as a result of any such visit, and a copy of each such written report shall be provided to both Franchisor and Franchisee.

E. Franchisor shall provide Franchisee with Franchisor's specifications, Approved Materials List, information regarding approved and preferred suppliers and a copy of the Manual during initial training.

F. Franchisor may, at its option, establish and maintain either a series of "private" pages on Franchisor's website or an intranet through either of which Franchisor, its franchisees, and their respective authorized employees may communicate with each other, and through which Franchisor may disseminate the Manual, updates to it and other confidential information. Franchisor will have sole discretion and control over all aspects of the intranet/extranet, including the content and functionality of it. Franchisor will have no obligation to maintain the intranet indefinitely and may dismantle it at any time without liability to Franchisee. If Franchisor establishes an intranet, Franchisee may use the intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols and restrictions (collectively, "Franchisor Protocols") that Franchisor may establish from time to time. The Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that endorse or encourage breach of any franchisee's franchise or license agreement, (iii) confidential treatment of materials that Franchisor transmits via the intranet, (iv) password protocols and other security precautions, (v) grounds and procedures for Franchisor suspending or revoking a franchisee's access to the intranet, and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the intranet. Franchisee acknowledges that, as administrator of the intranet, Franchisor can access and view any communication that any person posts on the intranet. Franchisee further acknowledges that the intranet

facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person or entity may assert.

XVI. INSURANCE

A. Franchisee shall procure, at its sole expense and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, partners and employees against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with the Franchised Business, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor and its affiliates shall be named an additional insured in such policy or policies, excluding Workers' compensation and employer's liability insurance.

B. Such policy or policies shall be written by an insurance company in accordance with standards and specifications set forth in the Manual or otherwise in writing, and shall include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Manual or otherwise in writing) the following:

1. "All Risks" coverage insurance on the PESTMASTER® operation and all fixtures, equipment, supplies and other property used in the operation of the PESTMASTER® business, for full repair as well as replacement value of the equipment, improvements and betterments, without any applicable co-insurance clause, except that an appropriate deductible clause shall be permitted, not to exceed ONE THOUSAND DOLLARS (\$1,000).

2. Worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state or county in which the Franchised Business is located and operated.

3. Comprehensive general liability insurance, participant liability and product liability insurance with limits of ONE MILLION DOLLARS (\$1,000,000) combined single limit including the following coverages: broad form contractual liability; personal and advertising injury (employee and contractual inclusion deleted); products/completed operations; and fire damage liability; insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Business, provided that the required amounts herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims; and provided further, that the insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor.

4. Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least FIVE HUNDRED THOUSAND DOLLARS (\$500,000).

5. Such additional insurance and types of coverage as may be required by the terms of any lease for the PESTMASTER® facility.

Franchisor may, periodically, as it reasonably determines, modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstances. Franchisee is encouraged to purchase additional insurances or insurances above these minimums.

C. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Within one hundred and twenty (120) days of the signing of this Agreement, but in no event later than the date on which Franchisee begins the operation of the Franchised Business, a Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by Franchisee to Franchisor for approval. Such certificate shall state that said policy or policies will not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by Franchisee of the obligations under this Section shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Minimum limits as required above may be modified from time to time, as conditions require, by written notice to Franchisee.

XVII. COVENANTS

A. Unless otherwise specified, the term “Franchisee” as used in this Section shall include, collectively and individually, the person signing this Agreement, if an individual, and all officers, directors, members, managers and owners, at any time during the term of this Agreement, of five percent (5%) or more of the outstanding equity of Franchisee, and of any business entity directly or indirectly controlling Franchisee, if Franchisee is a business entity (whether such equity is a security, interest, membership, partnership, or any other form); and the general partners and any limited partner (including any corporation and the officers, directors, and owners of a beneficial interest of five percent (5%) or more of the outstanding securities, of a business entity which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership (whether a security, interest, membership, partnership, or any other form). At Franchisor’s direction, Franchisor may also require that Franchisee obtain the written agreement to these covenants of each person with management responsibility for the Franchised Business on its behalf. All such persons are hereinafter referred to collectively as “Covered Persons.”

B. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (if Franchisee is an individual), and each Covered Person shall devote full time, energy, and best efforts, to the management and operation of the Franchised Business.

C. Franchisee covenants that during the Term and for a period of 18 months following the termination or expiration of this Agreement, Franchisee and each Covered Person shall not, within the Territory and any immediately adjacent territories licensed to other franchisees:

1. Directly or indirectly, for themselves or through or on behalf of or in conjunction with any person, partnership, corporation or other business entity, solicit, divert or attempt to solicit or attempt to divert any business or customer of the Franchise to any competitor, by direct or indirect inducement or otherwise;

2. Own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered by the Franchised Business (a “Competitive Business”);

3. Own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business or other venture specializing, in whole or in part, in offering to the public substantially similar products and services as those offered by our affiliate franchise businesses;

D. At any time, during the Term or thereafter, Franchisee and the Covered Person(s) shall not, either directly or indirectly, through, on behalf of, or in conjunction with any person, partnership, corporation or other business entity, use, in connection with the operation of any business other than the Franchised Business, any of the Marks, or any other names, marks, systems, insignias, or symbols provided or approved by us to you pursuant to this Agreement, or cause or permit any such business to look like, copy or imitate a Pestmaster franchised business or to be operated in a manner tending to have such effect.

E. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable training, and become acquainted with various trade secrets and confidential information, including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System; documents, records, customer lists, customer addresses, and customer billing records; and specifications which relate to and are used in the business and operations of Franchisor and fellow franchisees. Franchisee agrees and acknowledges that the trade secrets and confidential information, whether developed or prepared by Franchisor, other franchisees, Franchisee, or coming into the knowledge or possession of Franchisee in any other way, are owned by Franchisor and shall remain the exclusive property of Franchisor. Franchisee agrees to return to Franchisor all trade secrets and confidential information immediately upon termination or expiration of this Agreement, regardless of the cause of termination. Franchisee agrees not to communicate, divulge, or use for the benefit of Franchisee or any other person or entity any trade secrets, confidential information, knowledge, or know-how concerning the System.

1. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S CONFIDENTIAL INFORMATION INCLUDES BUT IS NOT LIMITED TO: THE TERMS AND CONDITIONS OF THIS AGREEMENT; THE CONTENTS OF THE MANUAL, TRADE SECRETS, AND ANY COMPONENT OF FRANCHISOR'S SYSTEM THAT DOES NOT CONSTITUTE A TRADE SECRET BUT THAT OTHERWISE MEETS THE DEFINITION OF "CONFIDENTIAL INFORMATION."

2. Franchisee agrees that, if Franchisee engages as an owner, member, partner, shareholder, officer, consultant, agent, operator, or in any managerial capacity in any Competitive Business, it shall be conclusively presumed that any violation of the terms of the covenants not to compete was accomplished by and through Franchisee's unlawful utilization of Franchisor's confidential information, know-how, methods and procedures.

F. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XVII is held unreasonable or unenforceable by a court having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, Franchisee and the Covered Person shall each be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section XVII.

G. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section XVII, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding any other provisions in this Agreement.

H. Franchisor shall have the right to require all of Franchisee's personnel performing managerial or supervisory functions and all personnel receiving training from Franchisor to execute similar covenants in a writing satisfactory to Franchisor.

I. Franchisee acknowledges that Franchisor shall be entitled to immediate equitable remedies, including but not limited to, restraining orders in order to safeguard such proprietary, confidential and special information of Franchisor without having to post bond, and that money damages alone would be an insufficient remedy with which to compensate Franchisor for any breach of the terms of this Section XVII.

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals thereof.

XVIII. PERSONAL GUARANTY AND SPOUSAL AGREEMENTS

A. If Franchisee is not an individual, then each and every person with an ownership interest in Franchisee shall sign the Guaranty Agreement attached to this Agreement as Exhibit 2 ("Personal Guaranty") and the original signed Personal Guaranty shall be provided to Franchisor. Whenever the ownership interest(s) in Franchisee changes, the new recipient(s) of an ownership interest in Franchisee must sign the Personal Guaranty and provide it to Franchisor.

B. Franchisee's spouse or domestic partner (and if Franchisee is a business entity, then the spouses or domestic partners of all shareholders, members, or partners) shall execute Confidentiality and Non-Competition Agreements in a form approved by Franchisor, at the time of the signing of this Agreement. The Confidentiality and Non-Competition Agreement shall restrain the spouses or domestic partners to the same extent as the covenants set forth herein during the term of this Agreement and for eighteen (18) months following termination or expiration of this Agreement.

XIX. DEFAULT AND TERMINATION

A. Upon the occurrence of any event of material default, Franchisor may, at Franchisor's option, and without waiving Franchisor's rights under this Agreement or any other rights available at law or in equity, including Franchisor's rights to damages, terminate this Agreement and all of Franchisee's rights hereunder effective immediately upon the date Franchisor gives written notice of termination, or upon such other date as may be set forth in such notice of termination. The occurrence of any one or more of the following events shall constitute an event of material default and grounds for termination of this Agreement by Franchisor:

1. Franchisee fails to obtain and maintain the required licenses as provided in Section XIV.M. of this Agreement or fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;
2. Franchisee made any material misrepresentation or omission in its application for the franchise;
3. Franchisee, or any person owning any interest in Franchisee, is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee, the System or the Franchised Business;
4. Franchisee violates any covenant of confidentiality or makes any unauthorized use, disclosure or duplication of any portion of the Manual or duplicates or discloses or makes any unauthorized use of any trade secret or confidential information provided to Franchisee by Franchisor;

5. Franchisee abandons or refuses to actively operate the Franchised Business for three (3) consecutive business days in any twelve (12) month period, unless the Franchisee has received the prior written approval of Franchisor to close;

6. Franchisee violates any of the transfer and assignment provisions contained in this Agreement;

7. Franchisee submits to Franchisor on two (2) or more separate occasions at any time during the term of this Agreement any reports or other data, information or supporting records which understate by more than two percent (2%) the Gross Sales for any period of, or periods aggregating, three (3) or more weeks whether or not Franchisee subsequently rectified such deficiency;

8. Franchisee is adjudicated bankrupt, becomes insolvent, commits any affirmative act of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part thereof is appointed by a court of competent authority, or if it makes a general assignment for the benefit of its creditors, or if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed), or if execution is levied against Franchisee's business or property, or if suit to foreclose any lien or mortgage against his business or property is instituted against Franchisee and not dismissed within thirty (30) days, or is not in the process of being dismissed;

9. Franchisee materially misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks or uses any names, marks, e-marks, systems, insignias, symbols or copyrights not authorized by Franchisor;

10. Franchisee materially misuses or makes an unauthorized use of any Proprietary Software Program, if any;

11. Franchisee fails on three (3) or more separate occasions within any period of twelve (12) consecutive months or five (5) such failures during the term of this Agreement, to submit when due reports or other information or supporting records or returns, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

12. Franchisee fails or refuses to make payment of any amounts due Franchisor or its affiliates for Continuing Royalty Fees, Brand Fund Fees, Technology Fees, purchases from Franchisor or its affiliates or any other amounts due to Franchisor or its affiliates, and does not correct such failure or refusal within ten (10) days after written notice of such failure is delivered to Franchisee;

13. Franchisee fails or refuses to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise in writing, and does not correct such failure within ten (10) days after written notice of default;

14. Franchisee fails to commence operation of the Franchised Business within one hundred twenty (120) days from the Effective Date of this Agreement, or Franchisee fails to successfully complete the Initial Training Program within ninety (90) days after payment of all or a portion of the Initial Franchise Fee;

15. Upon an assignment by Franchisee under Section XXI of this Agreement, if any individual required to sign Franchisor's then current Guaranty Agreement refuses or fails to do so;

16. Franchisee fails to comply with any of Franchisee's agreements with any third parties as related to the Franchised Business;

17. Franchisee engages in any act(s) that is so dishonest, untrustworthy, self-dealing, and/or fraudulent, that it goes to the essence of this Agreement and/or frustrates one of the principal purposes of this Agreement and/or irreparably damages the trust between Franchisor and Franchisee;

18. Franchisee commits a material breach of this Agreement that cannot be cured;

19. Without Franchisor's prior written consent, Franchisee or persons controlling, controlled by, or under common control with Franchisee shall have any interest, direct or indirect, in the ownership or operation of any Competitive Business; or

20. Franchisee receives from Franchisor three (3) or more notices to cure defaults or violations of this Agreement during the term hereof, whether or not such defaults are cured after such notice.

B. To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, not be effective, and Franchisor shall comply with applicable law in connection with each of these matters. Such modifications to this Agreement shall be effective only in that jurisdiction and this Agreement shall be enforced as originally written and entered into in all other jurisdictions.

C. If a material default under this Agreement occurs and remains uncured, or is not subject to cure, or if Franchisee's actions jeopardize the integrity of the Marks or System, then you authorize us or our designee to operate the Franchised Business for as long as, in our reasonable judgment, it is necessary or practical. You acknowledge that this right to step-in is necessary to preserve the value and integrity of the Marks and System. Even if Franchisor exercises this right to step-in, Franchisee agrees that Franchisor does not lose or waive a right to exercise any other rights or remedies which Franchisor may have legally under this Agreement including the right to terminate the Agreement. During a step-in period, Franchisor will maintain, in a separate account, all Gross Sales of the Franchised Business. From that account Franchisor will pay all expenses of the Franchised Business, which will include the Continuing Monthly Royalty, all advertising contributions or payments, and all other amounts owed to Franchisor or any affiliate. Franchisee further agrees that if, as herein provided, Franchisor temporarily operates for Franchisee the Franchised Business, Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, respecting any and all acts and omissions which Franchisor may perform, or fail to perform as regards the interests of Franchisee or third parties. Franchisee agrees to pay Franchisor's expenses for its representative, administrative costs, and reasonable attorneys' fees and costs which might arise from the exercise of these step-in rights.

D. If Franchisee is in material default as described above, Franchisor has the right to suspend any and all operating assistance as described in this Agreement and/or the Manual to Franchisee.

E. Franchisor and Franchisee agree that any claim for lost earnings or profits by Franchisee shall be limited to a maximum amount equal to the net profits of the Franchised Business for the prior year as shown on Franchisee's federal income tax return.

XX. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall forthwith terminate and Franchisee will cease to be an authorized PESTMASTER® franchisee, and:

A. Franchisee shall immediately cease to operate the Franchised Business under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor, and not thereafter operate or do business under any name or in any manner which might tend to give the general public the impression that Franchisee is operating a PESTMASTER® franchise, or any business similar thereto.

B. Franchisee shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, any confidential methods, procedures and techniques associated with the System; the Marks and any distinctive forms, slogans, signs, symbols, logos or devices associated with the Marks or System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other article which displays the Marks associated with the System. In the event Franchisee fails or refuses to comply with the requirements of this subsection, Franchisor has the right to modify Franchisee's property without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee, which expense Franchisee shall pay upon demand.

C. Franchisee shall take such action as may be necessary to cancel or assign to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "PESTMASTER®" or any of the Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within seven (7) days after termination or expiration of this Agreement. If Franchisee fails or refuse to do so, Franchisor may, in Franchisee's name and on Franchisee's behalf and, at Franchisee's expense, execute any and all documents necessary to cause discontinuance of Franchisee's use of any of the Marks, or any related name used hereunder, and Franchisor is hereby irrevocably appointed by Franchisee as Franchisee's attorney-in-fact to do so.

D. In the event Franchisee continues to operate or subsequently begins to operate any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks. Franchisee shall not utilize any designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition. Franchisee shall transfer its telephone numbers, discontinue all advertising and make such modifications or alterations to the exterior of its motor vehicles as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others. In the event Franchisee fails or refuses to comply with the requirements of this Section XX, Franchisor shall have the right to modify Franchisee's property without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee, which expense Franchisee shall pay upon demand.

E. Franchisee shall pay all sums owing to Franchisor within seven (7) days including, but not limited to, any amounts owed under this Agreement or otherwise in connection with the former Franchised Business. Upon termination for any material default by Franchisee, said sums shall include actual and consequential damages, costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor as a result of Franchisee's default and the obligation to pay said sums shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the real property, personal

property, furnishings, equipment, signs, fixtures and inventory owned by Franchisee or the Franchised Business at the time of material default and/or against any of Franchisee's monies held or otherwise in Franchisor's possession.

F. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

G. Franchisee shall immediately turn over to Franchisor all manuals, including the Manual, customer lists, records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property). The foregoing duty to turn over records expressly extends to customer lists that Franchisee compiles for business that Franchisee generates through its own efforts. Franchisee shall not retain a copy of any of the materials that this Agreement requires Franchisee to turn over to Franchisor. Within two (2) days, Franchisee must ensure the accuracy of Franchisee's list of names, telephone numbers, complete mailing addresses, frequency of service, last date of service and price of such service for all customers serviced by Franchisee. Franchisee is required to continue to pay Minimum Royalties to Franchisor until all copies of the aforesaid materials have been returned to Franchisor and Franchisee has executed a sworn certificate certifying that the obligations of this Subsection have been fulfilled by Franchisee.

H. Franchisor shall acquire all right, title and interest in and to any sign or sign faces bearing Franchisor's Marks. Franchisee hereby acknowledges Franchisor's right to have access to Franchisee's property should Franchisor elect to take possession of any said sign or sign faces bearing Franchisor's Marks.

I. Additionally, Franchisor shall have the right (but not the duty), to be exercised by written notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to purchase for cash any or all assets of the Franchised Business including, without limitation, any equipment and supplies, advertising materials, and all items bearing Franchisor's Marks (excluding signs and sign faces), at Franchisee's cost or fair market value, whichever is less. Franchisor has the right to inspect equipment at any time during this thirty (30) day period. If Franchisor elects to purchase equipment as part of the asset purchase, Franchisor is entitled to, and Franchisee must provide, all customary warranties and representations as to compliance with law, the maintenance, function, and condition of the equipment and Franchisee's good title to the equipment (including, but not limited to, that Franchisee owns the equipment free and clear of any liens and encumbrances). If the parties cannot agree on fair market value within a reasonable time, the determination of fair market value shall be determined by an independent appraisal paid for by both Franchisor and Franchisee. If Franchisor elects to exercise any option to purchase herein provided, Franchisor shall have the right to set off all amounts due from Franchisee under this Agreement, against any payment therefor.

J. Franchisee hereby acknowledges that all telephone and facsimile numbers, Internet addresses and electronic mail addresses and domain names used in the operation of the Franchised Business constitute assets of the Franchised Business and Franchisee shall execute all documents, including, but not limited to, authorization forms, prescribed by Franchisor to assign said assets upon termination or expiration of this Agreement. At termination or expiration of this Agreement, Franchisee shall assign to Franchisor or its designee, all Franchisee's right, title and interest in and to Franchisee's telephone and facsimile numbers, Internet addresses and electronic mail addresses and domain names and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone and facsimile numbers, Internet addresses and electronic mail addresses and domain names and any regular,

classified or other telephone directory listing associated with the Marks and authorize a transfer of same to or at the direction of Franchisor.

K. Franchisee shall comply with the covenants contained in Section XVII of this Agreement.

L. All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

M. Franchisor or its designated agents shall have the right to perform a final examination, and copy, at Franchisor's expense, the books, records, and tax returns of Franchisee. Franchisor shall also have the right to have a final internal audit or an independent audit made of the books of Franchisee at Franchisor's expense. If the inspection should reveal that any payments to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to the late charge and interest as prescribed in Section XII.D above. Franchisee acknowledges that this Section shall not constitute an agreement by Franchisor or its affiliates to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Business. If the internal or independent audit discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor or its designee for any and all internal and external costs and expenses connected with the inspection (including, without limitation, administrative costs, reasonable accounting and attorney's fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

N. Franchisee shall assign any and all accounts receivable to Franchisor for collection. In connection therewith, Franchisee hereby appoints Franchisor as attorney-in-fact to engage in such collection activities following the termination or expiration of this Agreement and Franchisee specifically undertake to refrain from engaging in any such collection activities upon termination or expiration. Franchisor agrees to employ good faith efforts, including, where appropriate in Franchisor's sole and exclusive judgment, the commencement of legal proceedings, to collect such accounts receivable. Nothing contained herein shall be construed or deemed to impose any duty or obligation upon Franchisor to collect such accounts receivable and, if all or a portion of such accounts receivable are not collected by Franchisor, Franchisee releases and waives any claims thereto against Franchisor. If Franchisor is successful in collecting all or a part of such accounts receivable, Franchisor shall remit to Franchisee such sums collected after first deducting any and all monies owed to Franchisor; after deducting the pro rata cost of serving the customer(s) with respect to whom the receivables were collected; and, after further deducting Franchisor's costs of collection.

O. Franchisee shall immediately refrain from engaging in any and all contacts with customers or former customers of the Franchised Business, whether with respect to collection of accounts receivable, to provide services to such customers or former customers pursuant to any business conducted by Franchisee, whether or not similar to the Franchised Business, or for any other purpose whatsoever.

P. Franchisee must provide Franchisor with written evidence that Franchisee has complied with all of the post-termination obligations, within thirty (30) days of termination or expiration of this Agreement, unless a shorter time is required by any of the subsections above.

XXI. TRANSFER

A. This Agreement and all rights hereunder may be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns.

B. Franchisor will not unreasonably withhold its consent to a transfer of Franchisee's rights and obligations under this Agreement, but will require Franchisee to meet each of the following obligations:

1. Franchisee must pay all monies owed to Franchisor and its affiliates on or just before the date of the Transfer.

2. Franchisee must sign a general release, in the form which Franchisor provides, of all claims against Franchisor, its affiliates, principals, shareholders, members, managers, employees and agents in their respective corporate and individual capacities.

3. Franchisee and the transferee must demonstrate to Franchisor's sole satisfaction that the transferee has the financial resources, character and ability to continue to run the Franchised Business successfully.

4. Franchisee or the transferee must pay to Franchisor a transfer fee of five thousand dollars (\$5,000).

5. Franchisee's transferee must sign Franchisor's then-current form of franchise agreement and all related agreements and guaranties (including any applicable addendum to reflect that the Agreement is for a franchise that has been transferred), and also must complete, to the sole satisfaction of Franchisor, the Initial Training Program, and also must comply with all other requirements of the Franchisor for new franchisees.

6. If required by Franchisor, Franchisee or the transferee, at their own expense, must renovate, reimage or modernize the Franchised Business, any vehicles, equipment or other items that utilize the Marks or are branded with the Marks, according to Franchisor's then-current design criteria. The work must be completed according to the schedule provided by Franchisor.

7. If applicable, the transferee must enter into a lease for the Premises, or accept the assignment of Franchisee's lease for the premises, no later than the date of the transfer.

8. Transferee must acquire Franchisee's vehicle(s) used in the operation of the Franchised Business, or must acquire its own vehicle(s) in accordance with the Franchisor's standards, prior to the date of the transfer.

9. Franchisee will not retain any security interest in the Franchised Business or its assets following the transfer without Franchisor's prior written consent, which Franchisor is under no obligation to provide.

C. No transfer shall relieve Franchisee and the shareholders or partners participating in any transfer, of the obligations of the covenants contained in Section XVII, except where Franchisor shall expressly authorize in writing. Approval by Franchisor of any transfer by Franchisee of the franchise herein granted or any of Franchisee's rights under this Agreement shall in no way be deemed a release by Franchisor of Franchisee's obligations pursuant to this Agreement. Consent by Franchisor to a transfer of the franchise shall not constitute or be interpreted as consent for any future transfer thereof.

D. Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

E. Franchisee does not have the right to grant a sub-franchise to any person or entity whatsoever.

F. If Franchisee pursues but does not complete a transfer which has caused Franchisor to incur costs and expenses in reviewing and documenting the proposed transfer, Franchisee must reimburse Franchisor for these costs and expenses.

XXII. DEATH OR INCAPACITY OF FRANCHISEE

A. In the event of the death or incapacity of an individual Franchisee, or any partner of a Franchisee which is a partnership or any shareholder owning fifty percent (50%) or more of the capital stock of a franchisee which is a corporation, or any member owning fifty percent (50%) or more of the interest of a franchisee which is a limited liability company, the heirs, beneficiaries, devisees, or legal representatives of said individual, partner, members or shareholders, shall, within one hundred eighty (180) days of such event:

1. Apply to Franchisor for the right to continue to operate the franchise for the duration of the term of this Agreement and any renewals hereof; or

2. Sell, assign, transfer, or convey Franchisee's interest in compliance with the provisions of Sections XXI of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the one hundred eighty (180) days to sell, assign, transfer or convey shall be computed from the date of said rejection. For purposes of this Section, Franchisor's silence on an application made pursuant to Section XXII.A.1 through the one hundred and eighty (180) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

B. In the event of the death or incapacity of an individual Franchisee, or any partner, member or shareholder of a Franchisee which is a partnership, limited liability company or corporation, where the aforesaid provisions of Section XXII have not been fulfilled within the time provided, all rights licensed to Franchisee under this Agreement shall, at the option of Franchisor, terminate forthwith and automatically revert to Franchisor.

C. For purposes of this Agreement, "incapacity" shall be defined as the inability of Franchisee to operate or oversee the operation of the Franchised Business for a period of one hundred and twenty (120) days by reason of any continuing physical, mental or emotional incapacity, impairment or condition, chemical dependency or other limitation which is reasonably expected to prevent or actually does prevent Franchisee or a Covered Person from operating or overseeing the operation of the Franchised Business for that period of time. In any event, the Franchised Business must at all times be managed by a designated manager who has complied with all of Franchisor's training requirements, regardless of any death or permanent disability covered by this Section.

XXIII. RIGHT OF FIRST REFUSAL

A. If Franchisee receives from a third party, and desires to accept, a bona fide written offer to purchase the Franchised Business, the franchise or any interest in the Franchised Business, Franchisor shall have a right of first refusal, exercisable by written notice to Franchisee furnished within thirty (30) days after written notice and receipt of a copy of such offer and all of the other information set forth in this Section, to purchase the Franchised Business, the franchise or any interest in the Franchised Business on the same financial terms and conditions as offered to or by such third party; provided further that Franchisor may substitute cash for any other form of payment proposed in such offer. In order that Franchisor may

have information sufficient to enable Franchisor to determine whether to exercise its right of first refusal, Franchisee shall deliver to Franchisor, to the extent requested by Franchisor, certified financial statements as of the end of Franchisee's most recent fiscal year, any financial statements prepared by or for Franchisee since the end of such fiscal year and such other information about the business and operations of Franchisee as Franchisee has provided or will make available to such third party and any other relevant information requested by Franchisor. If Franchisor does not exercise Franchisor's right under this Section XXIII, Franchisee may, within ninety (90) days from the expiration of the option period, sell, assign and transfer the Franchised Business, the franchise or any interest in the Franchised Business, as applicable, but only upon the same terms and conditions proposed to Franchisor and provided Franchisor has consented to such transfer as required by Section XXI hereof.

B. If Franchisee fails to make such sale, assignment or transfer within this ninety (90) day period, or if there is any material change in the terms of the offer, it shall trigger a new right of first refusal period. Failure by Franchisor to exercise the option afforded by this Section shall not constitute a waiver of any other provisions of this Agreement, including all of the requirements of Section XXI hereof, with respect to the proposed transfer.

C. If Franchisee is not an individual, this right of first refusal shall apply to any management agreement, sale, resale, pledge, assignment, transfer or encumbrance of the voting stock of, or other ownership interest in Franchisee which would, alone or together with other related, previous, simultaneous or proposed transfers, result in a change of "control" of Franchisee.

XXIV. OPERATION IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH

In order to prevent any interruption of the Franchised Business which would cause harm to said business and thereby depreciate the value thereof, Franchisee authorizes Franchisor, in the event that Franchisee is absent or incapacitated as defined herein or by death and is not, therefore, in the sole judgment of Franchisor, able to operate the Franchised Business, to operate the Franchised Business for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. Provided, however, that Franchisor shall not be obligated to so operate the franchise. All monies from the operation of the business during such period of operation by Franchisor shall be kept in a separate account and the expenses of the business, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. If, as herein provided, Franchisor temporarily operates for Franchisee the Franchised Business; Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all claims arising from the acts and omissions of Franchisor and its representative.

XXV. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. This Agreement does not create a fiduciary relationship between the parties and Franchisor and Franchisee acknowledge and agree that each is an independent business entity or person and that the only relationship is as franchisor and franchisee as specified in this Agreement. Neither Franchisor nor Franchisee is the employer, employee, agent, legal representative, co-venturer, partner, or servant of the other for any purpose whatsoever and neither will hold themselves out as such. Neither Franchisor nor Franchisee is liable or responsible for the other's debts or obligations and neither Franchisor nor Franchisee shall be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other's business. Franchisor and Franchisee agree that neither has the authority to create or assume in the other's name or on their behalf, any obligation, express or implied, or to act or purport to act as agent or representative for any purpose whatsoever, except as specifically set forth herein, and cannot bind or incur liability on behalf of the other.

B. During the term of this Agreement and any extension hereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Premises and on the exterior of its motor vehicles and on all forms, stationery, or other written materials, the content of which Franchisor reserves the right to specify.

C. Franchisee shall defend at Franchisee's own cost and indemnify and hold harmless Franchisor, its general partners, subsidiaries, affiliates, successors, assigns and designees of any entity and their respective shareholders, directors, officers, members, employees, agents, attorneys, designees and representatives of each (all collectively "Indemnitees") from and against any and all loss, costs, expenses (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs other litigation expenses and travel and living expenses), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the use, condition, or construction, equipping, decorating, maintenance or operation of the Franchised Business, including the sale of any service sold from the Franchised Business or any action arising from an allegation of a violation of labor or employment law. Such loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchised Business, whether or not discoverable by Franchisor, and those arising from the death or injury to any person or arising from damage to the property of Franchisee or Franchisor, their agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of Franchisor or any of its agents or employees or resulted from any strict liability imposed on Franchisor or any of its agents or employees. All such indemnification shall survive termination or expiration of this Agreement.

D. Franchisor shall not, by virtue of any approvals, advice or services provided to Franchisee, assume responsibility or liability to Franchisee or any third parties to which Franchisor would otherwise be subject.

E. All employees or agents hired or engaged by or working for Franchisee will be only Franchisee's employees or agents and will not for any purpose be considered Franchisor's employees or agents or the owner of the Marks, nor subject to Franchisor's control, and in particular, Franchisor will have no authority to exercise control over the hiring or termination of employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or the day-to-day activities of those people, except to the extent necessary to protect the Marks. Franchisee has sole responsibility for its employees and all acts of its employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment. Franchisee acknowledges that Franchisor does not control Franchisee's personnel policies including establishing wage and hour requirements, hiring, firing, setting wages, disciplining, supervising and record keeping of employees. Franchisee will file its own tax, regulatory and payroll reports with respect to Franchisee's employees or agents and operations, saving and indemnifying Franchisor of and from any liability of any nature whatsoever by virtue of it.

XXVI. NON-WAIVER

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair

Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement. Any conditional waiver granted by Franchisor shall be subject to Franchisor's continuing review, may subsequently be revoked for any reason effective upon Franchisee's receipt of ten (10) days prior written notice to that effect, and shall be without prejudice to any other rights Franchisor may have.

XXVII. NOTICES

All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section. All such approvals, requests, notices, and reports, as well as all payments, will be deemed delivered at the time delivered by hand; or one (1) business day after sending by facsimile, e-mail or comparable electronic system or through a nationally recognized commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices that Franchisor provides to Franchisee at the Franchised Business's address. As of the date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

PESTMASTER FRANCHISE NETWORK, LLC
Attention: President
9716 South Virginia Street, Suite E
Reno, Nevada 89511
Email: _____
Facsimile No.: 775-358-7378

Courtesy Copy to:

E-mail: _____
Facsimile No.: _____

Notices to Franchisee:

At the address specified on Page 1 of this Agreement

Copy to:

E-mail: _____
Facsimile No.: _____

XXVIII. COST OF ENFORCEMENT OR DEFENSE

Franchisee shall pay Franchisor on demand any and all costs and expenses Franchisor incurs in enforcing the terms of this Agreement, including, but not limited to, Franchisor's overhead costs and Franchisor's expenses for Franchisor's staff's time and efforts to obtain overdue reports and/or payments or to address and/or resolve defaults; costs and commissions due a collection agency; attorneys' fees; and Franchisor's administrative costs. If a claim for amounts owed by Franchisee to Franchisor or any of Franchisor's affiliates is asserted in any legal proceeding or if Franchisor is required to enforce this Agreement in a judicial or other proceeding or if Franchisee institutes any legal action to interpret or enforce the terms of this Agreement and Franchisor prevails, Franchisee must reimburse Franchisor for Franchisor's costs and expenses, including court costs, expert witness fees, discovery costs, and reasonable accounting and attorneys' fees and costs on appeal together with interest charges on all of the foregoing whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. All such costs and expenses shall be prorated to properly reflect any partial prevailing in the proceeding, as determined by the court. Franchisor is entitled to have any amount awarded be part of the award or judgment. Franchisee's duty to pay all of the above costs and expenses shall survive the termination or expiration of this Agreement.

XXIX. ENTIRE AGREEMENT

This Agreement and the Addenda and any exhibits shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and supersede all prior agreements. No officer, employee or other servant or agent of Franchisor or Franchisee is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, modification, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Franchisor or Franchisee unless in writing and signed by an authorized officer of both Franchisor and Franchisee. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. Nothing in this Agreement or any related agreement is intended to disclaim any representations made by Franchisor in Franchisor's Franchise Disclosure Document. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

XXX. SEVERABILITY AND CONSTRUCTION

A. Each paragraph, section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any paragraph, section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining portions, paragraphs, sections, parts, terms and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid portions, paragraphs, sections, parts, terms and/or provisions shall be deemed not part of this Agreement.

B. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement.

C. Franchisee expressly shall be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision hereof, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in

a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

D. All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

E. This Agreement may be executed in any number of counterparts, including through digital or e-signatures, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

XXXI. APPLICABLE LAW

A. **EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) , THIS AGREEMENT, THE FRANCHISE AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEVADA, WITHOUT REGARD TO ITS CONFLICT OF LAWS, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.**

B. **FRANCHISEE AND ITS OWNERS AND ALL COVERED PERSONS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE MUST BE COMMENCED IN THE STATE OR FEDERAL COURTS OF GENERAL JURISDICTION IN WASHOE COUNTY, NEVADA AND FRANCHISEE (AND EACH OWNER AND COVERED PERSON) IRREVOCABLY SUBMIT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION THAT IT (OR ITS OWNERS OR COVERED PERSONS) MIGHT HAVE TO EITHER JURISDICTION OR VENUE. NONETHELESS, FRANCHISEE AND ITS OWNERS AND COVERED PERSONS AGREE THAT FRANCHISOR MAY ENFORCE THIS AGREEMENT AND ANY ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH FRANCHISEE OR ITS OWNERS OR COVERED PERSONS ARE DOMICILED OR THE FRANCHISED BUSINESS IS LOCATED.**

C. **NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR FRANCHISEE BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.**

D. **NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST CONDUCT THAT WILL CAUSE IT LOSS OR DAMAGES, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.**

XXXII. MEDIATION

In order to reduce instances of possible dispute and to make the resolution of any disputes which do arise less expensive, quicker, less subject to public notoriety and to attempt to resolve disputes in a less

formal and adversarial manner, as well as to increase the opportunities for Franchisor and Franchisee to maintain a mutually beneficial business relationship, Franchisor and Franchisee agree as follows:

A. ANY LITIGATION, CLAIM, DISPUTE, SUIT, ACTION, CONTROVERSY, PROCEEDING OR OTHERWISE ("CLAIM"), BETWEEN OR INVOLVING FRANCHISEE (AND/OR AN OWNER OR GUARANTOR OF A BUSINESS ENTITY FRANCHISEE OR WHICH COULD BE BROUGHT BY OR ON ANY SUCH PERSON'S BEHALF) AND FRANCHISOR, EXCEPT AS EXPRESSLY PROVIDED BELOW, WHETHER ARISING OUT OF OR RELATING IN ANY WAY TO THIS AND/OR ANY OTHER AGREEMENT AND/OR ANY OTHER DOCUMENT, ANY ALLEGED BREACH OF ANY DUTY OR OTHERWISE (INCLUDING, BUT NOT LIMITED TO, THE UNDERLYING LEGALITY OF THE OFFER AND/OR SALE OF THE PESTMASTER FRANCHISE, ANY ACTION FOR RESCISSION OR OTHER SETTING ASIDE OF SUCH SALE OR ANY TRANSACTION, AGREEMENT OR DOCUMENT AND ANY CLAIM THAT THIS AGREEMENT OR ANY PORTION THEREOF IS INVALID, ILLEGAL, VOID, VOIDABLE OR OTHERWISE AND ANY CLAIM OF FRAUD) AND ON WHATEVER THEORY AND/OR FACTS BASED, WILL PRIOR TO SUCH CLAIM BEING BROUGHT IN A COURT, BE SUBMITTED TO NON-BINDING MEDIATION. THE MEDIATION SHALL BE CONDUCTED THROUGH EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY, EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES, AGREED UPON BY THE PARTIES AND, FAILING SUCH AGREEMENT WITHIN A REASONABLE PERIOD OF TIME AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION OF ANY CLAIM (NOT TO EXCEED 15 DAYS), BY THE AMERICAN ARBITRATION ASSOCIATION (OR ANY SUCCESSOR ORGANIZATION) IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN EITHER PARTY MAY BRING AN ACTION IN A COURT HAVING JURISDICTION IN ACCORDANCE WITH SECTION XXXI.B. ABOVE

B. ANY MEDIATION WILL BE CONDUCTED AT FRANCHISOR'S HEADQUARTERS. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING COMPENSATION AND EXPENSES OF THE MEDIATOR (EXCEPT THAT THE PARTIES WILL BEAR THEIR OWN COSTS, INCLUDING ATTORNEYS' FEES) SHALL BE BORNE BY THE PARTIES EQUALLY. ANY CLAIM, AND ANY MEDIATION, WILL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS ONLY AND NOT ON A CLASSWIDE, MULTIPLE PLAINTIFF OR SIMILAR BASIS.

C. THE OBLIGATION HEREIN TO MEDIATE WILL NOT BE BINDING UPON FRANCHISOR WITH RESPECT TO CLAIMS OR ISSUES RELATING PRIMARILY TO (i) THE VALIDITY OF ANY MARKS OWNED BY FRANCHISOR, (ii) MONIES OWED BY FRANCHISEE TO FRANCHISOR, AND/OR (iii) FRANCHISOR'S RIGHTS TO RECEIVE AND ENFORCE A TEMPORARY RESTRAINING ORDER, PRELIMINARY INJUNCTION, PERMANENT INJUNCTION OR OTHER EQUITABLE RELIEF.

XXXIII. ADDITIONAL DEFINITIONS

As used in this Agreement, the term "Franchisee" shall include all persons who succeed to the interest of the original Franchisee by transfer or operation of law and shall be deemed to include not only the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement, but shall also include all partners of the entity that executes this Agreement, in the event said entity is a partnership, and all members, managers, shareholders, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation or limited liability company. By their signatures hereto, all partners, members, managers, shareholders, officers and directors of the entity that signs this Agreement as

Franchisee acknowledges and accepts the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

Whenever Franchisor reserves or is deemed to have reserved discretion in a particular area or where Franchisor agrees or is deemed to be required to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever Franchisor exercises “Reasonable Business Judgment” in making its decision or exercising its rights. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit the System include without limitation enhancing the value of the Marks, improving customer service and satisfaction, improving service or product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System. Franchisor is not required to consider any of Franchisee's or any other franchisee's particular economic or other circumstances when exercising its Reasonable Business Judgment. Decisions Franchisor makes using its Reasonable Business Judgment may not affect all franchisees equally, and some may be benefited while others are not. Neither Franchisee nor any third party (including without limitation an court of competent jurisdiction), shall substitute its judgment for Franchisor's Reasonable Business Judgment.

XXXIV. FORCE MAJEURE

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply to and shall not result in an extension of the term of this Agreement.

XXXV. WITHHOLDING OF CONSENT - FRANCHISEE'S EXCLUSIVE REMEDY

Whenever this Agreement requires Franchisor's approval or consent, Franchisee shall make a timely written request to Franchisor. Unless a different period is specified in this Agreement, Franchisor shall respond in writing with its approval or disapproval within fifteen (15) business days of receipt of such request. If Franchisor has not specifically approved a request in writing within such fifteen (15) business day period, such failure to respond shall be deemed as a disapproval of any such request. In no event shall Franchisee be entitled to make, nor shall Franchisee make, any claim, and Franchisee hereby waives any claim for money damages, nor shall Franchisee claim any money damages, by way of set-off, counterclaim or defense, based upon any claim or assertion by Franchisee that Franchisor has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by Franchisee under any of the terms of this Agreement. Franchisee's sole remedy for any such claim shall be a legal proceeding to enforce any such provisions.

XXXVI. CROSS-DEFAULT

Any default by Franchisee of any other agreement between Franchisee and Franchisor shall be deemed a default under this Agreement, and any default by Franchisee under this Agreement shall be deemed a default under any and all other agreements between Franchisee and Franchisor. If the nature of such default under any other agreement would have permitted Franchisor to terminate this Agreement had said default occurred hereunder, Franchisor shall have the right to terminate this Agreement and all of the

other agreements between Franchisee and Franchisor in the same manner as provided herein for termination of this Agreement.

XXXVII. LIMITATION OF ACTIONS

Franchisee agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

XXXVIII. MISCELLANEOUS

A. Franchisee shall not, on grounds of an alleged non-performance by Franchisor of any of Franchisor's obligations or for any other reason, withhold payment of any amount due pursuant to the terms of this Agreement. No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgement of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Franchisor may see fit. Franchisor may set off against any sums payable to Franchisee hereunder any unpaid debts due from Franchisee to Franchisor.

B. The headings of the sections hereof are for convenience only and do not modify, define, limit, expand or construe the contents of such sections.

C. Franchisee agrees and acknowledges that Franchisee has not been induced to enter into this Agreement in reliance upon, nor as a result of, any statements, representations, warranties, conditions, covenants, promises, or inducements whatsoever, whether oral or written, and whether directly related to the contents hereof or collateral hereto, made by Franchisor, its officers, members, managers, directors, shareholders, agents, employees or contractors which are not contained within this Agreement.

D. In all respects, time shall be of the essence hereof.

E. The provisions hereof shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, successors and assigns unless otherwise specifically restricted by the terms of this Agreement.

F. Franchisor and Franchisee that if this Agreement contains any errors or omissions that each will sign corrective documents as needed.

G. If Franchisee consists of more than one person, the liability under this Agreement shall be joint and several.

XXXIX. ACKNOWLEDGMENTS

A. Franchisee has conducted an independent investigation of Franchisor's business and System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon Franchisee's ability as an independent business person. Franchisor expressly disclaims the making of, and Franchisee acknowledges that Franchisee has not received, any representations, statements, warranties or guarantees, express or implied, as to the actual or potential volume, profits, growth, viability, or success of the business venture contemplated by this Agreement from Franchisor of any employee, agent or salesperson thereof, other than as may be included in Franchisor's Franchise Disclosure Document provided to Franchisee by Franchisor.

B. Franchisee represents and acknowledges that Franchisee has received, carefully read and understood this Agreement including all attachments, addenda and exhibits hereto and Franchisor's Franchise Disclosure Document; and Franchisee further acknowledges that Franchisor has advised and accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement and, prior to the execution of this Agreement, Franchisee had the opportunity to contact all of Franchisor's existing franchisees. Franchisee has either consulted with Franchisee's advisors or has deliberately declined to do so.

C. Franchisee acknowledges that Franchisee has received a complete copy of this Agreement, with all attachments, addenda and exhibits referenced in this Agreement, and other related agreements, if any, at least seven (7) days prior to the date on which this Agreement was executed. Franchisee further acknowledges that Franchisee received Franchisor's Franchise Disclosure Document at least fourteen (14) calendar days prior to the earlier of the payment of any consideration by Franchisee to Franchisor or any affiliate and the date on which this Agreement was executed by Franchisee.

D. Franchisee also acknowledges that prior to the date of this Agreement, no other agreement was entered into, no promises were made by Franchisor, and no funds were offered to or accepted by Franchisor other than any deposit and an accompanying deposit agreement.

E. Franchisee has no knowledge of any representations by Franchisor or Franchisor's officers, directors, shareholders, employees, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated or referenced in this Agreement, and further represent to Franchisor, as an inducement to Franchisee's entry into this Agreement, that Franchisor has made no misrepresentations in obtaining this Agreement;

F. Franchisee is aware of the fact that Franchisor may in the future modify Franchisor's franchise agreements, that some of Franchisor's franchisees may operate under different forms of agreements, and, consequently, that Franchisor's obligations and rights in respect to Franchisor's various franchisees may differ materially in certain circumstances.

G. Franchisee acknowledges and understands that any training, support, guidance or tools Franchisor provides to Franchisee as part of the franchise are for the purpose of protecting the System, and Marks and to assist Franchisee in the operation of Franchisee's Franchised Business and not for the purpose of controlling or in any way intended to exercise or exert control over Franchisee's decisions or day-to-day operations of the Franchised Business, including Franchisee's sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of Franchisee's employees and all other employment and employee related matters.

H. This Agreement has been negotiated in the English language and the rules of construction and definitions of the English language will be applied in interpreting this Agreement. Franchisee represents

that Franchisee and Franchisee's owner are fluent in English and have consulted with legal counsel to the extent necessary to understand the provisions of this Agreement. The English language version of this Agreement will be the official and binding Agreement between the parties. All notices and communications required or permitted under this Agreement, including without limitation all meetings, mediations and litigation, will be conducted and written in the English language. In addition, Franchisor will provide all services and materials under this Agreement including, without limitations, the Manual and all training programs, seminars, conventions, programs and meetings, in the English language and will not have a duty to provide any translation or interpreter services for any of Franchisee's personnel. Franchisee will be solely responsible for the cost of any related translation or interpreter services.

I. Franchisor has certain rights reserved to Franchisor to own and operate franchised businesses; to franchise other franchised businesses; and, to otherwise use the System, the Marks, know-how, techniques and procedures, including (without limitation) those expressly set forth in this Agreement.

J. No representation or statement has been made by Franchisor (or any employee, agent or salesperson thereof) regarding Franchisee's ability to procure any required license or permit that may be necessary to the offering of one or more of the services contemplated to be offered by the Franchised Business.

K. Franchisee affirms and agrees that Franchisor may sell Franchisor's assets, Franchisor's Marks, or Franchisor's System outright to a third party; may go public; may engage in a private placement of some or all of Franchisor's securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, 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 related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "Pestmaster Franchise Network, LLC" as franchisor hereunder.

L. The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Franchisee or any Covered Persons, since Franchisee and such Covered Persons have other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors.

M. Franchisee affirms that all information set forth in any and all applications, financial statements and submissions to Franchisor are true, complete and accurate in all respects, with Franchisee expressly acknowledging that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

N. Franchisee specifically acknowledges that no officer, director, employee, agent, representative or independent contractor of Franchisor is authorized to furnish Franchisee with any financial performance information; that, if they nevertheless do, Franchisee will immediately communicate such activity to Franchisor. For the purpose of this Agreement, "financial performance information" means information given, whether orally, in writing or visually which states, suggests or infers a specific level or range of historic or prospective sales, expenses and/or profits of franchised or non-franchised businesses, but specifically excluded information provided in Item 19 of the Franchise Disclosure Document provided to Franchisee by Franchisor.

O. Franchisee has carefully considered the nature and extent of the restrictions upon Franchisee set forth in this Agreement (including, without limitation, the covenants not to compete and the restrictions on assignment) and the rights and remedies conferred upon Franchisor and Franchisee under this Agreement. Franchisee acknowledges such restrictions, rights and remedies: (a) are reasonable,

including, but not limited to, their term and geographic scope; (b) are designed to preclude competition which would be unfair to franchisees of Franchisor and Franchisor; (c) are fully required to protect Franchisee's and Franchisor's legitimate business interests; and, (d) do not confer benefits upon Franchisee or Franchisor that are disproportionate to Franchisee's detriment.

P. Franchisee agrees and acknowledges that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, employees, representatives, nor any individuals associated with Franchisor or Franchisor's affiliates shall be personally liable to Franchisee for any reason.

Q. Franchisee acknowledges and understands that any training, support, guidance or tools Franchisor provides to Franchisee as part of the franchise are for the purpose of protecting Franchisor's System and Marks and to assist Franchisee in the operation of Franchisee's Franchised Business and not for the purpose of controlling or in any way intended to exercise or exert control over Franchisee's decisions or day-to-day operations of the Franchised Business, including Franchisee's sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of Franchisee's employees and all other employment and employee related matters.

XL. EFFECTIVE DATE

This Agreement shall not be effective until accepted by Franchisor as evidenced by signing by an authorized representative of Franchisor.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement as of the day and year first above written.

FRANCHISOR:

PESTMASTER FRANCHISE NETWORK, LLC

By:
Its: President

FRANCHISEE:

By: _____
Its: _____

EXHIBIT 1 TO THE FRANCHISE AGREEMENT

DESCRIPTION OF THE TERRITORY

The "Territory" shall be defined as follows:

The Territory shall include the geographical area of the following zip codes as of _____, 20__;

An official map denoting boundaries will be used for geographical borders. Should the geographical borders of this area change in any way, it will have no effect on the current territory. Homes on the Territory side of roads that are bordering this Territory shall be included within this Territory. Franchisor has the final say in any Territory dispute.

EXHIBIT 2 TO THE FRANCHISE AGREEMENT

GUARANTY AGREEMENT

This Guaranty Agreement is entered into as of _____ between _____ with its principal address at _____ ("Guarantor") and PESTMASTER FRANCHISE NETWORK, LLC, with its principal address at 9716 South Virginia Street, Suite E, Reno, Nevada 89511 ("Franchisor").

RECITALS

A. WHEREAS, Franchisor and _____ ("Franchisee") have entered into a Franchise Agreement dated _____ ("the Franchise Agreement").

B. WHEREAS, Guarantor is a shareholder, director, officer, manger, member, and/or partner of Franchisee.

C. NOW, THEREFORE, in consideration of and as an inducement to Franchisor to enter into the Franchise Agreement with Franchisee and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor hereby covenants and agrees as follows:

1. Guarantor warrants that the facts contained in Recital A and B are correct;
2. Guarantor has read the terms and conditions of the Franchise Agreement;
3. Guarantor personally and unconditionally makes all the covenants, representations and agreements of Franchisee set forth in the Franchise Agreement and that Franchisee is obligated to perform thereunder;
4. Guarantor personally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations, undertakings, agreements and covenants set forth in the Franchise Agreement will be punctually paid and performed during the term of the Franchise Agreement and thereafter, as applicable;
5. Guarantor unconditionally and irrevocably agrees to be personally bound by, and personally liable for the breach of, each and every provision of the Franchise Agreement by Franchisee;
6. Upon default by Franchisee or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required under the Franchise Agreement;
7. Without affecting the obligations of any guarantor under this Guaranty Agreement, Franchisor may, without notice to Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or any guarantor, or settle, adjust or compromise any claims against Franchisee or any guarantor;
8. Guarantor waives all demands and notices of every kind with respect to enforcement of this Guaranty Agreement, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for the Franchise Agreement or the obligations of Franchisee;

9. Franchisor may pursue its rights against any 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 of such right or remedy shall preclude the further exercise of such right or remedy;

10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of deceased Guarantor shall be bound by the foregoing Guaranty Agreement, but only for defaults and obligations under the Franchise Agreement existing at the time of death; the obligations of all other guarantors shall continue in full force and effect;

11. This Guaranty Agreement will continue and is irrevocable during the term of the Franchise Agreement and, if required by the Franchise Agreement, after its termination or expiration;

12. Guarantor's obligations under this Guaranty Agreement are effective on the effective date of the Franchise Agreement, regardless of the actual date of signature. Guarantor shall be jointly and severally liable for all obligations under the Franchise Agreement and the Guaranty Agreement with all other guarantors guaranteeing the obligations under the Franchise Agreement regardless of whether such guarantors have executed this Guaranty Agreement or separate Guaranty Agreements;

13. This Guaranty Agreement is governed by the laws of the state in which Franchisor's principal place of business is located, which is currently Nevada and Guarantor irrevocably submits to the jurisdiction and venue of the courts of Nevada;

14. If Franchisor is required to enforce this Guaranty Agreement in any judicial proceeding or on any appeals, Guarantor must reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty Agreement;

15. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Guaranty Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF Guarantor has signed this Guaranty Agreement under seal.

Signature

Print Name

Address

Signed, sealed and delivered by the above-named Guarantor in the presence of:

Witness Signature

Print Name

Address

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER AUTHORIZATION **AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS**

I (We, if joint account) the undersigned hereby authorize PESTMASTER FRANCHISE NETWORK, LLC, a Delaware limited liability company, with principal offices at 9716 South Virginia Street, Suite E, Reno, Nevada 89511, to initiate electronic transfer of funds out of my (our) primary Checking or Savings selected below at the Financial Institution indicated, for payment of royalties and other amounts which I may owe PESTMASTER FRANCHISE NETWORK, LLC. I (We) acknowledge that the origination of Automated Clearing House (ACH) transactions to my (our) account must comply with the provisions of the United States law. All costs and expenses, including any resulting from the dishonor by my (our) bank of any electronic funds transfer, shall be my (our) sole responsibility. This authorization is irrevocable and shall remain in effect until the termination or expiration of the underlying Franchise Agreement with PESTMASTER FRANCHISE NETWORK, LLC. If I (we) do not have enough money in my (our) account to cover the transfer, or if my (our) Financial Institution for any other reason refuses to honor a transfer, I (we) will separately pay for the charges I (we) owe under my (our) Franchise Agreement with PESTMASTER FRANCHISE NETWORK, LLC.

ACH Information		
Financial Institution:		
Branch:		
City	State:	Zip:
Routing/Transit Number:		
Account/Bank Number:		

I (we) acknowledge that these funds will be debited on **the fifteenth (15) day of each month**, or other day of the month we designate periodically.

Name(s): _____

Signature: _____ Date: _____

Signature: _____ Date: _____

Day Phone: () _____ Evening Phones: () _____

Please fill out this form and attach a voided check.

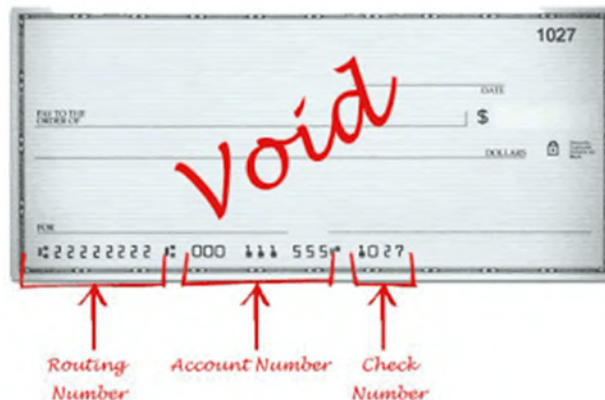


EXHIBIT 4 TO THE FRANCHISE AGREEMENT

FRANCHISE COMPLIANCE QUESTIONNAIRE

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

Do not sign this Questionnaire if you are a resident of Maryland or if the franchise is to be located in Maryland.

As you prepare to enter into a Franchise Agreement with Pestmaster Franchise Network, LLC ("Pestmaster"), it is important to determine whether any statements or promises were made to you, either orally or in writing, which were not authorized by Pestmaster and which may be untrue, inaccurate or misleading.

Please provide honest and complete responses to each of the following:

1. Have you received and personally reviewed our Franchise Agreement and all its attachments?

Yes ____ No ____

2. Have you received and personally reviewed the Franchise Agreement which you are to sign, with all its blanks completed?

Yes ____ No ____

If your answer is Yes, please state what date this completed Franchise Agreement was received:

3. Have you received and personally reviewed our Franchise Disclosure Document (FDD)?

Yes ____ No ____

Please state the date you received the FDD: _____

Did you sign a receipt for the FDD confirming the date you received it?

Yes ____ No ____

4. Did you have an opportunity to review Pestmaster's Operation Manual?

Yes ____ No ____

5. Have you had the opportunity to discuss the benefits and risks associated with purchasing a Pestmaster franchise with an attorney, accountant or other professional advisor?

Yes ____ No ____

Do you understand those risks?

Yes ____ No ____

6. Do you understand that the success or failure of your Pestmaster franchise will depend in large part upon your skills and abilities, the competition, and general business and economic factors such as inflation, interest rates and cost of labor?

Yes ____ No ____

7. Do you understand that any training, support, guidance or tools we provide to you as part of the Pestmaster franchise, are for the purpose of protecting the Pestmaster brand and trademarks, and to assist you in the operation of your business and not for the purpose of controlling, or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters?

Yes ____ No ____

If No, please comment:

CONSIDER THE FOLLOWING QUESTIONS IN REGARD TO INFORMATION PROVIDED DIRECTLY FROM FRANCHISOR OR ITS REPRESENTATIVES (NOT ITS FRANCHISEES):

8. Has any employee, broker or other person representing Pestmaster made any statements or promises concerning the revenues, profits or operating costs of a Pestmaster franchise that contradicts any information in the FDD?

Yes ____ No ____

9. Has any employee, broker or other person representing Pestmaster made any statements or promises concerning the amount of money you may earn in the operating of a Pestmaster franchise that contradicts any information in the FDD?

Yes ____ No ____

10. Has any employee, broker or other person representing Pestmaster made any statements or promises concerning the likelihood of success that you should or might expect to achieve from operating a Pestmaster franchise that contradicts any information in the FDD?

Yes ____ No ____

11. Has any employee, broker or other person representing Pestmaster made any statements or promises concerning the advertising, marketing, training or support service or assistance that we will furnish to you that contradicts any information in the FDD?

Yes ____ No ____

12. Has any employee, broker or other person representing Pestmaster made any statements or promises concerning the costs you may incur in starting or operating the Pestmaster franchise that contradicts any information in the FDD?

Yes ____ No ____

13. Has any employee, broker or other person representing Pestmaster made any statements or promises or agreements relating to the Pestmaster franchise that contradicts any information in the FDD?

Yes ____ No ____

If you have answered Yes to any of the questions numbered 8 through 13 above, please provide a full explanation **for each**. Attach additional pages if necessary.

All representations requiring a prospective franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

This Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Your answers are important to us and we will rely on them; by signing this Questionnaire, you are representing that you have responded truthfully to all of the above questions.

Date: _____

Prospective Franchisee: _____

EXHIBIT 5 TO THE FRANCHISE AGREEMENT

FRANCHISE OPTION AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (the "Amendment") is made and entered into as of _____, by and between PESTMASTER FRANCHISE NETWORK, LLC, a Delaware limited liability company, with its principal place of business at 9716 South Virginia Street, Suite E, Reno, Nevada 89511 (hereinafter "Franchisor"), and _____, a _____ with its _____ at _____ (hereinafter "Franchisee").

1. Franchisee is approved by Franchisor to participate in the Franchise Option Program. Franchisor and Franchisee hereby agree to amend the Franchise Agreement entered into between them with effect as of [DATE]. The Franchise Agreement is amended as follows:

The Initial Franchise Fee stated in Section XII.A of the Franchise Agreement is waived and Franchisee shall not pay to Franchisor the Initial Franchise Fee.

2. Section XII.B of the Franchise Agreement is amended as follows:

Strike "seven percent (7%)" and replace with "nine and one half percent (9.5%)".

3. If the Franchise Agreement is renewed in accordance with Section II thereof, Franchisee and Franchisor agree that the Continuing Royalty rate, as amended by Section 2 of this Amendment, shall be applied to the renewal term and that they shall enter into an amendment of the renewal franchise agreement if necessary to apply the foregoing Continuing Royalty rate.
4. Except as specifically amended above, all other provisions of the Franchise Agreement remain in full force and effect.
5. If there is a conflict between this Amendment and the Franchise Agreement, this Amendment will prevail.

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

FRANCHISOR:

PESTMASTER FRANCHISE NETWORK, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Its: _____

EXHIBIT 6 TO THE FRANCHISE AGREEMENT

PROMISSORY NOTE

\$ _____

Dated: _____

FOR VALUE RECEIVED, the undersigned, **[FRANCHISEE ENTITY]** a **[STATE]** corporation/limited liability company with a principal place of business at **[ADDRESS]** (collectively referred to as “Maker”) promises to pay to the order of **PESTMASTER FRANCHISE NETWORK, LLC**, a Delaware limited liability company, (herein with its successors and/or assigns, “Payee”) having its principal place of business at 9716 South Virginia Street, Suite E, Reno, Nevada 89511 or at such other place as the Payee or other holder hereof may direct in writing, the aggregate principal sum of **[AMOUNT]** (**\$XX,XXX**) together with interest payable as follows:

1. **Interest.** The unpaid principal amount of this Promissory Note (“Note”) from time to time outstanding shall bear interest at the rate of twelve percent (12%) per annum. If Maker fails to pay any installment or make any payment on this Note for ten (10) days after the same shall become due, whether by acceleration or otherwise, Payee may, at its option, impose a late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. If any payment or installment is not made within thirty (30) days after the same shall become due, Payee may, at its option, impose an additional late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. Such installment or payment shall be subject to an additional five percent (5%) late charge for each additional period of thirty (30) days thereafter that such installment or payment remains past due. The late charge shall apply individually to all installments and payments past due. This provision shall not be deemed to excuse a late installment or payment or be deemed a waiver of any other rights Payee may have, including, but not limited to, the right to declare the entire unpaid balance due under this Note immediately due and payable. In no event shall the rate of interest payable hereunder at any time exceed the highest rate of interest allowed under applicable usury laws.

2. **Principal and Interest Payments.** This Note shall be due and payable by electronic funds transfer in _____ consecutive equal monthly installments of **[AMOUNT]** (**\$0,000.00**), with the initial installment being due and payable on **DATE**, and the remaining installments being due and payable on the same day of each consecutive month thereafter. The final installment shall be due and payable on **DATE** and shall consist of the remaining principal balance of this Note, and all unpaid interest, accrued thereon. In the event any payment date shall fall due on a Saturday, Sunday or United States banking holiday, payment shall be made on the next succeeding business day, and interest will continue to accrue on the unpaid amount during the interim. All payments of principal and interest are to be made in lawful money of the United States of America in immediately available funds.

3. **Payment Application.** Payments shall be applied first to expenses, costs, and attorney’s fees which are payable under this Note, secondly to interest and finally to the reduction of principal; provided, such payments may at the option of Payee or other holder hereof, be applied to the payment of delinquent taxes, installments of special assessments, insurance premiums and/or other legal charges.

4. **“Event of Default”.** An “Event of Default” shall be deemed to have occurred in the event that: (a) any amount due hereunder is not paid after becoming due and payable; or (b) any default by Maker occurs in the performance of the covenants, obligations or other provisions under the Franchise Agreements between Maker and Payee (the “Franchise Agreement(s)”), or any other agreement between Maker (or its affiliates) and Payee; or (c) any representation or warranty of the Maker set forth in the Franchise Agreement(s), or any other agreement between Maker and Payee proves to have been incorrect in any material respect; or (d) Maker becomes subject to any bankruptcy, insolvency or debtor relief proceedings;

or (e) Maker fails to comply with or perform any provision of this Note not constituting a default under the previous items of this paragraph and such failure continues for fifteen (15) days after notice thereof to Maker; or (f) a default occurs causing the acceleration of any material obligation of Maker to any other creditors; or (g) any guarantor of the Franchise Agreement(s) revokes or renounces their guaranty; or (h) the Franchise Agreement(s) is terminated by Maker or by Payee or is declared terminated in any judicial proceeding.

5. **Default and Remedies.** Upon the occurrence of an Event of Default as defined herein or at any time thereafter, the entire principal and accrued interest of this Note shall become immediately due and payable, without further notice to Maker, at the option of Payee or other holder hereof. To the extent permitted by applicable law, all benefits, rights and remedies hereunder shall be deemed cumulative and not exclusive of any other benefit, right or remedy herein. The failure of Payee or other holder hereof to exercise any right or remedy hereunder shall not be deemed to be a release or waiver of any obligation or liability of the Maker.

6. **Obligations Absolute.** All obligations of Maker hereunder are absolute and unconditional, irrespective of any offset or counterclaim of Maker against Payee or other holder hereof. Maker hereby waives the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce the obligations of Maker under this Note.

7. **Waivers.** Maker and any co-makers, sureties, endorsers and guarantors of this Note, hereby jointly and severally waive presentment for payment, notices of non-performance or nonpayment, protest, notice of protest, notice of dishonor, diligence in bringing suit hereon, against any party hereto and notice of acceleration. Payee reserves the right, in its sole and exclusive discretion, to waive the requirement in Section 2 above that all payments hereunder be due by electronic funds transfer.

8. **Collection Costs; Attorney's Fees.** Maker agrees to pay all expenses and costs of collection, including all reasonable attorney's fees and expenses, court costs, costs of sale and costs of maintenance and repair and similar costs incurred by Payee in connection with the enforcement of this Note, the collection of any amounts payable hereunder, whether by acceleration or otherwise, and/or the sale or other disposition of any Collateral.

9. **Prepayment.** Maker may prepay this Note, in whole or in part, at any time without premium or penalty. Any partial payments shall be applied first to accrued interest and then to principal installments in reverse order of maturity.

10. **Severability.** If any term or provision of this Note or application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and shall be valid and enforced to the fullest extent permitted by law.

11. **Limitation on Interest.** All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for charged, or received by Payee, or any subsequent holder hereof, exceed the maximum amount permissible under applicable law. If any interest in excess of the maximum amount of interest allowable by said applicable laws is inadvertently paid to Payee or the holder hereof, at any time, any such excess interest shall be refunded by the holder to the party or parties entitled to the same after receiving notice of payment of such excess interest. All interest paid or agreed to be paid to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in

full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between Maker and Payee as to the payment of interest.

12. **Jurisdiction and Venue.** It is hereby agreed that any and all claims, disputes or controversies whatsoever arising from or in connection with this Note, shall be commenced, filed and litigated, if at all, in the judicial district in which Boston, MA is located, unless the conduct of such litigation is not within the subject matter jurisdiction of the court of such district. The parties waive all questions of personal jurisdiction, convenience of forum and venue for purposes of carrying out this provision.

13. **Jury Trial Waiver.** **MAKER AND PAYEE IRREVOCABLY WAIVE TRIAL BY JURY, REGARDLESS OF THE FORUM, IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER ARISING FROM, WHETHER DIRECTLY OR INDIRECTLY, THIS NOTE.**

14. **Governing Law.** In order to effect uniform interpretation of this Note, this Note, and all disputes or controversies arising or related hereto shall be interpreted and construed under the laws of the State of Nevada.

15. **Amount Owed.** The records of Payee or other holder of this Note shall be prima facie evidence of the amount owing on this Note.

16. **Release.** In consideration of the credit given to the Maker as evidenced by this Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned, for himself and his agents, employees, representatives, associates, heirs, successors and assigns (collectively the "Franchisee Entities"), does hereby fully and finally release and forever discharge the Payee ("**PESTMASTER FRANCHISE NETWORK, LLC**") and its officers, shareholders, directors, agents, employees, representatives, associates, successors and assigns (collectively, the "Franchising Entities") of and from any and all actions and causes of action, suits claims, demands, damages, judgments, accounts, agreements, covenants, debts, levies and executions, including without limitation attorneys' fees, whatsoever, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, whether at law or in equity, which the Franchisee Entities, or any one or more of them, have had, now have or may in the future, have against the Franchising Entities, or any one or more of them, arising out of, in connection with or relating in any way to that certain franchise agreement between the undersigned and **PESTMASTER FRANCHISE NETWORK, LLC**, dated _____, 20__ (the "Franchise Agreement"), or any other agreement between the undersigned and **PESTMASTER FRANCHISE NETWORK, LLC**, including but not limited to, any actions for fraud or misrepresentation, violation of any franchise laws, violation of any state or federal antitrust or securities laws, or violation of any common law, from the beginning time to the date of this Note; provided, however, specifically excluded from the release provisions of this Note shall be all obligations of **PESTMASTER FRANCHISE NETWORK, LLC**, under the Franchise Agreement first accruing on and after the date hereof. This release does not apply to claims arising under the Washington Franchise Investment Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

17. **Assignment.** Payee may sell or assign this Note at Payee's sole discretion. If Payee sells or assigns this Note Payee will not remain primarily obligated under the Note. Additionally, Maker will also lose all of its defenses against Payee as they relate to this Note as a result of the sale or assignment.

[Signatures on following page]

IN WITNESS WHEREOF, Maker has made, executed and delivered this Note effective as of the date first above written.

MAKER:

FRANCHISEE ENTITY

By Its Members:

By: _____
[NAME]
Its: [TITLE]

PAYEE:

PESTMASTER FRANCHISE NETWORK, LLC

By: _____
[NAME]
Its: [TITLE]

EXHIBIT C

LIST OF PESTMASTER® BUSINESSES

(As of December 31, 2022)

LIST OF OPEN AND OPERATING FRANCHISES

Territory City	Business Address	Phone	# of Territories
ARIZONA			
Tucson (Navajo, Apache, Gila, Graham, Greenlee, Cochise, Pima and Santa Cruz counties)	KCSR Inc. 2121 South Pantano Rd., #308 Tucson, AZ 85747 Kat Cartwright	(775) 750-7720	2
CALIFORNIA			
Northern San Diego/Carlsbad	Habitat, Inc., dba Pestmaster Services of Northern San Diego, CA 751 W. 4 th Avenue Escondido, CA 92025 Bart & Lea Van Diepen	(760) 745-5460	2
Lake County	Dale Hoskins D Lester Enterprises 19310 Ravenhill Rd. Hidden Valley Lake, CA 95467	(707) 533-9228	1
Napa	Dale Hoskins D Lester Enterprises 19310 Ravenhill Rd. Hidden Valley Lake, CA 95467	(707) 533-9228	1
FLORIDA			
Boca Raton	Steven Brooks & David Nagle 22942 Iron wedge Drive Boca Rotan, FL 33433	561-788-9957	1
Orlando	Easy Home Now, LLC 378 Captiva Drive Davenport, FL 33896 Nadir Cure	(786) 238-4031	1
Jacksonville	Pestmaster Services of Jacksonville, FL 1170 Giovanni Street Deltona, FL 32725 William & Laura Orem	(904) 636-0633	1

Territory City	Business Address	Phone	# of Territories
Villages	25921 San Rafael Ct Howey in the Hills, FL 34737 Mona & Duane Atkinson	(352) 638-8991	1
Gainesville	Pestmaster Services of Gainesville, FL 187 Southeast Country Club Rd., Ste. 101 Lake City, FL 32025 Tommy & Deidre Houk	(386) 752-7779	1
Lake City	Wayne A. Holliday & Tommy D. Houk Jr., Inc. Pestmaster Services of Lake City, FL 187 Southeast Country Club Rd., Ste. 101 Lake City, FL 32025 Wayne Holliday & Tommy Houk	(386) 222-3822	1
Miami	18385 NW 12th Street Pembroke Pines, FL 33029 Oscar Lora & Fernando Graziano	(954) 601-7660	1
Sarasota	7211 Ryedale Ct Sarasota, FL 34241 Eric Ribeiro	(941) 210-0911	1
Tallahassee	Panhandle Pestmaster Services 2111 Miller Landing Road Tallahassee, FL 32312 Beecher Lewis	(850) 508-0100	1
GEORGIA			
Augusta	Pestmaster Services of Augusta, Georgia 133 Fall Line Dr. Martinez, GA 30907 Chase Stringfield	(760) 564-9354	1
Savannah	CDTR, dba Pestmaster Services of Savannah, GA 834 Northside Drive East Statesboro, GA 30458 Brian Bilenski & Jeff Leggett	(912) 965-0733 (866) 965-0733	1
ILLINOIS			
Chicago	Marvin Jones 1960 E. 72 nd Place Chicago, IL 60649	(312) 545-7019	1

Territory City	Business Address	Phone	# of Territories
INDIANA			
South Suburbs	Jose Ojeda & Alyssa Ojeda 3045 Jackson Avenue South Chicago Heights, IL 60411	(708) 701-3813	1
KANSAS			
Topeka	Adam & Susy Cook 200 E. 6 th St. Auburn, KS 66402	(941) 786-6487	1
Wichita	Mid States Environmental, LLC 2251 Woodlawn Wichita, KS 67220 Kevin Youngers	(316) 207-5697	1
MARYLAND			
Cheltnham (Frederick, Montgomery, Prince George & Prince William Counties in Maryland. Also DC Metro Area & Northern VA)	CLH Enterprise LLC, dba Pestmaster Services of MD/DC 11505 Cherry Tree Crossing Rd., #234 Cheltnham, MD 20623 Chris Hines	(202) 438-1793	1
MICHIGAN			
Lapeer	PO Box 1424 Lapeer, MI 48446 Kathryn Catlin	(510) 529-0316	1
NEW JERSEY			
Brick	Klearjet, Inc., dba Pestmaster Services of Brick, NJ 114 Sawmill Road Brick, NJ 08724 Jim Godfrey	(845) 629-4069	1
Cherry Hill	Bob Clegg 319 Parker Avenue Philadelphia, PA 19128	(215) 554-4600	1

Territory City	Business Address	Phone	# of Territories
NEW MEXICO			
Albuquerque & Santa Fe	KCSR, Inc. (Northwest NM) 2121 Pantano Road, #308 Tucson, AZ 85710 Katrina Cartwright	(520) 373-3261	2
NEW YORK			
Central New York State	Zen Capo, Inc. 1581 Country Route 9 Fulton, NY 13069 Jerome Snyder	(716) 673-5265	1
Albany (Capital Region)	Alleymor, Inc., dba Pestmaster Services of Albany, NY Franchise #2 75 Lucas Avenue Kingston, NY 12401 Paul & Amy Alley	(845) 340-9700	1
Kingston	Alleymor, Inc., dba Pestmaster Services of Kingston, NY Franchise #1 75 Lucas Avenue Kingston, NY 12401 Paul & Amy Alley	(845) 340-9700	1
NORTH CAROLINA			
Charlotte	85 Weaverville Rd Charlotte, NC 28804 Matt & Elizabeth Sigafoos	(803) 388-8991	1
Greensboro	3805 Phillips Park Dr Greensboro, NC 27401 Vincent Nicholson	(336) 254-2924	1
Monroe	4020 Beacon Ave Monroe, NC 28110 Oscar & Nitza Lora	(954) 601-7660	1
OHIO			
Cincinnati, OH	PO Box 591 Walton, KY 41094 Jason Yutze	859-445-9265	3

Territory City	Business Address	Phone	# of Territories
OKLAHOMA			
Oklahoma City	Lewis Noble 1217 NW 190 th Place Edmond, OK 73012	(405) 906-7454	1
PENNSYLVANIA			
Philadelphia & Pittsburgh	Matt Yanocho 24 N. Bryn Mawr Ave. Bryn Mawr, PA 19010	(615) 500-8674	2
Philadelphia	Bob Clegg 319 Parker Avenue Philadelphia, PA 19128	(215) 554-4600	1
Luzerne	MK&J, Inc., dba Pestmaster Services of Luzerne, PA 93 Loomis Street Wilkes-Barre, PA 18702 Rick & Kyra Macko	(570) 820-5909	1
SOUTH CAROLINA			
Charleston/Savannah	CDTR, dba Pestmaster Services of South Carolina 1370 U.S. Hwy 80 E, Unit B Pooler, GA 31322 Brian Bilenski & Jeff Leggett	(912) 352-8008 (866) 965-0733	1
SOUTH DAKOTA			
Sioux Falls	4712 S. Dunlap Dr Sioux Falls, SD 57106 Brian & Angie Pendergast	(605) 220-4635	1
TEXAS			
Austin	Noles Pest Services LLC, dba Pestmaster Services of Austin, TX P.O. Box 3000 – PMB 260 Georgetown, TX 78627 John & Melanie Noles	(888) 477-7378	1
Austin	Noles Pest Services LLC, dba Pestmaster Services of Fort Hood, TX P.O. Box 3000 – PMB 260 Georgetown, TX 78627 John & Melanie Noles	(888) 477-7378	1

Territory City	Business Address	Phone	# of Territories
San Angelo	Erick Morgado 4134 Goodnight Trail San Angelo, TX 76904	(325) 249-5277	1
San Antonio (North)	American Eagle Enterprises, LLC (Northern San Antonio) 5710 West Interstate 10 San Antonio, TX 78201 Thomas Nelson and Alain Bernik	(210) 381-4191	1
San Antonio (South)	American Eagle Enterprises, LLC (Southern San Antonio) 5710 West Interstate 10 San Antonio, TX 78201 Thomas Nelson and Alain Bernik	(210) 381-4191	1
UTAH			
Salt Lake City	Assured Pest Control, dba Pestmaster Service of Utah Franchise #1 9980 S. 300 West, Ste. 200 Sandy, UT 84070 Chris Nelson	(801) 566-7502	1
Tooele/Sandy	Assured Pest Control, dba Pestmaster Service of Utah Franchise #2 9980 S. 300 West, Ste. 200 Sandy, UT 84070 Chris Nelson	(801) 566-7502	1
VIRGINIA			
Richmond	Preventix Pest Control, LLC 10818 Tutelo Ct. Glen Allen, VA 23059 Justin Kendall	(757) 296-2626	1

* Although Franchisee's office is in Pennsylvania his territory is largely in New Jersey.

**LIST OF FRANCHISEES WITH AGREEMENTS SIGNED BUT OUTLET NOT YET
OPENED AS OF DECEMBER 31, 2022**

Franchise Location	Owner/Address	Phone	# of Territories
CALIFORNIA			
Riverside	Ryan Whitlow 29116 Beryl St., Menifee, CA 92584	(707) 208-8700	1
Vacaville	Jesus Gutierrez 1535 Paradise Valley, Woodland, CA 95776	(530) 965-7103	1
GEORGIA			
Atlanta	4021 Bramble Court, Marietta, GA 30062 Gavin Green	(404) 922-0451	1
Atlanta	4021 Bramble Court, Marietta, GA 30062 Gavin Green	(404) 922-0451	1
NEBRASKA			
Omaha	Lamar Williams 6501 S 194th Plaza Apt 2, Omaha, NE 68135	(404) 510-9574	1

EXHIBIT D

LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

Agents for Service of Process
C T Corporation System
701 South Carson St., Suite 200
Carson City, NV 89701

STATE	AGENCY	PROCESS, IF DIFFERENT
California 1(866) ASK-CORP	Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 (866) 275-2677 (toll free) Ask.DFPI@dfpi.ca.gov (email)	Commissioner of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834
Hawaii	Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division King Kalakaua Building 335 Merchant Street, Rm. 205 Honolulu, Hawaii 96813 (808) 586-2744	
Illinois	Office of Attorney General Consumer Protection and Franchise Division 500 South Second Street Springfield, IL 62706 217-782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, IN 46204 371-232-6681	Indiana Secretary of State 200 West Washington Street Indianapolis, Indiana 46204
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 410-576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore Maryland 21202-2021

STATE	AGENCY	PROCESS, IF DIFFERENT
Michigan	Consumer Protection Division Antitrust and Franchise Unit Michigan Dept of Attorney General G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48909 517-373-7117	
Minnesota	Commission of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 651-539-1500	
New York	New York State Department of Law Investor Protection Bureau and Securities 28 Liberty St., 21 st Fl. New York, NY 10005 212-416-8222	Secretary of State State of New York One Commerce Plaza 99 Washington Avenue Albany, New York 12231-0001
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fourteenth Floor, Dept 414 Bismarck, ND 58505-0510 701-328-4712	North Dakota Securities Department Securities Commissioner 600 East Boulevard Avenue State Capitol Fourteenth Floor, Dept 414 Bismarck, ND 58505-0510
Rhode Island	Division of Securities Department of Business Regulations Bldg. 69, 1st Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	
South Dakota	Department of Labor and Regulation Director of Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 605-773-3563	
Virginia	Ronald W. Thomas, Administrator State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051	Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219

STATE	AGENCY	PROCESS, IF DIFFERENT
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Wisconsin Dept. of Financial Institutions Division of Securities Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-8557	

EXHIBIT E

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OPERATIONS MANUAL
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EXHIBIT F
LIST OF FORMER FRANCHISEES

AS OF DECEMBER 31, 2022

State	Name of Franchisee	Phone Number	Reason for Leaving
AR	Allen Hensley & Anthony McConnel	(501) 286-3842	Termination
HI	Greg Yammamoto*	(808) 220-7458	Termination
FL	Albert Chavez, Jr*	(559) 408-2625	Termination
IL	Jacob & Erica Poat	(618) 697-1521	Closed for Other Reasons
NJ	Anthony Cuiffo	(888) 376-2748	Closed for Other Reasons
NV	Angelica Caro*	(702) 771-7234	Termination
OH	Jeff Peck & Randy Bishop	(380) 206-4183	Termination
TN	Ken Large & Ken Garrett	(888) 477-7378	Termination
TX	Charley Huey	(817) 793-4839	Closed for Other Reasons

* Franchisee terminated prior to opening

EXHIBIT G

MULTI-STATE ADDENDA

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
2. The following is added to the cover page of the Disclosure Document:

The total investment necessary to begin operation of a PESTMASTER® conversion franchise ranges from \$33,100 to \$82,300
3. NO PERSON IN ITEM 2 OF THE FDD IS SUBJECT TO ANY CURRENTLY EFFECTIVE ORDER OF ANY NATIONAL SECURITIES ASSOCIATION OR NATIONAL SECURITIES EXCHANGE, AS DEFINED IN THE SECURITIES EXCHANGE ACT OF 1934, 15 U.S.C.A. 78A SEQ., SUSPENDING OR EXPELLING SUCH PERSONS FROM MEMBERSHIP IN SUCH ASSOCIATION OR EXCHANGE
4. Item 17 of the Disclosure Document is amended as follows:
 - The California Franchise Relations Act, California Business and Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination, transfer or non-renewal of a franchise. No franchise may be terminated except for good cause, and you must be given a notice of default and a reasonable opportunity to cure the defects, except for certain defects as specified in the statute, no opportunity to cure is required by law.
 - The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
 - The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision might not be enforceable under California Law.
5. The Receipt Pages are amended to add the following language:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF CORPORATIONS NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
6. THE FRANCHISE AGREEMENT REQUIRES LITIGATION BE CONDUCTED IN RENO, NEVADA. PROSPECTIVE FRANCHISEES ARE ENCOURAGED TO CONSULT PRIVATE LEGAL COUNSEL TO DETERMINE THE APPLICABILITY OF CALIFORNIA AND FEDERAL LAWS (SUCH AS BUSINESS AND PROFESSIONS CODE SECTION 20040.5,

CODE OF CIVIL PROCEDURE SECTION 1281, AND THE FEDERAL ARBITRATION ACT) TO ANY PROVISION OF A FRANCHISE AGREEMENT RESTRICTING VENUE TO A FORUM OUTSIDE THE STATE OF CALIFORNIA.

7. OUR WEBSITE ADDRESS IS WWW.PESTMASTER.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.
8. THE HIGHEST INTEREST RATE PERMITTED BY CALIFORNIA LAW IS 10%
9. 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.

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA

The Franchise Agreement between _____ (“Franchisee”) and Pestmaster Franchise Network, LLC, a Delaware limited liability company (“Franchisor”), dated _____, 20____ (the “Franchise Agreement”), shall be amended by the addition of the following language (this “Amendment”):

In recognition of the California Franchise Investment Law, Cal. Bus. & Prof. Code § 31000 et seq., and the California Franchise Relations Act, Cal. Corp. Code § 20000 et seq., the parties to the attached Franchise Agreement (the “Agreement”) agree as follows:

1. Section XXXVII of the Franchise Agreement, under the heading “LIMITATION OF ACTIONS” is hereby deleted in its entirety and shall have no force or effect.
2. Sections XXXIX (A), (B), (C), (D), (E), (J), (L), (N), and (O) of the Franchise Agreement are hereby deleted in their entirety and replaced with “[Intentionally Deleted]”.
3. The following language is added as Section XLI of the Agreement:

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

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement effective as of the effective date of the Franchise Agreement.

FRANCHISOR:

Pestmaster Franchise Network, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Franchisee

By: _____
Franchisee

ADDENDUM TO THE PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF HAWAII

1. Pestmaster Franchise Network, LLC is currently registered to sell franchises (or exempt from franchise registration) in the states of: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

2. The states in which the Pestmaster Franchise Disclosure Document is or will be shortly on file (or exempt from franchise registration): California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

3. No state has refused, by order or otherwise, to register the Pestmaster franchise.

4. No state has revoked or suspended the right to offer Pestmaster franchises.

5. Pestmaster Franchise Network, LLC has not withdrawn the proposed registration of the Pestmaster Franchise Disclosure Document in any state.

6. The state cover page of the Pestmaster Franchise Disclosure Document is amended to include the following:

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

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

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

AMENDMENT TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF HAWAII

THIS AMENDMENT (the "Amendment") is effective as of _____, 20__ (the "Agreement Date"), and amends the Franchise Agreement dated _____, 20__ (the "Agreement"), between Pestmaster Franchise Network, LLC (the "we," "us," "our" or "Franchisor"), with its principal office at 9716 South Virginia Street, Suite E, Reno, Nevada 89511, and _____ ("you," "your" or "Franchisee"), whose mailing address is _____.

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

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on the Agreement Date.

FRANCHISOR:

Pestmaster Franchise Network, LLC

By: _____

Its: _____

FRANCHISEE:

By: _____

Franchisee

By: _____

Franchisee

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS

Payment of the Initial Franchise Fee will be deferred until Franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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

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

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act, 815 ILCS 705/19, 705/20 (West 2016).

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

On or about August 1, 2022, we entered into an Assurance of Voluntary Compliance with the State of Illinois. The Assurance of Voluntary Compliance arose out of the sale of a Pestmaster franchise to an Illinois resident in 2021 at a time when we were not registered to sell franchises in Illinois. In connection with the Assurance of Voluntary Compliance we paid the State \$2,000, agreed to offer rescission to the franchisee and agreed to refrain from offering or selling franchises in Illinois without proper registration.

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.

AMENDMENT TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

THIS AMENDMENT (the "Amendment") is effective as of _____, 20__ (the "Agreement Date"), and amends the Franchise Agreement dated _____, 20__ (the "Agreement"), between Pestmaster Franchise Network, LLC (the "we," "us," "our" or "Franchisor"), with its principal office at 9716 South Virginia Street, Suite E, Reno, Nevada 89511, and _____ ("you," "your" or "Franchisee"), whose mailing address is _____.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1997 (the "Act"), the parties to the attached Franchise Agreement (the "Agreement"), agree as follows:

1. Precedence and Defined Terms. This Amendment an integral part of, and is incorporated into, the Agreement. Nevertheless, this Amendment supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Amendment have the meanings as defined in the Agreement.

2. Section XVIII of the Agreement entitled "Default and Termination" shall be supplemented by the addition of the following:

"The conditions under which this franchise can be terminated and the parties' rights on termination may be affected by Illinois law, 815 ILCS 705/1-44."

3. Section XXX of the Agreement entitled "Applicable Law" shall be supplemented by the addition of the following:

"In accordance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

FRANCHISEE AND FRANCHISOR CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN ILLINOIS FOR MATTERS COMING UNDER THE ILLINOIS FRANCHISE DISCLOSURE LAW AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATION AWARD IN ANY APPROPRIATE JURISDICTION.

4. On or about August 1, 2022, we entered into an Assurance of Voluntary Compliance with the State of Illinois. The Assurance of Voluntary Compliance arose out of the sale of a Pestmaster franchise to an Illinois resident in 2021 at a time when we were not registered to sell franchises in Illinois. In connection with the Assurance of Voluntary Compliance we paid the State \$2,000, agreed to offer rescission to the franchisee and agreed to refrain from offering or selling franchises in Illinois without proper registration.

5. No statement, questionnaire, or acknowledgment signed or agreed to by 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 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.

6. Section XII of the Agreement entitled "Royalty and Other Fees" shall be supplemented by the addition of the following:

Payment of the Initial Franchise Fee will be deferred until Franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on the Agreement Date.

FRANCHISOR:

Pestmaster Franchise Network, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Franchisee

By: _____
Franchisee

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA

In recognition of the Indiana Franchise Law, Title 23, Article 2, Chapter 2.5 Sections 1 through 51, the Franchise Disclosure Document for Pestmaster Franchise Network, LLC offering franchises under the "PESTMASTER®" mark for use in the State of Indiana shall be amended as follows:

1. Item 17(c), pertaining to "Requirements for you to Renew or Extend" your Franchise Agreement, is hereby amended by adding the following paragraph:

"Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve PESTMASTER from liability imposed by Indiana State Code 23-2-2.7.

2. Item 17(m) pertaining to requirements for approval of transfer, is hereby amended by adding the following:

"Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve PESTMASTER from liability imposed by Indiana State Code 23-2-2.7.

3. Item 17(r), pertaining to the post-termination non-competition covenants, is hereby amended by adding the following paragraph:

"The post-termination covenant not to compete complies with Indiana State Code 23-2-2.7-1(9) which prohibits PESTMASTER from prohibiting you from competing for a period longer than 3 years or in an area greater than the exclusive area contained in your agreement."

4. Item 17(t), pertaining to the integration/merger clause, is hereby amended by adding the following paragraph:

"Notwithstanding anything to the contrary contained in your agreement, you do not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document."

5. Item 17(v), pertaining to the choice of forum, is hereby amended by adding the following paragraph:

"Choice of forum in any jurisdiction other than Indiana is prohibited under IC 23-2-2.7-1(10). PESTMASTER may not require that you agree to participate in any form of alternative dispute resolution other than arbitration before an independent arbitrator."

6. Item 17(w), pertaining to the choice of law, is hereby amended by adding the following paragraph:

"The choice of Nevada law shall be subject to the superseding provisions in Indiana's Franchise Acts, IC 23-2-2.5 and 2.7."

AMENDMENT TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF INDIANA

The Franchise Agreement between _____ (“Franchisee”) and Pestmaster Franchise Network, LLC, a Delaware limited liability company (“Franchisor”), dated _____, 20____ (the “Franchise Agreement”), shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

INDIANA LAW MODIFICATIONS

1. The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchise Act, Ind. Code Ann. §§ 1-51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-27 (1985). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning non-renewal and termination of the Franchise Agreement. To the extent the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. If the Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule of order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgements shall be void with respect to claims under the Act.
- c. If the Franchise Agreement contains covenants not to compete upon expiration or termination of the Franchise Agreement that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.
- d. The Indiana Deceptive Franchise Practices Act provides that substantial modification of the Franchise Agreement by Franchisor requires written consent of the Franchisee. If the Franchise Agreement contains provisions that are inconsistent with this requirement, the Act will control.
- e. If the Franchise Agreement requires litigation/arbitration to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act §§ 23-2.2.7(10).
- f. If the Franchise Agreement requires that it be governed by a state’s law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control.
- g. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the waiver of claims or rights. To the extent the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

- h. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the time period to bring an action against the Franchisor. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.
- i. The Indiana Deceptive Franchise Practices Act prohibits the Franchisor from operating a substantially identical business to that of the Franchisee's within the Franchisee's territory, regardless of trade name. To the extent the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.
- j. The Indiana Deceptive Franchise Practice Act excludes any indemnification for liability caused by the Franchisee's proper reliance on or use of procedures or materials provided by the Franchisor. To the extent the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

2. Indiana Code § 23-2-2.5-9(2) requires us to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 days prior to signing the Franchise Agreement; or (ii) 10 days prior to our receipt of any consideration.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Indiana Deceptive Practices Act and the Indiana Franchises Act, with respect to each such provision, are not independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement effective as of the effective date of the Franchise Agreement.

FRANCHISOR:

Pestmaster Franchise Network, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Franchisee

By: _____
Franchisee

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND

THIS ADDENDUM (the “Addendum”) amends the Franchise Disclosure Document of Pestmaster Franchise Network, LLC for its Franchise.

1. Item 5 of this Disclosure Document is modified as follows:

Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Sections (c) and (m) of Item 17 are amended by adding the following language:

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment or transfer will not apply to any liability under the Maryland Franchise and Disclosure Law (the “Maryland Law”).

3. Item 17 is amended by adding the following language after the table:

- (a) Any claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.
- (b) You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. 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.

AMENDMENT TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND

THIS AMENDMENT (the “Amendment”) is effective as of _____, 20__ (the “Agreement Date”), and amends the Franchise Agreement dated _____, 20__ (the “Agreement”), between Pestmaster Franchise Network, LLC (the “we,” “us,” “our” or “Franchisor”), with its principal office at 9716 South Virginia Street, Suite E, Reno, Nevada 89511, and _____ (“you,” “your” or “Franchisee”), whose mailing address is _____.

1. **Fee Deferral.** Based upon the Franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until the Franchisor completes its pre-opening obligations under this Agreement.

2. **Precedence and Defined Terms.** This Amendment is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Amendment supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Amendment have the meanings as defined in the Agreement.

3. **Limitation of Claims.** Provided, however, that any claims arising under the Maryland Law must be brought within three (3) years after the grant of the franchise to you.

4. **Jurisdiction.** Provided, however, that you may bring a lawsuit against us in Maryland for any claims arising under the Maryland Law.

5. **Representations.** Any representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. **Acknowledgments.** Sections XXXIX (A), (B), (C), (D), (E), (J), (L), (N), and (O) of the Franchise Agreement are hereby deleted in their entirety and replaced with “[Intentionally Deleted]”.

7. **Effective Date.** This Amendment is effective on the Agreement Date regardless of the actual date of signature.

8. No statement, questionnaire, or acknowledgment signed or agreed to by 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 Franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Intending to be bound, the parties sign and deliver this Amendment to each other as shown below.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on the Agreement Date.

FRANCHISOR:

Pestmaster Franchise Network, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Franchisee

By: _____
Franchisee

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require (except in certain specific cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

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

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rule Part 2869.4400(d) prohibits franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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.

AMENDMENT TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require (except in certain specific cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

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

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rule Part 2869.4400(d) prohibits franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgment signed or agreed to by 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 Franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement effective as of the effective date of the Franchise Agreement.

FRANCHISOR:

Pestmaster Franchise Network, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Franchisee

By: _____
Franchisee

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OF PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business

activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 5:

The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

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

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

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

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

THIS NEW YORK ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR LOCATE THEIR FRANCHISES IN NEW YORK.

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

1. The Summary column of Item 17 paragraph (c) of this Disclosure Document is modified to read as follows:

“Any requirement that you must sign a general release upon renewal is enforceable under North Dakota Franchise Investment Law.”

2. The Summary column of Item 17 Paragraph (i) of this Disclosure Document is modified by adding the following at the end of the sentence:

“Any requirement that you must consent to termination or liquidated damages may not be enforceable under North Dakota Franchise Investment Law.”

3. The Summary column of Item 17 Paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

4. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

“except that matters coming under the North Dakota Law will be submitted to arbitration in a mutually agreeable location.”

5. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended to read as follows:

Except for matters coming under the North Dakota Law, litigation and arbitration must be in Nevada.

6. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

The law of North Dakota governs.

7. 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.

AMENDMENT TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

This Rider is entered into this _____, 20____ (the “Effective Date”), between PESTMASTER FRANCHISE NETWORK, LLC, a Delaware limited liability company, with its principal business address at 9716 South Virginia Street, Suite E, Reno, Nevada 89511 (“we,” “us,” “our” or “Franchisor”), and _____, whose principal address is _____ (referred to in this Rider as “you,” “your” or “Franchisee”), and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Grant of Successor Franchise.** You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the “North Dakota Law”).
3. **Post-Term Competitive Restrictions.** Post-effective Covenants not to compete, such as those mentioned in Section XVI, are generally unenforceable in the State of North Dakota.
4. **Jurisdiction.** All matters coming under the North Dakota Law may be brought in the courts of North Dakota.
5. **Governing Law.** This Agreement will be governed by North Dakota Law.
6. **Waiver of Rights.** Waivers, such as those mentioned in Section XXX, are generally unenforceable in the State of North Dakota.
7. **Arbitration.** All matters being arbitrated, such as those mentioned in Section XXXI, under North Dakota Law may be brought in a location agreeable to both the Franchisor and the Franchisee.
8. **Liquidated Damages.** Franchisee’s consent to termination or liquidated damages, such as those mentioned in Section XXX, is generally unenforceable under North Dakota Law.
9. **Acknowledgment.** No statement, questionnaire, or acknowledgment signed or agreed to by 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 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.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date.

FRANCHISOR:

Pestmaster Franchise Network, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Franchisee

By: _____
Franchisee

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the Rhode Island Franchise Investment Act, as amended, the Franchise Disclosure Document for Pestmaster Franchise Network, LLC, for use in the State of Rhode Island, shall be amended as follows:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by the addition of the following paragraph:

“If you are a franchisee in Rhode Island, then the choice of law and venue provisions of your Franchise Agreement will not be enforceable.”

AMENDMENT TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the Rhode Island Franchise Investment Act, as amended, the parties to the attached Pestmaster Franchise Network, LLC Franchise Agreement (the “Agreement”) agree as follows:

1. Section XXX of the Agreement shall be amended to add the following:

“Provided that the Rhode Island Franchise Investment Act or a successor law should void a choice of law provision enforcing the laws of a jurisdiction other than Rhode Island or void a venue provision which restricts jurisdiction outside of Rhode Island, then all references to choice of law and/or venue shall read “Rhode Island.”

IN WITNESS WHEREOF, the parties intending to be bound legally, have fully executed, sealed and delivered this Amendment to the Agreement as of the effective date of the Agreement.

FRANCHISOR:

Pestmaster Franchise Network, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Franchisee

By: _____
Franchisee

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA

1. The Summary column of Item 17 Paragraph (g) of this Disclosure Document is modified by adding the following at the end of the sentence:

“Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.”

2. The Summary column of Item 17 Paragraph ® of this Disclosure Document is modified by adding the following at the end of the sentence:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of South Dakota, except in certain instances as provided by law”.

3. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

“except that matters coming under the South Dakota Law will be submitted to arbitration in a mutually agreeable location.”

4. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended to read as follows:

Except for matters coming under the South Dakota Law, litigation and arbitration must be in Nevada.

5. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

The law of South Dakota governs.

AMENDMENT TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF SOUTH DAKOTA

This Rider is entered into this _____, 20__ (the “Effective Date”), between PESTMASTER FRANCHISE NETWORK, LLC, a Delaware limited liability company, with its principal business address at 9716 South Virginia Street, Suite E, Reno, Nevada 89511 (“we,” “us,” “our” or “Franchisor”), and _____, whose principal address is _____ (referred to in this Rider as “you,” “your” or “Franchisee”), and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Grant of Successor Franchise.** You are not required to sign a general release as to any matters coming under the South Dakota Law.
3. **Post-Term Competitive Restrictions.** Post-effective Covenants not to compete, such as those mentioned in Section XVI, are generally unenforceable in the State of South Dakota, except in certain instances provided by law.
4. **Jurisdiction.** All matters coming under the South Dakota Law may be brought in the courts of South Dakota.
5. **Governing Law.** This Agreement will be governed by South Dakota Law.
6. **Waiver of Rights.** Waivers, such as those mentioned in Section XXX, are generally unenforceable in the State of South Dakota
7. **Arbitration.** All matters being arbitrated under South Dakota Law may be brought in a location agreeable to both the Franchisor and the Franchisee.
8. **Termination.** The following is added as Section XIX of the Agreement: You will have 30 days written notice with an opportunity to cure prior to termination for the following: breach of the franchise agreement, failure to meeting performance and quality standards and failure to make royalty payments.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date.

FRANCHISOR:

Pestmaster Franchise Network, LLC

By: _____

Its: _____

FRANCHISEE:

By: _____

Franchisee

By: _____

Franchisee

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Pestmaster Franchise Network, LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. The following statements are added to Item 17.h under the subheading “The Franchise Relationship of the Virginia Disclosure Document”:

“Pursuant to Section 13.1.564 of the Virginia Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or laws of Virginia, that provision may not be enforceable.”

2. No statement, questionnaire, or acknowledgment signed or agreed to by 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.

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

This Rider is entered into this _____, 20__ (the “Effective Date”), between PESTMASTER FRANCHISE NETWORK, LLC, a Delaware limited liability company, with its principal business address at 9716 South Virginia Street, Suite E, Reno, Nevada 89511 (“we,” “us,” “our” or “Franchisor”), and _____, whose principal address is _____ (referred to in this Rider as “you,” “your” or “Franchisee”), and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

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

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date.

FRANCHISOR:

Pestmaster Franchise Network, LLC

By: _____

Its: _____

FRANCHISEE:

By: _____

Franchisee

By: _____

Franchisee

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND RELATED
AGREEMENTS REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

The collection of the Initial Franchise Fee will be deferred until the Franchisor has fulfilled its initial pre-opening obligations and the Franchisee is open for business.

Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee, in any way, from (i) soliciting or hiring any employee of a franchisee of the same franchisor, or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement, or elsewhere, are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by 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.

Sections XXXIX(A), (B), (C), (D), (E), (J), (L), (N), and (O) of the Franchise Agreement are hereby deleted in their entirety and replaced with “[Intentionally Deleted]”.

The undersigned does hereby acknowledge receipt of this Addendum

Dated this ____ day of _____, 20____.

Pestmaster Franchise Network, LLC

Prospective Franchisee

ADDENDUM TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WISCONSIN

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE WISCONSIN FRANCHISE INVESTMENT LAW. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THIS DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENT ARE SUBJECT TO THE WISCONSIN FRANCHISE INVESTMENT LAW.

1. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs at the conclusion of the Item 17 disclosures:

- a. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.
- b. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of termination and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.
- c. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Wisconsin, to the extent that any provision of the Franchise Agreement conflicts with the Wisconsin Fair Dealership Law such provision shall be superseded by the law's requirements.
- d. Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law.

2. Section 553.27 of the Wisconsin Franchise Investment Law requires Franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 business days prior to signing the Franchise Agreement; or (ii) 10 business days prior to Franchisor's receipt of any consideration.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

AMENDMENT TO PESTMASTER FRANCHISE NETWORK, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS
FOR THE STATE OF WISCONSIN

The Franchise Agreement between _____ (“Franchisee”) and PESTMASTER FRANCHISE NETWORK, LLC, a Delaware limited liability company (“Franchisor”), dated _____, 20____ (the “Franchise Agreement”), shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

WISCONSIN LAW MODIFICATIONS

1. The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with the Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.
- b. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of termination and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.
- c. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Wisconsin, to the extent that any provision of the Franchise Agreement conflicts with the Wisconsin Fair Dealership Law such provision shall be superseded by the law's requirements.
- d. Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law.

2. Section 553.27 of the Wisconsin Franchise Investment Law requires Franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 business days prior to signing the Franchise Agreement; or (ii) 10 business days prior to Franchisor's receipt of any consideration.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement effective as of the effective date of the Franchise Agreement.

FRANCHISOR:

Pestmaster Franchise Network, LLC

By: _____
Its: _____

FRANCHISEE:

By: _____
Franchisee

By: _____
Franchisee

EXHIBIT H

CONVERSION ADDENDUM

This Conversion Addendum (this “Addendum”) is made and entered into as of _____, between PESTMASTER FRANCHISE NETWORK, LLC, a Delaware limited liability company, with its principal place of business at 9716 South Virginia Street, Suite E, Reno, Nevada 89511 (hereinafter, "Franchisor"), and _____ whose principal address is _____, an individual/business entity organized in the State of _____ (hereinafter, "Conversion Franchisee").

RECITALS

WHEREAS, Conversion Franchisee has submitted an application to Franchisor seeking permission to become a Conversion Franchisee of Franchisor, and Franchisor has approved such application;

WHEREAS, Franchisor and Conversion Franchisee have simultaneously herewith entered into a certain Franchise Agreement whereby Conversion Franchisee is granted a franchise to operate a Pestmaster® Franchised Business, to use Franchisor’s Marks, and to utilize Franchisor’s System in connection therewith;

WHEREAS, Conversion Franchisee presently owns and operates a business providing general pest control and services similar, if not identical, to those offered by PESTMASTER® Franchised Businesses from a location approved by Franchisor, and has done so for a period of not less than one (1) year ; and further, Conversion Franchisee represents and acknowledges that it has met Franchisor’s standards and qualifications to be classified as a “Conversion”, and upon reliance on Conversion Franchisee’s representation to Franchisor of such, Franchisor approves of such conversion classification;

WHEREAS, Conversion Franchisee represents and acknowledges that during the immediately preceding six (6) months of business operations, its business has generated in excess of SEVENTY FIVE THOUSAND DOLLARS (\$75,000) in sales;

WHEREAS, Conversion Franchisee has represented and acknowledged that it does not operate under a franchise agreement, license agreement, or a prescribed marketing plan or system of another company, and is not subject to any agreements limiting or restricting Conversion Franchisee’s ability to conduct said business;

WHEREAS, Conversion Franchisee acknowledges that by becoming a Franchisee of Franchisor it will be subject to covenants against competition, confidentiality agreements and standards of performance and quality, which otherwise would not attach to its business operations; and

WHEREAS, Franchisor desires to grant to Conversion Franchisee, a franchise upon the terms and subject to the conditions hereof, and subject to the terms and conditions of the Franchise Agreement executed simultaneously herewith.

NOW, THEREFORE, THE PARTIES, IN CONSIDERATION OF THE UNDERTAKINGS AND COMMITMENTS OF EACH PARTY TO THE OTHER SET FORTH IN THIS ADDENDUM, HEREBY AGREE AS FOLLOWS:

1. RECITALS

The Recitals set forth above are incorporated herein by reference.

2. INCORPORATION OF TERMS OF FRANCHISE AGREEMENT

- A. This Addendum shall amend and supplement the Franchise Agreement simultaneously executed by the parties herein. The terms, covenants, and conditions of this Addendum are incorporated into the Franchise Agreement, and with respect to any conflict between the two (2) agreements, the terms of this Addendum shall be controlling with respect to the subject matter thereof.
- B. Except as expressly set forth in this Addendum, the rights, duties and obligations of the parties with respect to the Franchised Business shall be the same as the rights, duties, and obligations of the parties with respect to the Franchised Business described in the Franchise Agreement.

3. INITIAL FRANCHISE FEE

In consideration for the franchise granted herein, Franchisor shall reduce the Initial Franchise Fee by 50%.

4. CONTINUING ROYALTY FEE

For the first three (3) years of the Franchise Agreement only, Conversion Franchisee will have a discounted monthly Continuing Royalty rate of two percent (2%) of the prior month's Gross Sales or a Minimum Monthly Royalty of One Hundred and Fifty Dollars (\$150) per month, whichever is greater.

5. CONVERSION OF FRANCHISEE'S BUSINESS TO THE PESTMASTER SYSTEM

- A. Prior to the execution of the Franchise Agreement and this Addendum, Conversion Franchisee shall have furnished to Franchisor, in conjunction with its application to be accepted as a Pestmaster Conversion Franchisee, information pertaining to the existing site of Conversion Franchisee's business. Such information includes, but is not limited to, a map and written description of the existing site; demographic and population information relating to the local market; photographs and architectural plans of the existing location; the lease for the location; and, such other information as Franchisor in its sole discretion deems appropriate.
- B. Prior to the commencement of operation of the Franchised Business, Conversion Franchisee must remove all materials, furniture, fixtures, signs and equipment which do not conform with the Pestmaster System; are not approved by Franchisor; and, which do not meet the standards and specifications prescribed in Franchisor's Confidential Manuals and Videos (as amended from time to time).
- C. Conversion Franchisee understands and hereby acknowledges that every component of the Pestmaster System is vital to Franchisor, to other Pestmaster franchisees and to the operation of the business franchised hereby, and that compliance with the System is of the essence of this Addendum. Conversion Franchisee shall, at all times, conduct the Franchised Business hereunder in compliance with the Pestmaster System and immediately

cease rendering services or using equipment, materials, furniture, fixtures or signs which are not designated by Franchisor to be components of the Pestmaster® System.

- D. As of the date on which Conversion Franchisee commences operating its business as a Pestmaster Franchised Business, Conversion Franchisee shall identify and represent its business as a Pestmaster business through the use and display of Franchisor's Marks. During a period of one (1) year from the commencement of business as a Pestmaster franchisee, Conversion Franchisee may display, with Franchisor's prior written approval, secondary signage of such size, content and style as is prescribed by Franchisor in its Confidential Manuals, for the purpose of advising the public of the former trade name under which Conversion Franchisee had previously conducted its business. However, on the first anniversary of the commencement of operations as a Pestmaster franchisee, or at such later date as the parties may agree, Conversion Franchisee, at its sole cost and expense, shall cease using all references to its prior trade name and carry out its business activities only as a Pestmaster franchisee and only under the Marks.
- E. As of the date on which Conversion Franchisee commences operating its business as a Pestmaster franchisee, Conversion Franchisee shall convert all of its books, accounts, ledgers, customer lists, bookkeeping systems, etc. so as to comply with the standards and specifications of the Pestmaster System, as is more fully set forth in Franchisor's Manual, as amended from time to time.
- F. Unless otherwise approved in writing by Franchisor, Conversion Franchisee shall successfully complete Franchisor's required training program; complete all necessary construction, renovations, or refurbishing; comply with all of Franchisor's standards and specifications with respect to goods, materials, equipment and services; and commence operation of the Franchised Business within sixty (60) days after the execution of the Franchise Agreement and this Addendum.
- G. Franchisor may furnish to Conversion Franchisee around the commencement of operations at Franchisee's premises, one representative for the purpose of facilitating the opening of Conversion Franchisee's Franchised Business.

6. CONFIDENTIAL INFORMATION AND RESTRICTIVE COVENANTS

- A. Conversion Franchisee acknowledges that notwithstanding the fact that it has operated a business or has been employed in a business of providing various types of insulation-related products and services and other energy efficient products and the corresponding installation services to existing residential homes similar to those offered under the Pestmaster System, it covenants and agrees to be bound by the restrictions on the use of confidential information set forth in the Franchise Agreement. Conversion Franchisee further acknowledges that all information pertaining to customers of Conversion Franchisee prior to the execution of the Franchise Agreement shall be deemed to be "confidential information" as that term is used in the Franchise Agreement.
- B. Conversion Franchisee expressly acknowledges that despite the fact that it had been in the business or has been employed in the business of providing various types of insulation-related products and services and other energy efficient products and the corresponding installation services to existing residential homes prior to becoming a Pestmaster franchisee, Conversion Franchisee shall be bound by the in-term and post-term covenants

not to compete set forth in the Franchise Agreement and all other applicable post-termination obligations of the Franchise Agreement.

7. ACKNOWLEDGMENTS

Conversion Franchisee acknowledges, warrants and represents to Franchisor that:

- A. It has, for at least one (1) year, owned and operated a business of providing various types of insulation-related products and services and other energy efficient products and the corresponding installation services to existing residential homes similar to those offered through the franchised System.
- B. During the immediately preceding six (6) months of business operations, Conversion Franchisee's business has generated in excess of SEVENTY-FIVE THOUSAND DOLLARS (\$75,000) in sales.
- C. Conversion Franchisee's business does not operate under either a franchise agreement, license agreement, or pursuant to any form of commercial arrangement whereby a third party prescribes a particular marketing plan or system upon its business operations. Furthermore, Conversion Franchisee is not subject to any covenant against competition.
- D. No other person, firm, corporation, or other entity has any right, title or interest in or to Conversion Franchisee's business; Conversion Franchisee's business has not been mortgaged, pledged, or assigned; and there are no judgments, liens, executions or proceedings pending which may alter, decrease or remove Conversion Franchisee's interest in said business.
- E. Conversion Franchisee acknowledges that the information submitted and the representations made to Franchisor as an inducement for Franchisor to enter into this Agreement are accurate and truthful.
- F. Conversion Franchisee acknowledges that by virtue of the terms and conditions of the Franchise Agreement and this Agreement the manner and operation of its business must be in strict compliance with Franchisor's standards and specifications and furthermore acknowledges that its ability to directly or indirectly engage in any other business which offers or sells services or products which comprise or may in the future comprise a part of the Pestmaster System is expressly limited.
- G. Furthermore, Conversion Franchisee expressly acknowledges and understands that this Agreement amends and supplements the Franchise Agreement, and that the terms and conditions of this Agreement, are incorporated into the Franchise Agreement, as though set forth in full therein.
- H. Nothing in this Agreement, or any related agreement, is intended to disclaim the representations made in the Franchise Disclosure Document by the Franchisor.

IN WITNESS WHEREOF, the parties hereunder have duly executed, sealed and delivered this Agreement to the Franchise Agreement on the day and year first set forth above.

FRANCHISOR:

PESTMASTER FRANCHISE NETWORK, LLC

By: _____
Its: _____

CONVERSION FRANCHISEE:

Name: _____
Title: _____

Name: _____
Title: _____

EXHIBIT I

SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This Agreement is made and entered into as of _____, between PESTMASTER FRANCHISE NETWORK, LLC, a Delaware limited liability company, with its principal place of business at 9716 South Virginia Street, Suite E, Reno, Nevada 89511 ("Franchisor") and _____ a/an _____ with its principal place of business at _____ ("Franchisee") and _____ the spouse or domestic partner of an owner of Franchisee ("Signer") with a primary residence at _____.

RECITALS

WHEREAS, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter the "PESTMASTER® SYSTEM") for the development and operation of a business which provides structural and agricultural pest control, termite control, weed control and maintenance services to residential, commercial and governmental customers under the trade name and mark PESTMASTER® (hereinafter "Pestmaster Business");

WHEREAS, the PESTMASTER® SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark PESTMASTER®, service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, Website addresses, email addresses, digital cellular addresses, wireless Web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying the PESTMASTER® SYSTEM, and such other distinguishing characteristics of the PESTMASTER® SYSTEM including, without limitation, distinctive sales and marketing procedures; procedures and techniques; record keeping and reporting systems, knowledge and procedures for providing structural and agricultural pest control, termite control, and weed control services; management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time ("Trade Secrets");

WHEREAS, Franchisor's Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor's competitors who could obtain economic value from knowledge and use of Franchisor's Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor's Trade Secrets;

WHEREAS, Franchisor and Franchisee desire to enter into a Franchise Agreement which will grant Franchisee a limited right to operate a Franchised Business within a territory using the PESTMASTER® SYSTEM and Franchisor's Trade Secrets for a period defined in the Franchise Agreement ("Franchise Agreement");

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the PESTMASTER® SYSTEM of restricting use, access and dissemination of Franchisor's Trade Secrets; and

WHEREAS, it is anticipated that Signer may have access to learn Franchisor's Trade Secrets as Franchisee develops and maintains Franchisee's Franchised Business using the PESTMASTER® SYSTEM.

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

1. Franchisee may disclose to Signer some or all of Franchisor's Trade Secrets relating to the PESTMASTER® SYSTEM.

2. Signer shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and shall use them only in connection with the development and/or maintenance by Franchisee of the Franchised Business using the PESTMASTER® SYSTEM for so long as Franchisee is licensed by Franchisor to use the PESTMASTER® SYSTEM.

3. Signer shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Signer shall not disclose or permit the disclosure of Franchisor's Trade Secrets to anyone.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Signer shall not, directly or indirectly, do any act or omit to do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with the PESTMASTER® SYSTEM.

7. In order to protect the goodwill and unique qualities of the PESTMASTER® SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Signer of Franchisor's Trade Secrets, Signer further undertakes and covenants that, during the time Franchisee is a franchisee of Franchisor and for the eighteen (18) months following the termination or expiration of Franchisee's Franchise Agreement, Signer will not:

(a) Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or business entity, engage in or acquire any financial or beneficial interest in (including interest in business entities, partnerships, trusts, unincorporated associations or joint ventures), advise, help or make loans to any entity or individual involved in a business which is the same as or similar to a Pestmaster Business which business is, or is intended to be located, within the United States; or

(b) Divert or attempt to divert, directly or indirectly, any business, business opportunity or client of Franchisee's Franchised Business(s) to any competitor of Franchisee or another Pestmaster franchisee.

8. Franchisee undertakes to use Franchisee's best efforts to ensure that Signer acts as required by this Agreement.

9. Signer 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 thereof, Franchisor shall be entitled to enforce the

provisions of this Agreement against Franchisee and Signer, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

10. Signer agrees that the period during which the post-termination/expiration restrictions above apply shall be extended uninterrupted by the length of any period of time during which Signer was in violation of such restrictions.

11. This Agreement shall be governed by and construed under the laws of the State of Nevada.

12. If any court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

By: _____
Its: _____
Date: _____

SIGNER:

By: _____
Name: _____
Date: _____

State Effective Dates

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

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

State	Effective Date
California	April 11, 2023 [AMENDMENT PENDING]
Hawaii	July 28, 2023 [AMENDMENT PENDING]
Illinois	March 31, 2023 [AMENDMENT PENDING]
Indiana	April 8, 2023, as amended _____, 2023
Maryland	May 3, 2023[AMENDMENT PENDING]
Michigan	March 31, 2023, as amended _____, 2023
Minnesota	April 20, 2023[AMENDMENT PENDING]
New York	May 11, 2023[AMENDMENT PENDING]
North Dakota	April 14, 2023[AMENDMENT PENDING]
Rhode Island	March 31, 2023[AMENDMENT PENDING]
South Dakota	March 31, 2023, as amended _____, 2023
Virginia	April 4, 2023[AMENDMENT PENDING]
Washington	April 19, 2023[AMENDMENT PENDING]
Wisconsin	March 31, 2023, as amended _____, 2023

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.

RECEIPT (Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Pestmaster Franchise Network, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires we give you this disclosure document at the earlier of the first personal meeting, or 10 business days before the execution of the franchise or other agreements, or payment of consideration that relates to the franchise relationship.

Michigan requires we give you this disclosure document at least 10 business days before execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If Pestmaster Franchise Network, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and state authorities in Exhibit D.

Franchise Seller: Ron Bender, Pestmaster Franchise Network, LLC, 9716 South Virginia St., Ste. E, Reno, NV 89511; Telephone: 800-525-8866.

Franchise Seller: _____
Name/Address/Telephone Number

Issuance Date: March 31, 2023, as amended August 2, 2023.

We authorize the agents listed in Exhibit D to receive service of process for us.

I have received a Disclosure Document dated March 31, 2023, as amended August 2, 2023 that included the following Exhibits:

A. Financial Statements/Parent Guarantee	G. Multi-State Addenda
B. Franchise Agreement (including exhibits)	H. Conversion Agreement
C. List of Pestmaster Businesses	I. Spousal Non-Disclosure and Non-Competition Agreement
D. List of State Agents for Service of Process & State Administrators	
E. Confidential Operations Manual Table of Contents	
F. List of Former Franchisees	

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee (Individual or Officer)

Print Name & Title (if applicable)

Please sign, date, and return to:

Pestmaster Franchise Network, LLC, 9716 South Virginia St., Ste. E, Reno, NV 89511.

RECEIPT (Your Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Pestmaster Franchise Network, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Signature of Prospective Franchisee (Individual or Officer)

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KEEP THIS COPY FOR YOUR RECORDS