FRANCHISE DISCLOSURE DOCUMENT

SystemForward America, LLC
A Louisiana Limited Liability Company
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Lafayette, Louisiana 70503
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www.CallPlumbingPro.com

PlumbingPro® franchises provide commercial and residential Plumbing services and repairs. Additionally, PlumbingPro franchisees will provide other related services, if and as prescribed by the franchisor.

The total investment necessary to begin operation of a PlumbingPro franchise is $406,738-$425,337. This includes $147,500 initial franchise fee that must be paid to the franchisor or affiliate(s).

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 governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different forms, contact SystemForward America, LLC's Franchise Department at 1018 Harding Street, Suite 101, Lafayette, Louisiana 70503 or (337) 233-6211.

The terms of your contract will govern your franchise relationship:" Don't rely on the disclosure document alone to understand your franchise agreement. *Read **all** of your contract carefully*. Show your contract and this disclosure document to an advisor, such as a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," 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, D.C. 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: May 1, 2026

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State 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 requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Louisiana. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Louisiana than in your own state.

2. **Previous Experience Required.** The training program provided by the franchisor (see Item 11) is not designed to provide the knowledge and skills that will be necessary to operate the franchise business. Franchisees will either need to possess the additional knowledge and skills themselves, or hire employees that possess the knowledge and skills, to be able to perform and provide the franchise's services professionally and safely.

3. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

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

The Franchisor

The Franchisor is SystemForward America, LLC. For ease of reference, SystemForward America, LLC will be referred to as "**we**," "**us**," or "**our**" in this Disclosure Document. We will refer to the person or entity who buys the Franchise as "**you**" or "**your**" throughout this Disclosure Document. If you are a corporation, partnership, or other entity, certain provisions of the Franchise Agreement (a copy of which is attached to this Disclosure Document as **Exhibit C**) also will apply to your owners. This Disclosure Document will indicate when your owners are covered by a particular provision.

We are a Louisiana limited liability company, incorporated October 1, 2003. Our principal business address is 1018 Harding Street, Suite 101 Lafayette, Louisiana 70503. We grant franchises that offer residential and commercial plumbing services and repairs (**"PlumbingPro Franchise"**). We also grant Pop-A-Lock and TemperaturePro franchises. Pop-A-Lock offers commercial, residential and automotive security and locksmith services, car door unlocking services, mobile vehicle services, and emergency roadside assistance services ("**Pop-A-Lock Franchise**"). TemperaturePro offers commercial and residential insulation, heating, ventilation and air conditioning services (**"TemperaturePro Franchise"**). We are currently engaged in no business other than granting PlumbingPro Franchises, TemperaturePro Franchises, and Pop-A-Lock Franchises, and we do not offer any company-owned businesses. We have offered franchises for PlumbingPro since 2018. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Our agents for service of process are disclosed in **Exhibit B** attached to this Disclosure Document.

Parents, Predecessors, and Affiliates

We have no parent company. Our predecessor is The LSR Group, with whom we merged on October 2003. The LSR Group was incorporated on August 2, 2000. The LSR Group's principal address was formerly 15425 N.W. Freeway, Suite 300, Houston, Texas 77090. The surviving entity of the merger is SystemForward America, LLC.

In addition to The LSR Group, our predecessor is Sig 5 Franchise Development Corporation, referred to as "**Sig 5 D**" throughout this Disclosure Document. Sig 5 D was incorporated on February 2, 1995, and is a Louisiana corporation having its principal business address at 152 Banks Avenue, Lafayette, Louisiana 70506. On March 28, 1995, Sig 5 D received an exclusive license to grant franchises for the operation of Pop-A-Lock Franchises from Sig 5 Corporation. On August 2, 2000, Sig 5 D sold the Pop-A-Lock Franchise System, including all existing Franchise Agreements and all rights to grant franchises for the operation of Pop-A-Lock Franchises, to The LSR Group. On August 2, 2000, Sig 5 Corporation conveyed to The LSR Group, and, effective October 2003, The LSR Group conveyed to us, all right, title and interest in and to the registered trademarks, copyrights, proprietary information, and other intellectual property as seen in Exhibit

F attached to this Disclosure Document. Sig 5 D and The LSR Group have not engaged in or offered franchises in any other line of business.

On June 6, 1997, the shareholders of Sig 5 D established Pop-A-Lock Advertising Fund, Inc., an affiliate, to administer the Pop-A-Lock Advertising Fund (referred to as the "**Ad Fund**" throughout this Disclosure Document). Pop-A-Lock Advertising Fund, Inc. is a corporation organized under the laws of the State of Louisiana, having its principal business address at 152 Banks Avenue, Lafayette, Louisiana 70506. This corporation is now vested with the ownership of the Ad Fund, which consists of the Advertising and Marketing Fee contributions paid by each franchisee. In 2018 our shareholders established the PlumbingPro Advertising Fund, Inc., an affiliate, to administer the PlumbingPro Advertising Fund (referred to as the "**PlumbingPro Ad Fund**" throughout this Disclosure Document). PlumbingPro Advertising Fund, Inc. is a corporation organized under the laws of the State of Louisiana, having its principal business address at 1018 Harding Street, Suite 101, Lafayette, Louisiana 70508. See **Item 11** of this Disclosure Document, and Article 8.04 of the Franchise Agreement. The Ad Fund and the PlumbingPro Ad Fund is managed and administered by us.

Prior Experience

Sig 5 Corporation, the predecessor of Sig 5 D, opened its first Pop-A-Lock Franchise in Lafayette, Louisiana on January 1, 1992. Sig 5 Corporation offered franchises for the operation of Pop-A-Lock Franchises from May 1994 to March 1995. On March 28, 1995, Sig 5 Corporation granted Sig 5 D an exclusive license to grant franchises for the operation of Pop-A-Lock Franchises. Sig 5 D offered franchises from March 1995 to July 2000. The LSR Group began offering Pop-A-Lock A Car Door Unlocking Service® franchises in August 2000. Currently, we only offer and grant Pop-A-Lock franchises, TemperaturePro franchises, and PlumbingPro franchises. Neither the Sig 5 Corporation, Sig 5 D, The LSR Group, nor us have engaged in or offered franchises in any other line of business.

The Franchise Offered

The PlumbingPro® franchise currently provides up to four (4) required service categories: (i) plumbing and drains (ii) water damage restoration, and (iii) water heaters (iv) sewage tanks. The list of services that fall underneath these four categories can be found below. Required Services are referenced in Article 1.04 of the Franchise Agreement and are collectively referred to in this Disclosure Document as the "**Franchised Business**." The Franchised Business shall be open to receive customer requests for the conduct of business, as needed, twenty-four hours a day, 365 days a year and you shall at all times staff the Franchised Business with the number of employees or contracted for answering services, consistent with this requirement and operate the Franchised Business diligently so as to maximize the revenues and profits.

We have offer a system known as the "**PlumbingPro Franchise System**" relating to the operation of franchise locations which offer to the public residential and commercial plumbing services. The PlumbingPro Franchise System consists of (i) a franchise or license to operate a PlumbingPro Franchise utilizing the registered trademarks (a) PlumbingPro logo/design**,** and other marks which may be added in the future and (ii) our combination of proprietary methods and techniques for the

operation and management of a PlumbingPro Franchise. The general market for a PlumbingPro Franchise is residential and commercial. The services provided by a PlumbingPro Franchise are used by anyone who has a home or businesses that has a plumbing need. Partial list of plumbing and related services which employees may be trained to provide:

Plumbing services:

We can offer full service for all plumbing needs. We offer the following traditional plumbing services with prompt response to customers' requests.

- Sewer and drain cleaning
- Gas testing
- Water damage restoration
- Water, sewer, and gas line repairs
- Water heater repair and replacement
- Garbage disposals
- Leak repairs
- Re-piping
- Slab leaks
- Hydro jetting service
- Mobile home hookups
- Fixtures-repair and replacement
- Video camera inspections
- Remodeling work

*In some areas, licenses may be required.

Competition

You will compete with other businesses which provide plumbing services. There are two other franchise systems that you may compete with, which are: Mr. Rooter and Roto-Rooter. Certain customer and market segments may have competitors.

Industry Specific Regulations

All states have enacted plumbing laws. Each candidate should check the laws in their state when inquiring. Many states require an employee of the Franchisee to have a Plumbing license. Very few states may also require a technician working in the field to have a Plumbing license.

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ITEM 2
BUSINESS EXPERIENCE

Vice President of Research and Development — Steve Gremillion

Mr. Gremillion serves as a member of the Board of Directors, having been appointed to that position in 2003. In addition, he serves as the Vice-President of Research and Development of System Forward America, Inc., having been appointed to that position May 1, 2003.

Vice President of Business Development — Carl Vincent

Mr. Vincent serves as a member of the Board of Directors, having been appointed to that position in 2003. In addition, he serves as the Vice-President of Business Development of SystemForward America, LLC, having been appointed to that position May 1, 2003.

Chief Executive Officer — Don Marks

Mr. Marks currently serves as the Chief Executive Officer with SystemForward America, LLC, having been appointed to that position on May 30, 2003.

Chairman of the Board — Leslie Carter

Mr. Carter joined SystemForward America, LLC, as its Chairman of the Board in March 2006.

Director of Franchise Development — Michael Kleimeyer

Mr. Kleimeyer joined SystemForward America, LLC. as the Director of Franchise Development on March 1, 2004.

Senior Executive of Franchise Development — Monique Hymel

Ms. Hymel joined SystemForward America, LLC. as the Senior Executive of Franchise Development on October 16, 2012.

Financial Manager — Linda Payne

Ms. Payne began her employment as Financial Manager with SystemForward America, LLC on February 16, 2004.

Business Administration Specialist — Kim Stoute

Mrs. Stoute joined SystemForward America, LLC in July 2022 as the Business Administration Specialist.

Executive Director for Marketing and Operations — Shawn Henson

Mr. Henson serves as President of Shawn Henson, Inc. He is a Consultant for Gray Wolf Strategies and has been since January 2021. He is also currently CEO of Jivey, Inc. and Vice President of Pee at Sea. Mr. Henson joined SystemForward America, LLC in 2019.

ITEM 3
LITIGATION

Pending Actions

No litigation is required to be disclosed in this Item.

Franchisor-Initiated Litigation

During the fiscal year ending December 31, 2023, we initiated one action against a franchisee as follows:

Action to Enforce Restrictive Covenants and Collect Royalties

SystemForward America, LLC v. Blossom Industries LLC, et al., American Arbitration Association No. 01-23-0005-1055 (filed November 9, 2023).

No other litigation is required to be disclosed in this Item.

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ITEM 4
BANKRUPTCY

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

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ITEM 5
INITIAL FEES

Initial Franchise Fee

The initial franchise fee is $147,500, and not refundable, for an exclusive territory population of 500,000. The franchise area population is determined by current statistical data as published and amended by the U. S. Census Bureau. The initial franchise fee is payable in one lump sum concurrent with the signing of your Franchise Agreement.

Sale of Franchisor-Owned Businesses

Occasionally, we may offer for sale as a franchise an existing PlumbingPro company-owned business. In that event, the purchase price will be determined by negotiation between us, and the prospective franchise owner based upon the going concern value of such existing business. The purchase price will typically be paid on a mutually determined closing date.

Proceeds from the initial franchise fee are paid directly to us and are used by us to defray our costs of acquiring and supporting new franchise owners and to increase our general operating funds.

Sale of Franchisee-Owned Businesses

If you purchase an existing PlumbingPro Franchisee owned business before operating a Franchised Business of which you are a majority owner, you must pay 12% of the purchase price to us.

Proceeds from the initial franchisee fee, or the 12% specified above, are paid directly to us and are used by us to defray our costs of acquiring and supporting new franchise owners and to increase our general operating funds.

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ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty*	6% of Total Gross Sales	Payable monthly on the last day of the next month. An 18% service charge will be assessed if royalty payment is not received by us within 5 days after it is due.	See Note 1
Advertising* and Marketing	1% of Total Gross Sales	Same as Royalty	See Note 2
Online, Digital, Telephone Directory, and Social Media Advertising**	$2,500	Monthly, upon Receipt of Billing	See Note 3
Transfer*	$11,500	Before Consummation of Transfer	See Note 4
Audit*	$5,000-$9,000	Upon Receipt of Billing	See Note 5
Audit, con't.	18% Per Annum or The Highest Rate Allowed by Law, whichever is Less	Upon Receipt of Billing	You Must Pay Interest on any Delinquent Sums Owed to Us
Annual Meeting Fee	$500-$1,000, plus travel lodging and meals	Annually, prior to meeting.	See Note 6

Notes:

* These fees are uniformly imposed by and are payable to us. All fees are non-refundable.

** These fees are payable to the indicated service provider in accordance with the provider's requirements.

(1) Royalty Fee. In addition to the initial franchise fee, you must pay to us during the term of the Franchise Agreement and any extension thereof, a continuing royalty equal to 6.0% of monthly Gross Sales. All royalty payments shall be accompanied by a written report (the "**Royalty Statement**") stating Gross Sales for the payment period on a form prescribed by us. If the royalty payment is not received by us within 5 days after it is due, a service charge will be assessed equal to the lessor of 18.0% of the amount overdue, or the highest rate permitted by applicable law. Payments must be mailed via first class mail, postage prepaid and properly addressed to us. The royalty is uniform as to all persons currently acquiring a franchise and is not refundable. The royalty is referenced in Article 4.01 of the Franchise Agreement.

"**Gross Sales**" shall mean the aggregate gross amount of all revenues from whatever source, including, cash, credit, agreements to pay, or other consideration (whether or not payment is received at the time of the sale) derived by you from operation of the Franchised

Business, or from the sale of any services or products associated with the use of the Licensed Marks, excluding sales or other tax receipts, the collection of which is required by law. The term "Gross Sales" is more fully defined in Article 4.04 of the Franchise Agreement.

(2) Advertising Fee. You and all other franchisees must pay to us a continuing Advertising and Marketing fee (the "**Advertising Fee**") equal to 1.0% of Gross Sales. In the event we own a franchise location, we shall contribute to the Advertising Fund with respect to the franchise location on the same basis. The continuing Advertising Fee payments will be payable at the same time and in the same manner as provided for the payment of continuing Royalty described. We shall maintain all advertising and marketing fees in the Advertising Fund. All Advertising Fund contributions shall be used exclusively for advertising, marketing, public relations, and business development purposes for the collective benefit of all members of the Franchise System. We may expend a portion of the Advertising Fund contributions to reimburse our operating expenses reasonably allocable to the administration of the Advertising Fund, subject to a maximum of 20% of the Fund per year. The Advertising and Marketing Fee is referenced in Article 4.02 and the Advertising Fund is referenced in Article 8.04 of the Franchise Agreement. Upon written request, we shall furnish you with reports at least annually describing how Advertising Fund contributions have been spent.

(3) Online, Digital, Telephone Directory, and Social Media Advertising. You may, depending on costs and exposure, purchase a display-type advertisement for publication in the online directory(ies), you will place a listing of your franchised business on Google directory and other specified online directories, as designated by us. The online directories in which the advertisement and listing are placed must include coverage of your Franchise Area. The cost of the advertisement will be a monthly cost paid directly to the vendor and will vary according to various factors including the size of the advertisement and the size and coverage area of the directory. The online directory advertising requirement is referenced in Article 8.03 of the Franchise Agreement. You are required to participate in the various forms of Social Media as a means of promoting your franchise. Franchisee will receive Social Media Usage training and various support materials.

(4) Transfer Fee. In the event you wish to transfer or assign the Franchise Agreement (which we must approve, and which gives rise to a right of first refusal), you must pay to us a transfer fee in the amount of $11,500.00. This fee must be received by us before the effective date of the sale or assignment. The transfer fee is referenced in Article 11.01 of the Franchise Agreement.

(5) Audit Fee. We have the right, without prior notice to you, to examine and audit your books of account, records, cash receipts, invoices, and other data pertinent to the Franchised Business so that we can ascertain the Gross Sales of your franchise. If the audit shows that there is a deficiency in payment of any percentage royalty, the deficiency shall be immediately due and payable. The cost of the audit shall be paid by us unless the audit shows that you understated Gross Sales by more than 2.0%, in which case you shall pay all our costs of the audit. The exact cost of an audit is not possible to estimate with certainty

and depends upon a variety of factors. You will be required to pay any such deficiency with interest at the rate of 18% or the highest rate permitted by applicable law, whichever is less, from the date of underpayment. The audit provisions are referenced in Article 9.03 of the Franchise Agreement.

(6) Annual Meeting Fee. You must attend our annual franchise meeting. You are responsible for paying the attendance fee and all travel, lodging, and meal expenses. We determine the time and location of the meeting.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (Note 1)

Type of Expenditure	Amount or range involved	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 2)	$147,500	Lump Sum	Upon Signing of Franchise Agreement	Us
Printed Materials (Note 3)	$2,500-$6,000	Lump Sum	Before Opening	Vendors
Plumbing Fully Loaded Vehicle and Business Equipment/Tools (Note 4)	$80,000	Lump Sum	As Incurred	Vendors
Equipment - Office/Warehouse Space, Computer System, Communication (Note 5)	$15,000	Lump Sum	Before Opening	Vendors
Core Digital Marketing Services (Note 6)	$1,200-$2,899	As Incurred	Monthly	Vendors
License Fees (Note 7)	$3,500	As Incurred	Monthly	Vendors
Initial Employee Recruitment (Note 8)	$7,500	As Incurred	As Incurred	Vendors
ProNetwork Shared Services (PSS) (Note 9)	$1,200	As Incurred	Monthly	Vendors
Growth Advertising and Growth Advertising Management Fees (Note 10)	$6,000-$10,000	As Incurred	Monthly	Vendors
Marketing Onboarding Fees (Note 11)	$16,438	Lump Sum	As Incurred	Vendors
Insurance (Note 12)	$20,000	As incurred	Yearly	Insurer
Miscellaneous Opening Costs (Note 13)	$3,500-7,500	As Incurred	As Incurred	Vendors, insurers, utilities, etc.
Additional Funds – [12 months] (Note 14)	$97,000-$100,000	As Incurred	As Needed for Opportunities	Vendors and Employees

Type of Expenditure	Amount or range involved	Method of Payment	When Due	To Whom Payment is Made
Vehicle Identification (Note 15)	$2,400-$4800	As Incurred	As Incurred	Vendors
Grand Opening Marketing (Note 16)	$3,000	As incurred	As Incurred	Vendors
TOTAL	**$406,738-$425,337** ***If you are granted multiple franchises, you will start by opening one franchise and the above investments will apply. (After opening and operating multiple franchises over time, a substantially smaller amount of working capital per additional operating franchise will be appropriate.)**			

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Notes:

(1) This table describes the initial investment by expense category, which you should expect to expend in connection with the operation of a franchise before commencement of the business and for at least a 6-month period thereafter. With the exception of the initial franchise fee, all the expenses listed are estimates only. These expenses are expressed as a range from a projected low amount to a projected high amount. The projected low amount assumes that you will employ 1 PlumbingPro Technician in a franchise area having a population of about 500,000 and the projected maximum amount assumes that you will employ 5 PlumbingPro Technicians. The number of technicians required, and actual costs may vary for many reasons, including, for example, the geographic size of your franchise area, your call volume or logistical consideration. All fees are non-refundable. We do not offer financing for any part of your initial investment.

(2) Initial Franchise Fee. The initial franchise fee, $147,500, is based upon a population of 500,000. Franchises are granted for a minimum territory population of 500,000. It is not refundable for any reason.

(3) Printed Marketing Materials. You must purchase invoices ("**Work Orders**") from a Franchisor approved provider before the commencement of operations. In addition, you must purchase other printed materials including business cards, yard signs, door hangers, various promotional materials, and the like.

(4) Plumbing Service.

Vehicle and Business Equipment-Tools: In addition, you must equip the Plumbing technician with a fully loaded Plumbing truck, equipment, and inventory. We estimate that the vehicle and equipment costs will be $80,000. The actual costs will vary and depend on the degree of complexity of this service for your franchise, as we may occasionally permit you to perform Plumbing services to a lesser degree or with a reduced inventory of machines, tools, equipment, supplies or stock so long as we are informed of exactly what services are to be

rendered, what material resources will be available and what level of training the service provider has achieved and we give prior approval of the arrangement. (The average franchisee will spend approximately $80,000 for their vehicle and Plumbing equipment.) Equipment purchases are items such as electronic gauges, Plumbing meter, Freon scale, service valve wrench and other items required to perform this function as more specifically defined in our manual.

(5) Equipment – Office. You must purchase from us or designated sources and use a computer system with the capacity to operate your PlumbingPro business, which may contain proprietary software, and other software specified by us, for the PlumbingPro Franchise System. We estimate that the computer system will cost you $1,500. You must obtain a 1,000 square foot office/warehouse space. We estimate that the office/warehouse space will cost approximately $2,500/month, depending on the market. Communication equipment required to open and operate a PlumbingPro Outlet includes iPad like devices, phones and email capable mobile devices. Your communication equipment costs will vary according to the number of opening technicians you employ. The projected low amount assumes 1 PlumbingPro Technician and the projected maximum amount assumes that you will employ 5 PlumbingPro Technicians.

(6) Core Digital Marketing Services. Pursuant to Article 8.01 of the Franchise Agreement, you must spend $1,200-$2,500 per month on Core Digital Marketing Services which include web development, SEO, and analytics reporting. You must purchase these services from our designated vendor. You must spend $399 per month on Google Business Profile Assurance protection and Google Local Search Ads (LSA) management. You must purchase these services from our designated vendor.

(7) License Fees. All states require that you obtain a license to perform Plumbing services.

(8) Initial Employee Recruitment. Pursuant to Article 6.06 of the Franchise Agreement, Franchisee is required to use the Franchisors preferred recruiting service to find their Operations Manager and/or Senior Technician who will be in charge of the day to day operations of the Franchise. The Operations Manager and/or Senior Technician must be approved by both the Franchisee and the Franchisor. If the Data Warehouse and other statistics reasonably demonstrate within the first 60 days that the Operations Manager and/or Senior Technician is not meeting certain specific standards, then the Franchisee is required to use the preferred recruiting service to replace that Operations Manager and/or Service Technician. The fee for the initial employee recruitment is $7,500.

(9) ProNetwork Shared Services (PSS). ProNetwork Shared Services (PSS) provides administrative and back-office functions to Franchisees such as accounting/financial management and phones/lead processing. Franchisee is required to use ProNetwork Shared Services for the first two years of operation. The cost for ProNetwork Shared Services is $1200.00 per month.

(10) Growth Advertising & Growth Advertising Management Fees. Pursuant to Article 8.01 of the Franchise Agreement, you must spend $6,000-10,000 per month on Growth

Advertising. You must purchase this service from our designated vendor, or an alternate vendor approved by us.

(11) Marketing Onboarding Fees. Pursuant to Article 8.01 of the Franchise Agreement, you must pay a one-time digital account onboarding fee of $7,350. You must also pay a one-time website build fee of $4,700. You must purchase these services from our designated vendor. You must also purchase an annual subscription of $2,388 for the analytics reporting dashboard from the provider of our choosing. You must also join several organizations, such as a local Chamber of Commerce and networking groups which will be approximately $2,000 for annal membership dues.

(12) Insurance. You must secure and maintain the following insurance coverage: (i) Workers' Compensation insurance as prescribed by state law, (ii) comprehensive general liability insurance covering the operation of the Franchised Business with limits of not less than $1 million, (iii) automobile and general liability insurance on all vehicles owned by the Franchised Business with limits of not less than $1 million and (iv) hired, non-owned automobile liability insurance covering vehicles owned by your employees and used in the performance of their duties with limits of not less $1 million, (v) cyber insurance. All insurance coverage required must include our name as an additional "named insured."

(13) Miscellaneous Opening Costs. This category includes security deposits (telephone lines), legal and other professional fees. This also includes paying your Operations Manager one-month salary and your office staff and service technician one week's pay. This also includes various marketing software fees or onboarding fees for various local marketing initiatives, like Angi account creation or BBB listing subscriptions.

(14) Additional Funds [12 months]. The Additional Funds figures include payments with respect to government licenses and operational expenses for a start-up period of twelve months, including employee compensation, answering service, telephone service, smart phones, GPS tracking devices, insurance and vehicle lease or finance payments, if applicable. The range of funds needed to cover these costs merely provides a base minimum estimate of start-up working capital requirements. These figures do not include any provision for a salary or draw by the franchise owner. Therefore, in addition to the stated working capital requirements, you should provide for sufficient capital reserves or income from sources other than the Franchised Business to cover your salary or draw (based on your personal financial requirements) during the start-up phase of your franchise. We recommend that you provide for the possibility that your expenses may exceed revenues and maintain sufficient cash reserves to carry you through the start-up and development stage of your business.

(15) Vehicle Wraps/Identification. You may use your current owned vehicle for your PlumbingPro business; however, you must maintain certain standards and identify your vehicle to our specifications. The cost for obtaining and applying the PlumbingPro Vehicle Identification can range from $2,400 and $4,800. The projected amount assumes you have put the appropriate identification on your current owned vehicle.

(16) Grand Opening Marketing. In connection with the opening of the Franchised Business, you must spend a minimum of $3,000 for grand opening advertising and promotion in the 30 days prior to opening the Franchised Business and the 60 days after opening the Franchised Business in accordance with a plan that you must submit to us. We have the right to modify your grand opening plan, in our sole discretion, and may require you to use public relations or other advertising firm to assist with your grand opening. No amount paid by you for your grand opening will be credited toward your Local Advertising Requirement. You must provide us with supporting documentation evidencing these expenditures upon request.

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ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must, as stated in the terms of the Franchise Agreement, purchase from us or our designated supplier all invoices required for the operation of the Franchised Business. You must obtain plumbing training for your employees through a designated and approved plumbing school. You must obtain plumbing sales training for at least one of your employees. Additionally, you must purchase plumbing tools, equipment, and supplies, per our specifications, only from approved suppliers. You are not obligated to purchase or lease any other goods, services, supplies, fixtures, equipment, or inventory from us or any other designated source. We do not provide material benefits to a franchise owner based on a franchise owner's use of designated or approved suppliers. We may negotiate and receive revenues from, purchase arrangements with suppliers.

We estimate that your purchases in accordance with our specifications will represent approximately 9.5% to 24.4% of your total purchases in connection with your establishment of the Franchised Business, and 15.2% to 75.5% of your total purchases in connection with your continuing operation of the Franchised Business.

Required and Approved Suppliers

You must purchase all other equipment (including communication equipment), advertising materials, supplies, and other materials required for the operation of the Franchised Business in accordance with specifications, standards and requirements prescribed by us in the Confidential Franchise Operations System Manual. These specifications, standards and requirements may be reviewed and changed or revised from time to time. We will provide you with any such changed or revised information within a reasonable amount of time. We may, at our discretion, make available for purchase by you some or all of these items. If you purchase these items from us, or from approved suppliers, we may derive revenue from these purchases. We are not the only approved suppliers of the equipment and other purchases required.

Suppliers are evaluated, approved, or disapproved based upon their reputation, customer references, costs, flexibility, speed of delivery, and financial stability. We will respond within 60 days of a request for approval. We will make available to you upon request, our criteria for supplier approval. All suppliers are reviewed on an annual basis. Suppliers may be suggested by you, other franchisees, the franchisee advisory committee, or by us. Franchisees are promptly notified of any new, approved, or revoked supplier. There are no fees payable to us for your requested approval of a new supplier.

There are no officers of, or other person with management or policy-making authority employed by, the franchisor that holds any interest in or derives income or other financial benefits from an approved supplier.

Revenue from Purchases

The Franchisor's total revenue based on the 2025 audited financial statements is $4,343,022. The Franchisor's revenues from all required purchases or leases was $5,481.00. The percentage of the Franchisor's total revenues from required purchases or leases was .12 %. The affiliate's revenues from any required purchases or leases was zero.

Material Benefits

We do not receive any material benefits based on your purchases from required or approved suppliers. We do not provide any material benefits to you if you buy from sources we approve.

Negotiated Prices

We do negotiate purchasing programs with suppliers for the benefit of franchisees, including price terms.

Cooperatives

We do not have any purchasing or distribution cooperatives.

Computer System and Software System

You must buy and use a computer system to run any proprietary and other software. You can purchase the computer system from approved suppliers if they meet our prescribed standards and specifications. You must purchase business management software from our designated supplier (currently Service Titan, Inc.) and pay monthly fees to Service Titan, Inc. for your usage. In addition, you must purchase a Technology Package approved by us. We may update our Software System from time to time and require you to use a different and/or additional proprietary and/or other software and you will be required to purchase/enter into software agreements/license for such software as we (or third-party supplier) specify, and you will be required to pay us or the third-party supplier fees for such software. You must purchase one mobile device per technician.

Marketing, Social Media, and Internet (Digital Marketing)

All marketing, including website, SEO, Paid Google Advertising, Email Marketing, Facebook Ads, and social media activities, must be as specified by Franchisor and/or from the approved Franchisor vendor. For any digital or social media programs or services you must provide us with access to a live dashboard.

Insurance

Prior to commencing your Franchised Business, you must acquire and maintain in effect the following insurance coverage: (i) Workers' Compensation insurance as prescribed by state law, (ii) comprehensive general liability insurance covering the operation of the Franchised Business

with limits of not less than $1 million, (iii) automobile and general liability insurance on all vehicles owned by the Franchised Business with limits of not less than $1 million, (iv) hired, non-owned automobile liability insurance covering vehicles owned by your employees and used in the performance of their duties with limits of not less $1 million, and (v) cyber insurance. All insurance coverage required must include our name as an additional "named insured.

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ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Not Applicable	Item 11
b.	Pre-opening purchases/leases	Articles 6.03, 6.04, & 8.03	Items 7 & 8
c.	Site development and other pre-opening requirements	Not Applicable	Not Applicable
d.	Initial and ongoing training	Article 3	Item 11
e.	Opening	Article 6.01	Item 11
f.	Fees	Articles 1.02 & 4.00	Items 5, 6 & 7
g.	Compliance with standards and policies/operating manual	Article 7.00	Item 11
h.	Trademarks and proprietary information	Article 5.00	Items 13 & 14
i.	Restrictions on products/services offered	Articles 1.04 & 6.09	Item 8 & 16
j.	Warranty and customer service requirements	Article 6.08	Not Applicable
k.	Territorial development and sales quotas	Not Applicable	Not Applicable
l.	Ongoing product/service purchases	Articles 6.03, 6.04	Item 8 & 11
m.	Maintenance, appearance, and remodeling requirements	Not Applicable	Not Applicable
n.	Insurance	Article 15.03	Item 7 & 8
o.	Advertising	Article 8.00	Items 6 & 11
p.	Indemnification	Article 15.01	Not Applicable
q.	Owner's participation/ management/staffing	Articles 6.01 & 6.02	Item 15
r.	Records/reports	Article 9.00	Item 6
s.	Inspections and audits	Article 9.03	Item 6
t.	Transfer	Article 11.00	Item 17

	Obligation	Section in Agreement	Disclosure Document Item
u.	Renewal	Article 2.02	Item 17
v.	Post-termination obligations	Article 13.00	Item 17
w.	Non-competition covenants	Article 10.00	Item 17
x.	Dispute resolution	Article 18.00	Item 17
y.	Other	Not Applicable	Not Applicable

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ITEM 10
FINANCING

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

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

Except as listed below, SystemForward America, LLC is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your PlumbingPro Franchise, we will:

1. Designate your exclusive franchise area (Franchise Agreement - Article 1.03).

2. Designate the date on which you must commence full-time operation of the Franchised Business (Franchise Agreement - Article 6.01).

3. Provide you with 1 copy of the Confidential Franchise Operations System Manual (Franchise Agreement - Article 7.01).

4. Train you and/or your designated manager in the management and operation of the Franchised Business, including, marketing, bookkeeping, safety, communications systems, and employer-employee relations ("**Franchisee Training**"). This initial training must occur within approximately 90 days after you sign the Franchise Agreement (Franchise Agreement - Article 3.01) and before you commence operations of the Franchised Business.

5. Designate the online directory(ies) in which you may list, at your own expense, a display advertisement for the Franchised Business online. We will assist you with selecting the size and format of your display advertisement (Franchise Agreement, Article 8.03). All advertising will be approved within 21 days of receipt of a written approval request. All advertising must be approved by us.

6. You must use a computer system, which may contain proprietary software, and other software specified by us, that meets our standards (Franchise Agreement, Article 1.04).

Post-Opening Assistance

During the operation of the Franchised Business, we will:

1. Provide you with a copy of our Confidential Franchise Operations System Manual which specifies standard operational procedures, policies, rules, and regulations established by us with which all franchisees are required to comply. The Confidential Franchise Operations System Manual will remain confidential and the property of us. We will have the right to add to or otherwise modify the Confidential Franchise Operations System Manual, provided that no addition or modification will alter your fundamental status and rights under the Franchise Agreement (Franchise Agreement - Article 7.01). The table of contents of the Confidential Franchise Operations System Manual is attached to this

Disclosure Document as **Exhibit J**. The total number of pages in the Confidential Franchise Operations System Manual is 206 pages.

2. Provide you with operational and management counseling, upon your request, and advise you regarding new developments regarding management methods, service or opening methods, and new opening tools. You must give us ongoing access to your accounting, invoice and other information stored on your computers (Franchise Agreement, Article 3.02).

3. We provide advertising materials and services to you through the PlumbingPro Advertising Fund (the "**PlumbingPro Ad Fund**"). Materials provided by the Ad Fund to all franchisees may include generic marketing materials such as infographics, press releases, brochures, and logos at no charge. If you want anything created with your personal dispatch phone number and location information, we will provide you with that as well.

4. We reserve the right to use advertising fees held in the Ad Fund to create and place advertising in regional or national media. We utilize a combination of in-house marketing and outside agencies to create advertising. We may utilize television, radio, direct mail, and/or the internet as methods of advertising. Advertising funds are used to promote the services sold by the franchisees and are not used to sell additional franchises. We reserve the right to defray the cost of our operating expenses reasonably allocable to the creation and placement of advertising or related to the administration of the Ad Fund by the payment to us of up to a maximum of 20% of the Ad Fund per year (Franchise Agreement, Article 8.04).

5. Advise and assist you with local advertising. We have no obligation to conduct advertising for the franchise system. You may develop advertising materials for your own use, at your own cost. We must approve the advertising materials in advance and in writing (Franchise Agreement, Articles 8.08 and 8.09).

6. Advise when to take and/or provide you and/or your eligible employees with technical and/or sales training. You must pay you and/or your employee's travel and accommodation expenses associated with this training.

Projected Opening

The typical length of time between the signing of the Franchise Agreement or the first payment of any consideration for the Franchised Business and the opening of the Franchised Business is two to six months. Factors affecting the length of time include the initial training schedule, financing arrangements, and placement of the listing for your PlumbingPro outlet in the telephone directory(ies) covering the Franchise Area.

Advertising

We administer the PlumbingPro Advertising Fund (the "**Ad Fund**"). Ownership of the Ad Fund is vested in PlumbingPro Advertising Fund, Inc., an affiliate corporation organized under the laws

of the State of Louisiana. All payments to the Ad Fund must be spent on advertising, promotion, and marketing of services provided by the PlumbingPro System, as well as development and enhancement of strategic alliances and business development programs, except for a maximum of 20% of the Ad Fund per year which may be paid to us for expenses attributable to administration of the Advertising Fund. You must contribute 1.0% of Gross Sales to the Ad Fund. All Franchisees contribute the same amount. Franchisor/Affiliate-owned outlets do not contribute. The Ad Fund is used to promote the services sold by the franchisee and is not used to sell additional franchises. The Franchisor may utilize television, radio, direct mail, and/or the internet as methods of advertising. Neither we, nor the Ad Fund, are required to spend any amount on advertising in the area or territory where your franchise is located.

The Ad Fund is administered by our personnel. The Ad Fund is not audited. Of the fiscal year-end date of 12/31/25, sixty-five percent (65%) of the Advertising Fund was used for internet & website placement, tv & video production, printed materials, and agency creative consulting. Twenty-five percent (25%) of the 2025 Advertising Fund was used for administrative expenses such as management fees, office supplies, shipping, postage, and professional fees. The remaining ten percent (10%) was used for Franchisee employee recruitment and retention plans, ongoing knowledge sharing, meetings, and communications. If all advertising fees are not spent in the fiscal year in which they accrue, the funds are carried over to the next fiscal year. The financial statements are not available for review by the franchisee.

We will a franchisee advisory capacity only advertising council, currently composed of three franchisees that advise us on advertising policies and programs. We select the members and have the power to form, change, or dissolve the advertising council. We have not reserved the power to require advertising/marketing cooperatives to be formed, changed, dissolved, or merged. You are not currently required to participate in a local or regional advertising cooperative.

Computer Requirements

You must use a computer system to run any proprietary and other software which has been approved, required, or recommended by us, and to provide access to the Internet and to e-mail. You must purchase a Windows compatible operating system in accordance with our standards. This computer system will store accounting and employee data.

You must also have an Internet service provider for Internet access and e-mail accounts. Every three years you must update or upgrade your computer system to the then current standard. We have the right to access the information on your computer system, solely as it relates to the Franchised Business, and no other business.

We estimate that your initial costs of acquiring the required computer system are $1,500. We estimate that your annual cost to upgrade or update your system will be $1,500. The Franchisor has no contractual obligation for maintenance, repairs, updates, and upgrades to franchisee's computerized system.

The Franchisor will have independent access to the information generated and stored in the computer system. Franchisor will not be able to have independent access to data unrelated to the franchise.

There is no contractual limitations to upgrade and update computer systems during the term of the franchise.

Site Selection

We do not assist you with selection of the site within your exclusive franchise area from which you operate the Franchised Business, but we do approve it and make sure it fits the appropriate guidelines. The Franchisor does not typically own a premise which is then leased to a franchisee.

Operating, Technical, and Administrative Manuals

We will provide you with one copy of our Confidential Franchise Operations System Manual, Technical Manual, and Administrative Manual (the "**Manuals**"). These Manuals are confidential and remain our property. We may modify this Manual from time to time and will provide you with any such modifications within a reasonable amount of time. The table of contents for the Confidential Operations Manual is attached to this Disclosure Document as **Exhibit J**. There are 206 pages in the Confidential Operations Manual.

Training

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of Training On-The-Job	Location
Franchisee Training			
Business and Technical Operations	40.00	0	Tampa, Florida
Marketing, Advertising, & Sales	18.00	0	Virtual
Software and Back Office Process	40.00	0	Virtual & Tampa, Florida

Our experienced trainers will provide instruction using the following materials:

- Franchise Agreement, Business Plan
- Confidential Franchise Operations System Manual
- Handouts

Training Instructors

Shawn Henson

Mr. Henson works and assists with our Field Training and assists in our PlumbingPro Training Program. Mr. Henson serves as President of Gray Wolf Strategies as an operating owner since January 2021. He is also currently CEO of Jivey, Inc. and Vice President of Pee at Sea. Mr. Henson joined SystemForward America, LLC in 2019.

Kim Stoute
Mrs. Stoute works and assists Shawn Henson with our Field Training and assists in our PlumbingPro Training Program. Mrs. Stoute was the Office Manager/Controller from June 2015 until July 2019 at Aire Serv in Lafayette, Louisiana. Mrs. Stoute joined SystemForward America, LLC in July 2022 as the Business Administration Specialist.

Franchisee Training

You and/or your designated manager in the management and operation of the Franchised Business must attend initial training ("**Franchisee Training**") within approximately 90 days after you sign the Franchise Agreement and before you commence operations of the Franchised Business. This training shall be conducted at our offices in Tampa, Florida (or elsewhere as specified in advance) or (at our option) at your business location and shall have a duration consistent with the needs of the individual franchisee, but of a minimum duration of 5 days. We provide the initial training without additional charge to you except that you must pay for all travel and living expenses incurred by you and your employees. In the event the training is conducted at your business location, or at a location other than our training facility, you shall reimburse us for all transportation, meals and lodging expenses incurred by us in connection with such training. The training must be completed to the Franchisor's satisfaction. We do not require any additional training or refresher courses.

Pre-Opening Inventory

One fully loaded truck and equipment for a cost of $80,000. You are not required to purchase the truck and equipment from the Franchisor, or an affiliate, or any approved supplier.

Office Equipment
You must purchase from us or designated sources and use a computer system with the capacity to operate your PlumbingPro business, which may contain proprietary software, and other software specified by us, for the PlumbingPro Franchise System. We estimate that the computer system described above will cost you $1,500.00.

ITEM 12
TERRITORY

You will be granted an exclusive right to have a location (the "**Franchise Area**") within which to operate your Franchised Business. The Franchise Area must be approved by the Franchisor. Your Franchise Area will be defined by geographic ZIP code areas. Population is determined by using the latest available U.S. Census numbers.

Sometimes, a ZIP code area or a portion of a ZIP code area may overlap county lines or receive coverage by both the principal telephone directory distributed to your Franchise Area and by a directory that serves as the principal telephone directory for an adjacent franchise area granted. The directory that lists that ZIP code as the "home book AIP code" shall determine the exclusivity for the franchisee.

Territorial exclusivity is not dependent on achieving a certain sales volume, market penetration, or other contingency.

There are no circumstances that permit us to modify the Franchisee's territorial rights.

The Franchisee should not solicit orders from consumers outside of his or her territory using channels of distribution such as the internet, catalog sales, telemarketing, or other direct marketing.

Prior to the execution of your Franchise Agreement, we will provide you with a written description of your Franchise Area. The minimum territory we grant is franchise areas with populations of 500,000 or more. We will not allow another franchisee to physically locate its vehicles and employees in another licensed franchised area. You maintain rights to your area even though the population increases.

You will also be provided with a document indicating in which online directories you may advertise without prior permission from us, subject only to the normal advertising approval process specified in the Confidential Franchise Operations System. You may not advertise your franchise in any online directory not specified on this document without our prior written permission.

We reserve the right to require you to offer through your franchised business required additional services compatible with the PlumbingPro system. We shall exercise this right by notifying you in writing describing the required additional services ("**Required Additional Services**"). As soon as practicable under the circumstances, but not less than 90 days from receipt of the notice, you must secure all training, equipment, tools, inventory, and personnel necessary to offer the Required Additional Services in full compliance with our operating standards. The expenses required for franchisee to secure all training, equipment, tools, inventory, and personnel necessary to offer the additional services is not to exceed $25,000.00. If a franchisee is unwilling to provide "other services" then the Franchisor will allow someone else to provide them.

You do not receive the right to acquire additional franchises within your area.

You have to comply with the number of vehicles and employees specified in section 6.01 of the Franchise Agreement. You maintain rights to your area even though the population increases.

A National Account is defined as a prospect or customer with locations in several sales territories that when sold, will respond to a coordinated national strategy rather than strategies that focus on specific locations. National Accounts are established by franchisee introduction or by any employee if the Franchisor. The franchisee has the right to participate or not.

Except as discussed above, you are not restricted from soliciting or accepting orders for service inside your defined territory.

Except for non-compliance with the Franchise Agreement, there are no other circumstances that permit the Franchisor to modify the franchisee's territorial rights.

Assuming the logistics work, the Franchisor will approve the relocation of the franchised business or the franchisee's establishment of additional franchised outlets.

The Franchisor/affiliate has no plans to operate or conduct a business similar to that being offered in this Franchise Disclosure Document.

The Franchisor or an affiliate does not have the right to use other channels of distribution such as Internet, catalog sales, telemarketing, or other direct marketing to make sales within the franchisee's territory of products or services *under trademarks different* from the ones the franchisee will use under the franchise agreement.

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ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the right to operate a PlumbingPro Franchise using the name "**PlumbingPro"** and the logo design.

We have filed applications with the Proprietary Marks on the Principal Register of the United States Patent and Trademark Office ("**USPTO**"). Subject to our operational standards, you may also use our other current or future trademarks (the "**Principal Trademark**") to operate your franchise.

The current accepted Principal Trademark consist of:

Mark	Registration Number	Registration Date (Renewal Date)
	5,277,290	August 29, 2017

The principal Trademarks are depicted in **Exhibit F** of this Disclosure Document.

We have timely filed, or intend to timely file, with the USPTO all required affidavits of use and renewal applications, when due, for the Principal Trademarks. 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, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Principal Trademarks. We do not know of any superior prior rights or infringing uses that could materially affect the franchisee's use of the principal trademarks in the state of Louisiana or the state in which the Franchised Business is to be located.

We do not as a matter of practice register all of the Principal Trademarks under state registration provisions.

You must use the Principal Trademarks, including all service marks under Pending Applications, in full compliance with rules prescribed by us. For any such pending applications for unregistered marks for which we do not have federal registrations for, these principal marks do not have many legal benefits and rights as a federally registered trademark.

In addition, you must acknowledge our ownership rights in the Principal Trademarks and agree not to use any of the Principal Trademarks in a confusingly similar manner in your own corporate or business name.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the Principal Trademarks in any manner material to the franchise.

In the event of any infringement of, or challenge to, your use of any Principal Trademarks, you are obligated to immediately notify us. We will have sole discretion to take such action as we deem appropriate. In the event we take any action to prosecute or defend an infringement action, at our request you must assist us in any manner deemed reasonable and necessary, at our expense. We are not obligated, however, to defend or indemnify you against a claim arising from your use of the Principal Trademarks.

Franchisor and franchisee have the right to control any administrative proceedings or litigation involving a trademark licensed by franchisor to franchisee because both franchisor and franchisee can incur business and reputation losses that they want to pursue.

Under the Franchise Agreement, we reserve the right, in our sole discretion, to modify or designate new Principal Trademarks (including discontinuance of existing Principal Trademarks). In that event, you will be required to use the modified or new Principal Trademarks at your expense. Any expenses or costs associated with the use by Franchisee of any such new, modified, or replacement Licensed Marks shall be the sole responsibility of the Franchisee.

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ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

There are no current patents or pending patents that are material to the operation of the Franchised Business.

Copyrights

We claim common law copyrights on our materials, including the Confidential Franchise Operations System Manual and all charts, forms, contracts, films, tapes, designs, printed material, and online directory advertising formats. The Confidential Franchise Operations System Manual is not currently registered and there is no pending application. The Confidential Franchise Operations System Manual, including all other Franchise Business Manuals, is described in Article 7 of the Franchise Agreement (hereafter the "**Manuals**").

Although we have not at this time filed an application for a copyright registration for the Confidential Franchise Operations System Manual, or other Franchised Business Manuals, or the charts, forms, contracts, films, tapes, designs, printed material, or online directory advertising formats, we reserve any and all rights which we have in these materials. Furthermore, we claim that the information contained in these materials is proprietary. When you sign the Franchise Agreement, you acknowledge that the proprietary information contained in these Manuals is confidential and agree not to disclose it to any unauthorized person. You must promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action; however, depending upon the nature and extent of the unauthorized use, we will take whatever action we deem appropriate.

The Franchisor is not aware of any copyright infringements that could materially affect the franchisee.

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

If you are an individual proprietor, you must directly supervise the Franchised Business on a full-time basis. If you are a corporation or business entity other than a sole proprietorship, you must designate a manager who will directly supervise the Franchised Business. The designated manager need not have an ownership interest in the business entity franchisee or in the Franchise Agreement. The manager must directly supervise the Franchised Business on a full-time base. The designated manager must sign a written agreement to maintain confidentiality of the proprietary information and to conform to the covenant not to compete. Franchisees and Franchised Business managers must complete the training described in 3.01 of the Franchise Agreement.

Each individual who owns an interest in the franchisee entity must sign an agreement by which each individual assumes and agrees to discharge all obligations of the Franchisee under the Franchise Agreement (the "**Personal Guarantee**"). The Personal Guarantee is made part of the Franchise Agreement and located on page 23 thereof.

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ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those services and products that we have approved in writing. You must agree not to engage in any other business activity which will interfere with the operation of the Franchised Business. You must comply with the standards and procedures specified in our Manual and other written manuals as may be amended and supplemented and to conduct your business in strict accordance.

You are required to offer residential and commercial plumbing services. There are no limits on the franchisor's right to make changes in regard to authorized goods or services. We reserve the right to require you to offer other authorized additional services compatible with the PlumbingPro System. After notice from us, you shall, as soon as practicable under the circumstances, but not less than 90 days from receipt of the notice, secure all training, equipment, tools, inventory, and personnel necessary to offer other additional services in full compliance with the standards established by us. You must either hire or contract with individuals who have demonstrated skill in the above services or provide employees with plumbing training.

You must participate in the Regional and National Accounts Programs**.**

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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	Article 2.01	Term is 10 years
b.	Renewal or extension of the term	Article 2.02	Renewal term is 10 years
c.	Requirements for franchisee to renew or extend	Article 2.02	Must be in good standing, must sign then-current form of Franchise Agreement which may contain materially different terms than those contained in the agreement attached to this Disclosure Document.
D.	Termination by franchisee	Article 12.03	Material Breach by Us
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with cause	Article 12.01, 12.02	Default under Franchise Agreement, bankruptcy, abandonment, and other grounds; see Article 12 of Franchise Agreement. Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.
g.	"Cause" defined – curable defaults	Article 12.02	You have 30 days to cure non-payment of fees, non-compliance with any provision of Franchise Agreement or Confidential Franchise Operations System Manual or satisfy (pay) final judgment.
h.	"Cause" defined – non-curable defaults	Article 12.01	Non-curable defaults include transfer without consent, bankruptcy*, failure to commence or abandonment of operations, material misrepresentations, and conviction of crime
i.	Franchisee's obligations on termination/ non-renewal	Article 13.00	Obligations include complete de-identification, payment of sums due and return of Manuals
j.	Assignment of contract by franchisor	Article 11.03	No restriction on our right to assign

	Provision	Section in Franchise or other Agreement	Summary
k.	"Transfer" by franchisee – defined	Article 11.01	Upon our written consent; transfer fee of $11,500
l.	Franchisor approval of transfer by Franchisee	Article 11.01	We have right to approve all transfers but will not unreasonably withhold approval
m.	Conditions for franchisor approval of transfer	Article 11.01	New Franchisee must qualify and execute new Franchise Agreement; prior Franchise Owner must pay all sums due and execute release
n.	Franchisor's right of first refusal to acquire franchisee's business	Article 11.04	We have right to match offer for Franchisee's business
o.	Franchisor's option to purchase franchisee's business	Article 11.04	We have the option to exercise our right of first refusal
p.	Death or disability of franchisee	Article 11.05	Franchise may be transferred to your legal heirs or legatees if qualify and sign new Franchise Agreement
q.	Non-competition covenants during the term of the franchise	Articles 10.02 & 10.03	No involvement in competing business. Subject to State law.
r.	Non-competition covenants after the franchise is terminated or expires	Articles 10.02 & 10.03	No competing business for 2 years within franchise area, no use of trade secrets & proprietary information. Subject to State law.
s.	Modification of the agreement	Article 16.04	No modifications generally, but Confidential Franchise Operations System Manual subject to change
t.	Integration/merger clause	Article 16.04	Only the terms of the Franchise Agreement are binding (subject to state law); Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Article 18.00	Except for certain claims, all claims asserted by you must be arbitrated
v.	Choice of forum	Articles 18.02 & 18.03	Louisiana (subject to applicable state law) *Subject to State law as described in Exhibit E.
w.	Choice of law	Article 18.01	Louisiana (subject to applicable state law)

	Provision	Section in Franchise or other Agreement	Summary
			*Subject to State law as described in Exhibit E.

ITEM 18
PUBLIC FIGURES

We currently do not use any public figure to promote our franchises.

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ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

See attached for our company location financials for 2018-2020.

Written substantiation for the financial performance representations will be made available to prospective franchisees on reasonable request.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Donald Marks, 1018 Harding Street, Suite 101, Lafayette, Louisiana 70503 at (337) 233-6211, the Federal Trade Commission, and the appropriate state regulatory agencies.

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Certain Financial Results of Affiliate Owned Agency Profit and Loss Summary 2018 to 2020

	2020	% Income	2019	% Income	2018	% Income
Gross Profit						
Revenue	6,759,487.00	100%	4,811,250.00	100%	3,716,060.00	100%
COGS - Materials and Equipment	1,455,043.80	22%	900,516.00	19%	726,536.00	20%
COGS - Labor	970,029.20	14%	1,143,255.00	24%	671,431.00	18%
Total COGS	2,425,073.00	36%	2,043,771.00	42%	1,397,967.00	38%
Total Gross Profit	4,334,414.00	64%	2,767,479.00	58%	2,318,093.00	62%
Expenses						
Officer Compensation	613,377.00	9%	686,180.00	14%	382,850.00	10%
Admin Wages	1,763,523.00	26%	507,674.00	11%	507,868.00	14%
Rent	62,870.00	1%	13,581.00	0%	34,850.00	1%
Repairs and Maintenance	10,503.00	0%	26,413.00	1%	8,424.00	0%
Taxes and Licenses	194,327.00	3%	97,480.00	2%	127,662.00	3%
Interest	10,398.00	0%	31,291.00	1%	47,508.00	1%
Depreciation		0%	311,457.00	6%	382,329.00	10%
Advertising	403,849.00	6%	291,217.00	6%	288,584.00	8%
Employee Benefits	145,095.00	2%	51,577.00	1%	92,572.00	2%
Other Expenses	935,704.00	14%	630,813.00	13%	640,031.00	17%
Total Exepnses	4,139,646.00	61%	2,647,683.00	55%	2,512,678.00	68%
Net Profit	194,768.00	3%	119,796.00	2%	(194,585.00)	-5%
EBITDA Add Backs						
Depreciation	-	0%	311,457.00	6%	382,329.00	10%
Interest	10,398.00	0%	31,291.00	1%	47,508.00	1%
Taxes	194,327.00	3%	97,480.00	2%	127,662.00	3%
Total EBITDA Add Backs	204,725.00	3%	440,228.00	9%	557,499.00	15%
EBITDA	399,493.00	6%	560,024.00	12%	362,914.00	10%
Owner's Benefit Add Backs						
Officer Compensation*****	613,377.00	9%	686,180.00	14%	382,850.00	10%
Officer W2 Wages (Clearing Account on Sale)******	1,200,000.00	18%				
Total Owner's Benefit Add Backs	1,813,377.00	27%	686,180.00	14%	382,850.00	10%
Owner's Benefit	2,212,870.00	33%	1,246,204.00	26%	745,764.00	20%

***Money paid to owners**

****The 1.2mm add back in 2020 was the distribution of cash to the partners through payroll**

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Year 2023/2024/2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	**2023**	**0**	**0**	**0**
	2024	**0**	**1**	**+1**
	2025	**1**	**6**	**+5**
Company-Owned	**2023**	**0**	**0**	**0**
	2024	**0**	**0**	**0**
	2025	**0**	**0**	**0**
Total Outlets	**2023**	**0**	**0**	**0**
	2024	**0**	**1**	**+1**
	2025	**1**	**6**	**+5**

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023/2024/2025

TOTAL	**2023**	**0**
	2024	**0**
	2025	**0**

Table 3
Status of Franchised Outlets
For Years 2023/2024/2025

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
FLORIDA	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2
GEORGIA	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
TENNESSEE	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
TEXAS	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2
Totals	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	5	0	0	0	0	6

Table 4

Status of Company-Owned Outlets
For Years 2023/2024/2025

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Totals	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Table 5

Projected Openings as of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company – Owned Outlets In the Next Fiscal Year
ALABAMA	**0**	**0**	**0**
ALASKA	**0**	**0**	**0**
ARIZONA	**0**	**0**	**0**
ARKANSAS	**0**	**0**	**0**
CALIFORNIA	**0**	**0**	**0**
COLORADO	**0**	**0**	**0**
CONNECTICUT	**0**	**0**	**0**
DELAWARE	**0**	**0**	**0**
DISTRICT OF COLUMBIA	**0**	**0**	**0**
FLORIDA	**0**	**1**	**0**
GEORGIA	**0**	**1**	**0**
HAWAII	**0**	**0**	**0**
IDAHO	**0**	**0**	**0**
ILLINOIS	**0**	**0**	**0**
INDIANA	**0**	**0**	**0**
IOWA	**0**	**0**	**0**

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company – Owned Outlets In the Next Fiscal Year
KANSAS	0	0	0
KENTUCKY	0	0	0
LOUISIANA	0	1	0
MAINE	0	0	0
MARYLAND	0	0	0
MASSACHUSETTS	0	0	0
MICHIGAN	0	0	0
MINNESOTA	0	0	0
MISSISSIPPI	0	0	0
MISSOURI	0	0	0
MONTANA	0	0	0
NEBRASKA	0	0	0
NEVADA	0	0	0
NEW HAMPSHIRE	0	0	0
NEW JERSEY	0	0	0
NEW MEXICO	0	0	0
NEW YORK	0	0	0
NORTH CAROLINA	0	0	0
NORTH DAKOTA	0	0	0
OHIO	0	0	0
OKLAHOMA	0	0	0

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company – Owned Outlets In the Next Fiscal Year
OREGON	**0**	**0**	**0**
PENNSYLVANIA	**0**	**0**	**0**
RHODE ISLAND	**0**	**0**	**0**
SOUTH CAROLINA	**0**	**0**	**0**
SOUTH DAKOTA	**0**	**0**	**0**
TENNESSEE	**0**	**0**	**0**
TEXAS	**0**	**1**	**0**
UTAH	**0**	**0**	**0**
VERMONT	**0**	**0**	**0**
VIRGINIA	**0**	**0**	**0**
WASHINGTON	**0**	**0**	**0**
WEST VIRGINIA	**0**	**0**	**0**
WISCONSIN	**0**	**0**	**0**
WYOMING	**0**	**0**	**0**
Total	**0**	**4**	**0**

A list of the names of all franchisees and their addresses and telephone numbers are listed on **Exhibit H** to this Disclosure Document. A list of the names, city and state, and last known telephone numbers of every franchisee who has had their franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during fiscal year 2025, or who has not communicated with us within 10 weeks of our application date, is attached on **Exhibit I.**

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

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with PlumbingPro. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

We do not know of any trademark-specific franchisee organization associated with the franchise system being offered, other than the franchisee "advisory capacity only" advertising council, currently composed of three franchisees that advise us on advertising policies and programs. This franchisee council is not formally incorporated and does not have a separate address and telephone number.

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

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ITEM 21
FINANCIAL STATEMENTS

As **Exhibit G**, we have attached our audited financial statements for the fiscal years 2023, 2024and 2025. Our fiscal year end is December 31, 2026.

ITEM 22
CONTRACTS

The following are attached as Exhibits to the Franchise Disclosure Document: copies of all proposed agreements regarding the franchise, including, the Franchise Agreement, and any lease, option, and purchase agreements, and any waivers or releases the Franchisor requires as a condition of consenting to some future action including a transfer of the franchise.

- **Exhibit C** – Franchise Agreement
- **Exhibit D** – Form of General Release

ITEM 23
RECEIPTS

The document by which you will acknowledge receipt of this Disclosure Document is attached to this Disclosure Document as **Exhibit K**. The issue date of this Disclosure Document is not the date in which the Document is effective. Effective Dates are listed on page iii of the Disclosure Document.

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EXHIBIT A

FEDERAL AND STATE FRANCHISE ADMINISTRATORS AND REGULATORY AUTHORITIES

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 (866) 275-2677 (toll free)	MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Regulation Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	MICHIGAN Consumer Protection Div., Franchise Section Attn: Kathryn A. Barron 670 G. Mennen Williams Building Lansing, Michigan 48913 (517) 373-7117
ILLINOIS Franchise Division 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	MINNESOTA Commissioner of Commerce Department of Commerce 85 7th Place East, Suite280 St. Paul, Minnesota 55101 (651) 539-1600
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, New York 10005 (212) 416-8222
NORTH DAKOTA North Dakota Securities Department 600 Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	VIRGINIA State Corporation Commission Securities and Retail Franchising Division 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
RHODE ISLAND Department of Business Regulation Suite 232 233 Richmond Street Providence, Rhode Island 02903-4232 (401) 277-3048	WASHINGTON Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507 (360) 902-8760
SOUTH DAKOTA Dept. of Labor & Regulation Director of Division of Securities 124 S. Euclid, Suite 104 Pierre, South Dakota 57501-3185 (605) 773-3563	WISCONSIN Office of the Commissioner of Securities 201 West Washington Avenue, Madison, Wisconsin 53703 (608) 261-9555

EXHIBIT B

REGISTERED AGENTS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 (866) 275-2677 (toll free)	MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Regulation Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	MICHIGAN Dept. of Commerce, Corp'ns & Securities Bur. 6546 Mercantile Way P.O. Box 30222 Lansing, Michigan 48910 (517) 373-7117
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	MINNESOTA Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (612) 539-1600
INDIANA Indiana Secretary of State 201 State House Indianapolis, Indiana 46204 (317) 232-6681	NEW YORK New York State Department of State Division of Corporations 99 Washington Avenue Albany, New York 12231
NORTH DAKOTA North Dakota Securities Commissioner 600 Boulevard Avenue, State Capitol Fifth Floor Bismarck, North Dakota 58505-0510	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733
RHODE ISLAND Director of Department of Business Regulation Suite 232 233 Richmond Street Providence, Rhode Island 02903-4232 (401) 277-3048	WASHINGTON Director of Department of Financial Institutions 150 Israel Road, 3rd Floor Tumwater, Washington 98501 (360) 902-8760
SOUTH DAKOTA Dept. of Labor & Regulation Director of Division of Securities 124 S. Euclid, Suite 104 Pierre, South Dakota 57501-3185 (605) 773-4823	WISCONSIN Commissioner of Securities 201 West Washington Avenue, Madison, Wisconsin 53703 (608) 261-9555

EXHIBIT C

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is entered into as of the _____ day of _____, **20__** (the "Effective Date") by and between **SystemForward America, LLC**, a **Louisiana limited liability company**, with its principal place of business at **1018 Harding Street, Suite 101, Lafayette, Louisiana 70503** (hereinafter "Franchisor"), and

Name: _____

Legal Status: _____

Address: _____

(hereinafter "Franchisee").

RECITALS

WHEREAS, Franchisor owns or has the right to license certain trademarks, service marks, copyrights, trade secrets, trade names, and related insignia (the "Licensed Marks") and has developed and owns a system for offering "Plumbing" services, including management and administrative systems, marketing and advertising programs, effective and Plumbing techniques, personnel training, equipment guidelines, the Licensed Marks, including has applied for or filed for the service mark "PlumbingPro®" and certain other elements, all of which constitute part of, system(s) (the "PlumbingPro System").

WHEREAS, Franchisor is developing a national and international network of independent franchisees to which it will license the PlumbingPro System.

WHEREAS, Franchisee has investigated and become familiar with the PlumbingPro System, and desires, upon the terms and conditions set forth herein, to obtain a license to operate a business which will utilize the Licensed Marks and the PlumbingPro System (the "Franchised Business"). Franchisor is willing, upon the terms and conditions set forth herein, to license Franchisee the right to operate the Franchised Business.

WHEREAS, Franchisee understands the vital importance to Franchisor and all members of the PlumbingPro Plumbing services system(s) family of companies, including Franchisees, as well as the public, of the constant maintenance of high and uniform standards of quality, appearance, and service and the necessity of opening and continuously operating Franchisee's PlumbingPro franchise in conformity with all aspects of the PlumbingPro System as it may be modified from time to time.

IN CONSIDERATION of the above recitals and of the terms and conditions and mutual promises herein, Franchisor and Franchisee agree as follows:

1.00 GRANT OF FRANCHISE

1.01 Grant. Franchisor grants and conveys to Franchisee, subject to all of the terms and conditions of this Agreement, the exclusive right to have a location to operate a PlumbingPro Franchise, the ("Franchised Business") in conformity with the PlumbingPro System, in the geographic area (hereinafter designated the "Franchise Area") described in Article 1.03 below, and to use the Licensed Marks, so long as this Agreement is in full force and effect. The rights and privileges granted to Franchisee under this Agreement are applicable only to the Franchise Area, are personal in nature, and may not be used in any other geographic location by Franchisee.

1.02 Initial Franchise Fee. Franchisee shall pay to Franchisor with certified funds, contemporaneously with the signing of this Agreement, the initial franchise fee of **$____ USD.** Initial Franchise Fee is fully earned when paid and non-refundable.

1.03 Franchise Area. The Franchise Area referred to in Article 1.01 above is defined as:

1.04 Required Services, Authorized Services and Required Additional Services. The PlumbingPro System currently consists of four required services: (i) Plumbing and drains (ii) water damage restoration, and (iii) water heaters (iiii) sewage tanks ("Required Services"). Franchisor may also authorize Franchisee to offer other services authorized by Franchisor, from time to time ("Authorized Services"). However, Franchisor reserves the right to require Franchisee to offer other additional services compatible with the PlumbingPro System which Franchisor may authorize in the future (hereinafter "Required Additional Services"). Franchisor shall exercise this right by notifying Franchisee in writing describing the Required Additional Services. (The above requirement to offer residential and commercial Plumbing services is a written notification of required additional services.) Franchisee shall, as soon as practicable under the circumstances, but not more than ninety (90) days from receipt of the notice, secure all training, equipment, tools, inventory, and personnel necessary to offer the Required Additional Services in full compliance with the standards established by Franchisor. Franchisee must use a computer system, which may contain proprietary and other software specified by Franchisor that meets our standards. Franchisee shall obtain Plumbing training from an approved Plumbing school, an independent approved Plumbing trainer or from Franchisor, as designated from time to time by Franchisor.

1.05 Franchisor's Reservation of Rights. Franchisee expressly acknowledges and agrees that Franchisor may itself operate and grant to others the right to operate within the Franchise Area any business not utilizing the Licensed Marks and not offering the Required Services or Required Additional Services. In addition, Franchisee acknowledges and agrees that Franchisor may itself operate and grant to others the right to operate PlumbingPro Franchises at any location other than the Franchise Area. In the event

Franchisor has reason to believe that Franchisee is not adequately providing any one or more of the Authorized Services required by Franchisor in the Franchise Area, Franchisor may itself operate or grant to others the right to perform such Authorized Service(s) not being adequately provided by such Franchisee in such Franchise Area without waiving Franchisor's right to terminate this Franchise Agreement as provided in this Agreement. Additionally, in the event Franchisee is not currently providing an Authorized Service (which is not otherwise required by Franchisor to be provided) in the Franchise Area, Franchisor may itself operate or grant to others the right to perform such Authorized Service(s) not then being provided by such Franchisee in such Franchise Area.

1.06 Franchise Area Adjustment. Franchisee agrees to allow Franchisor or its designee to directly manipulate any mapping related to PlumbingPro services provided to ensure that coverage areas outlined in this Agreement are compliant with the Agreement. This includes third party software providers that the Franchisee may contract with to provide their call management services, including but not limited to any other future systems that Franchisor or Franchisee may decide to deploy.

Obligation to notify: Franchisees who receive requests for service in an area where they do not provide service, but is owned by another Franchisee will notify the customer that they do not provide service in that area and direct them, at a minimum, to the PlumbingPro.com website. Optimally, the Franchisee will provide the contact information for the other Franchise, if logistically possible and safe to do at the time.

2.00 TERM AND RENEWAL

2.01 Term. The term of this Agreement shall extend for a period of ten (10) years from the Effective Date, unless sooner terminated in accordance with Article 12 hereinafter.

(i) If Franchisee purchases an entity or business whose gross revenues are the same or greater than the gross revenues of the Franchisee's Franchised Business at the time of purchase, Franchisee and Franchisor mutually agree to sign a ten (10) year extension of this Agreement. Additionally, Franchisor and Franchisee will reasonably agree on the Royalty and advertising and marketing fees due from the gross revenues of the purchased entity or business. After two (2) years Franchisee will be PlumbingPro with all business.

2.02 Renewal. Franchisee may renew this Agreement in additional ten (10) year increments subject to the following terms and conditions:

(i) During the term of this Agreement, Franchisee shall not be or have been in default in the performance of any material obligation under this Agreement which has not been cured within thirty (30) days of written notification of such default by Franchisor, or Franchisee is not otherwise subject to immediate termination under Article 12.01 of this Agreement;

(ii) Between Eighteen (18) and Twelve (12) months prior to the date of expiration of this Agreement, Franchisee shall provide Franchisor with written notice indicating its election to exercise its right to renew this Agreement;

(iii) So long as Franchisee is in compliance with (i) and (ii) above, within ninety (90) days prior to the expiration of the term of this Agreement, Franchisor shall submit to Franchisee the then-current Franchise Agreement being required of new franchisees which may contain terms and conditions substantially different from those contained herein, including without limitation, increased fees and duration of renewal terms, except that the renewal term shall not be less than ten (10) years, the royalty provided in Article 4.01 shall not exceed ten (10%) percent, and the advertising and marketing fee provided in Article 4.02 shall not exceed two (2%) percent. Franchisee shall not be required to pay any renewal franchise fees, but shall compensate Franchisor for any legal fees and disbursements incurred by Franchisor in connection with the renewal; and

(iv) Franchisee must execute the new Franchise Agreement and return it to the Franchisor at least thirty (30) days prior to the commencement of the new ten (10) year term.

3.00 TRAINING AND OPERATING ASSISTANCE

3.01 Franchisee's Training. Franchisor shall provide Franchisee and/or its Designated Manager a franchisee's orientation and training program at Franchisor's offices in Lafayette, Louisiana, at another training location specified by Franchisor or (at the option of Franchisor) at Franchisee's business location. The Franchisee's training program shall consist of instruction in the management and operation of a PlumbingPro franchise including, without limitation, marketing, communications systems, bookkeeping, and employer-employee relations (hereinafter "Franchisee's Training"). The Franchisee's Training is mandatory and shall have a minimum duration of days (4) days, commencing as soon as practicable after signing the Franchise Agreement and prior to the commencement of operations of the Franchised Business. Depending on the business, marketing and financial abilities of the owner, the Franchisee training may have a duration of three (3) days. Franchisor shall provide the Franchisee's Training without additional charge, except that Franchisee shall be responsible for its own transportation, meals and lodging expenses incurred in connection with attending the program at Franchisor's offices. In the event such training is conducted at Franchisee's business location or at a location other than Franchisor business location, Franchisee shall reimburse Franchisor for all transportation, meals, and lodging expenses incurred by Franchisor in connection with such training.

3.02 Operating Assistance. Franchisor will provide Franchisee with operational and management counseling, as we deem helpful, during the term of this Agreement upon Franchisee's request. Franchisor will have ongoing access to Franchisee's accounting, invoice and other information stored on Franchisee's computers. In addition, Franchisor will advise Franchisee periodically regarding significant new developments, if any, applicable to the PlumbingPro System which may encompass the following:

(i) Advice, guidance and/or training regarding new management techniques, procedures, standards, or methods;

(ii) Advice, guidance and/or training regarding new service techniques, procedures, standards, methods and/or tools; or
(iii) Advice or guidance with local advertising and marketing.

3.03 Equipment- Plumbing Service. In addition, Franchisee will be required to equip the service technicians with a fully loaded truck, equipment, and inventory.

3.04 Sales Training. Mandatory, for at least one employee or Franchise owner, sales training shall be obtained through a designated and approved training entity ("Initial Sales Training Program") to Franchisee or its employee, whom must have executed the non-disclosure and non-competition agreements under Article 10.04 below prior to the commencement of training. One of Franchisee's employees or Franchisee must successfully complete the Initial Sales Training program.

4.00 RECURRING FEES

4.01 Royalty. Franchisee shall pay to Franchisor monthly (by the last day of the month following the month in which the sales are made), a recurring royalty equal to six percent (6%) of monthly Gross Sales on Plumbing services and other Authorized and Additional Required services. The manner in which such funds are remitted to Franchisor by Franchisee shall be prescribed by Franchisor from time to time in its Confidential Operations Manual.

4.02 Advertising and Marketing Fee. Franchisee shall pay to Franchisor a recurring advertising and marketing fee equal to one percent (1.0%) of monthly Gross Sales. Franchisee shall commence the payment of the advertising and marketing fee at the same time as the recurring royalty under Article 4.01. The advertising and marketing fee shall be expended in accordance with the terms of Article 8.04 hereof. In the event Franchisor owns a franchise location, Franchisor shall contribute as a franchisee to the PlumbingPro Advertising Fund as defined in Article 8.04 hereof with respect to said franchise location on the same basis. It is the intention of the parties that the cost of such programs shall be shared on a reasonably nondiscriminatory basis by all PlumbingPro Franchises, rather than for Franchisor to make a profit from these fees.

4.03 Late Fee. If any amount due under this Agreement is not paid within five (5) days after such payment is due, Franchisee shall pay a late penalty fee equal to the lesser of the daily equivalent of eighteen percent (18%) of such overdue amount per year (18% APR) or the highest rate then permitted by applicable law for each day such amount is past due.

4.04 Gross Sales. As used herein, "Gross Sales" shall mean the aggregate gross amount of all revenues from whatever source, including without limitation, cash, credit, agreements to pay, or other consideration (whether or not payment is received at the time of the sale) derived by Franchisee from (i) the sale of "Required Services" or "Authorized Services" (including "Required Additional Services"), (ii) the sale of any services or products associated with the use of the Licensed Marks, and (iii) the sale of any services or products

made in conjunction with the “Authorized Services” performed by Franchisee, less sales or other tax receipts, the collection of which is required by law. The term "monthly Gross Sales" shall mean Gross Sales derived by Franchisee during a single calendar month.

4.05 Pre-Authorized Payments. The Franchisee shall participate in such pre-authorized payment plans, electronic funds transfer systems, automatic debiting systems or other similar plans or systems as the Franchisor may from time to time require to permit the Franchisee to make direct deposit payment of all amounts owing to the Franchisor. In order to participate in any such plans or systems, the Franchisee shall, at the Franchisee’s cost, do all things necessary in order to implement and maintain such plans or systems including without limitation, executing and delivering any required authorization form within five (5) days of request from the Franchisor.

5.00 LICENSED MARKS

5.01 Ownership. Franchisee acknowledges that Franchisor is the sole owner of all the Licensed Marks, including the logo design**.** Such Licensed Marks shall remain the sole and exclusive property of Franchisor. Franchisee acknowledges that it has not acquired any ownership rights in the Licensed Marks except for the right to use such Licensed Marks in the operation of its Franchised Business, the use of which is specifically prescribed in the Manuals. Franchisee shall not use any of the Licensed Marks in the legal name of its corporation, partnership, sole proprietorship, or any other business entity used in conducting the Franchised Business. (See 8.11 Naming Convention)

5.02 Termination of Rights. In the event this Franchise Agreement is terminated for any reason, Franchisee shall immediately cease using the Licensed Marks, and all rights the Franchisee had to use the same shall automatically terminate.

5.03 Covenant. Franchisee understands and agrees that any use of the Licensed Marks other than those expressly authorized by this Agreement, without Franchisor's prior written consent, may constitute an infringement of Franchisor's rights therein and that the right to use the Licensed Marks granted herein does not extend beyond the termination or expiration of this Agreement. Franchisee expressly covenants that, during the term of this Agreement and thereafter, Franchisee shall not, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of Franchisor's right to use the Licensed Marks or take any other action in derogation thereof.

5.04 Report Unauthorized Use. Franchisee shall promptly notify Franchisor of any claim, demand, or cause of action that Franchisor may have based upon or arising from any unauthorized attempt by any person or legal entity to use the Licensed Marks, any colorable variation thereof, or any other mark, name, or indicia in which Franchisor has or claims a proprietary interest. Franchisee shall assist Franchisor, upon request and at Franchisor's expense, in taking such action, if any, as Franchisor may deem appropriate to halt such activities, but shall take no action nor incur any expenses on Franchisor's behalf without Franchisor's prior written approval. If Franchisor undertakes the defense or prosecution of any litigation relating to the Licensed Marks, Franchisee agrees to execute any and all

documents and to do such acts and things as may, in the opinion of Franchisor's legal counsel, be reasonably necessary to carry out such defense or prosecution.

5.05 Authorized Use. Franchisee further agrees and covenants to operate and advertise only under the names or marks from time to time designated by Franchisor for use by similar PlumbingPro System Franchisees; to adopt and use the Licensed Marks solely in the manner prescribed by Franchisor; to refrain from using the Licensed Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject Franchisor to liability therefore; to observe all laws with respect to the registration of trade names and assumed or fictitious names, to include in any application therefore a statement that Franchisee's use of the Licensed Marks is limited by the terms of this Agreement, and to provide Franchisor with a copy of any such application and other registration document(s); to observe such requirements with respect to trademark and service mark registrations and copyright notices as Franchisor may, from time to time, require, including, without limitation, affixing "SM", "TM", or "®" adjacent to all such Licensed Marks in any and all uses thereof; and, to utilize such other appropriate notice of ownership, registration, and copyright as Franchisor may require.

5.06 Changes. Franchisor reserves the right, in its sole discretion, to designate one or more new, modified, or replacement Licensed Marks for use by Franchisees and to require the use by Franchisee of any such new, modified, or replacement Licensed Marks in addition to or in lieu of any previously designated Licensed Marks. Any expenses or costs associated with the use by Franchisee of any such new, modified, or replacement Licensed Marks shall be the sole responsibility of Franchisee.

6.00 STANDARDS OF OPERATION

6.01 Commencement of Operation and Market Operational Requirements. Franchisee shall commence full-time operation of the Franchised Business immediately after receipt of authorization to do so by Franchisor, or at such time as agreed to by Franchisor and Franchisee and continue to operate the Franchised Business on a full-time basis throughout the term of this Agreement except that operation of the Franchised Business may be excused in the interim during which such operations are prohibited by causes or conditions beyond Franchisee's control.

Franchisee agrees to have the following minimum number of vehicles and technicians:

At all times during the last (6) months of the first(1st) Agreement Year:

____1___vehicle,
____1___operations manager,
____1___technician

6.02 Designated Manager. Franchisee agrees that at all times during the term of this Agreement there is to be at least one employee of Franchisee (the "Designated Manager") who is

principally responsible for the operation of the Franchised Business on a full-time, in-person basis. Franchisee may designate himself as manager for purposes of this paragraph. Franchisee shall notify Franchisor in writing providing the name of the Designated Manager and any successor.

6.03 Tools and Equipment. Franchisee agrees to acquire and maintain a sufficient supply, at Franchisee's expense, of all tools, equipment, uniforms, materials, supplies, and all other such items as Franchisor may prescribe from time to time, which conform with Franchisor's then-current standards and specifications contained in the Confidential Franchise Operations System Manual, and to refrain from using non-conforming items without Franchisor's express written consent. Franchisor reserves the right, in its discretion, to offer to sell any or all of these items to Franchisee and to make a reasonable profit from the sale of these items.

6.04 Invoice Forms. Franchisee shall use approved formats for all invoices required for the operation of the Franchised Business. Franchisor may require the sole use of approved vendors.

6.05 Continuous Operation. Franchisee's Franchised Business shall be open to receive customer requests for the conduct of business twenty-four (24) hours a day, 365 days a year and Franchisee shall at all times staff the Franchised Business with such number of employees or contracted for answering services, consistent with this requirement and operate the Franchised Business diligently so as to maximize the revenues and profits therefrom.

6.06 Employees. Franchisee shall recruit and hire only efficient, competent, sober, and courteous employees and shall pay their wages, commissions, and other compensation in accordance with all applicable local, state, and federal laws, with no liability therefore on the part of Franchisor. Franchisee must have an employee in their organization (preferably the Operations Manager) who speaks and comprehends English and is available to participate in all calls and/or meetings regarding the Franchise. Franchisee is required to use the Franchisors preferred recruiting service to find their Operations Manager and/or Senior Technician who will be in charge of the day to day operations of the Franchise. The Operations Manager and/or Senior Technician must be approved by both the Franchisee and the Franchisor. If the Data Warehouse and other statistics reasonably demonstrate within the first 60 days that the Operations Manager and/or Senior Technician is not meeting certain specific standards, then the Franchisee is required to use the preferred recruiting service to replace that Operations Manager and/or Service Technician. Franchisee shall provide, if needed, either himself (if so authorized/certified and only as specified by Franchisor) or through Franchisor's designated and approved Plumbing training school, each employee with sufficient training in Plumbing techniques and procedures to allow each employee to acquire competency to perform the service in accordance with the standards established by Franchisor. Franchisee shall cause its employees to wear apparel which conforms strictly to the specifications, design, color, and style approved by Franchisor from time to time.

6.07 Customer Relations. Franchisee shall respond promptly to customer complaints and shall take such other steps as may be required to insure positive customer relations.

6.08 Performance of Required and Authorized Additional Services. Franchisee shall perform only Required and Authorized Additional Services and offer and sell only products authorized in writing by Franchisor. Franchisee agrees that it will not engage in any other business activity which may conflict with its obligations under this Agreement or impair the efficient operation of the Franchised Business.

6.09 Variation of Standards. Franchisor reserves the right and privilege, in its sole discretion, to vary standards for any Franchisee based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices, or any other conditions which Franchisor deems to be important to the successful operation of each Franchisee's business. Franchisee shall have no recourse against Franchisor on account of any variation from standard specifications and practices granted to any Franchisee and shall not be entitled to require Franchisor to grant Franchisee a like or similar variation.

6.10 Computer and Software System. You must buy and use a computer system to run any proprietary and other software. You can purchase the computer system from approved suppliers if they meet our prescribed standards and specifications. You must purchase business management software from our designated supplier and pay monthly fees to such supplier for your usage. In addition, you must purchase a Technology Package approved by us. We may update our Software System from time to time and require you to use a different and/or additional proprietary and/or other software and you will be required to purchase/enter into software agreements/license for such software as we (or third-party supplier) specify and you will be required to pay us or the third-party supplier fees for such software. You must purchase one mobile device per technician.

6.11 Credit Cards. Franchisee is required to use the Franchisor designated outside credit card processing entity, whose rate will not be higher than Franchisees rate as an individual entity. Additionally, royalty and advertising fund fees may be automatically deducted and paid to the Franchisor as part of normal credit card processing.

6.12 Accounting and Back-Office Services. During the first two years in business, Franchisee is required to use ProNetwork Shared Services (PSS) for accounting and back-office services and/or programs.

6.13 Quantitative Marketing Analysis. Franchisee is required to use the Franchisors Quantitative Marketing Analysis for the Franchised Business.

6.14 Annual Franchise Meeting.
Franchisor may hold an annual meeting for franchisees to discuss system updates, marketing initiatives, training opportunities, and other matters affecting the operation of the Franchised Business. Attendance at the annual meeting is mandatory for Franchisee (or Franchisee's designated representative). Franchisee must pay Franchisor an

attendance fee, which is currently between $500 and $1,000, as well as all related expenses for travel, lodging, meals, and incidentals. Franchisor may modify the attendance fee from time to time to reflect the actual cost of hosting the meeting. Franchisor will provide Franchisee with reasonable advance notice of the time and location of the meeting.

7.00 CONFIDENTIAL MANUALS

7.01 Provision of Confidential Manuals. Franchisor shall provide to Franchisee a Confidential Franchise Operations System Manual as franchisor, in its description determines is of assistance in operating the Franchised Business, (hereinafter referred to together as the "Manuals") covering proper methods of operating the Franchised Business. Franchisor reserves the right to revise such Manuals from time to time.

7.02 Ownership of Manuals. The Manuals are the sole property of the Franchisor and shall be used by Franchisee only during the term of this Agreement and in strict accordance with the terms and conditions hereof. Franchisee shall not duplicate the Manuals, allow duplication of the Manuals by others, or disclose their contents to persons other than employees of the Franchised Business on a "need-to-know" basis. Franchisee shall return the Manuals to Franchisor upon the expiration or termination of this Agreement or transfer of the Franchised Business or this Agreement by Franchisee, whichever first occurs.

7.03 Maintain Confidentiality. Franchisee must maintain in the strictest terms of secrecy and confidentiality all of Franchisor's exclusive elements and trade secrets of the licensed methods, Manuals, and business practices related to the operation of the Franchised Business. Franchisee shall promptly notify Franchisor of any unauthorized use or duplication of the Manuals, any other confidential materials provided by Franchisor**,** or the proprietary information which they contain.

7.04 Right to Modify. Franchisor shall maintain the right to modify the policies, procedures, and methods prescribed in the Manuals from time to time, provided only that such modifications shall not unreasonably alter the fundamental rights of the Franchisee as set forth in this Agreement and Franchisee acknowledges Franchisor's right to mandate such modifications thereto, and that such modifications may require additional costs by Franchisee to implement such modifications.

7.05 Covenant to Adhere. Franchisee agrees to operate the Franchised Business in strict accordance with the policies and procedures set forth in the Manuals, including updates and revisions thereto which shall from time to time be forthcoming from Franchisor.

8.00 ADVERTISING AND BUSINESS BUILDING

Recognizing the value of standardized advertising and marketing programs to further the goodwill and public image of the PlumbingPro System, Franchisee agrees as follows:

8.01 Advertising, Digital Marketing, & Business Building. Franchisee agrees to spend $1200-$2,500 per month on Core Digital Marketing Services and $6,000-$10,000 per month on Growth Advertising. You must purchase this service from our designated vendor. Franchisee must also pay a one-time digital account onboarding fee of $7,350 and a one-time website build fee of $4,700. You must purchase these services from our designated vendor. Additionally, during the first twelve (12) months following commencement of the Franchised Business, Franchisee will: (i) complete the membership application and acceptance requirements for at least ten of the following: organizations, associations, lead groups, and national service providers during the first six months of business, and (ii) employ a person who will ground market minimally 25 hours per week as specified in the Operations Manual, and submit proof of such ground marketing on a monthly basis to the Franchisor. Said monies, at Franchisor's sole option, may be required to be spent in a regional or area marketing/advertising programs with other area Franchisees.

8.02 Social Media. Franchisor has the sole right to maintain Social Media sites and/or applications including, but not limited to: Twitter, Facebook, LinkedIn, Pinterest, and other sites or applications that Franchisor may establish. Franchisee is expected to establish and utilize Social Media sites or applications for business purposes. Franchisee and Franchisee's employees do not have the right to utilize any of the Trade Secrets and Confidential Information, or the common law copyrighted materials including products, product names, Manual, training materials, Franchise Agreements, and any other documents, materials and items for the general ambiance and décor used in the operation of the System and the PlumbingPro Businesses on any Social Media sites and/or applications, even if made from a personal Social Media account. Further, any representations from Franchisee or Franchisee's employees regarding Franchisee's profits or earnings made on any Social Media site and/or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under this Franchise Agreement. Franchisee is expected to promote on Social Media such matters as Smartphone apps and 'helpful tips/information' about industry related topics. Franchisee will receive Social Media Usage training and various support materials.

8.03 Online/Print Directory Advertising. Franchisee, at its expense and exclusive of any advertising and digital marketing under Article 8.01 above, may obtain minimal listings of the Franchised Business in specified online directories designated by Franchisor, which includes coverage of the Franchise Area. The online listings shall be accompanied by a display-type advertisement which shall conform to the kind, size, position, and other specifications, specified from time to time by Franchisor. Franchisor reserves the right to require Franchisee to (i) utilize, and only utilize, specific online directories and numbers which Franchisor may designate from time to time, and (ii) purchase the display advertisement from or through it at a cost not exceeding that quoted by a specified digital marketing vendor. In the event Franchisee commences the Franchised Business before the publication of the designated online directories, Franchisee shall coordinate with Franchisor to transfer or give access to the listings as soon thereafter as possible. Additionally, Franchisee must obtain such search engine, and IYP advertising, for the size, position and other specifications as designated by the Franchisor, which include coverage of the Franchise Area.

8.04 Advertising Fund. Franchisor maintains and administers the PlumbingPro Advertising Fund ("PlumbingPro Advertising Fund"). Ownership of the PlumbingPro Advertising Fund is vested in PlumbingPro Advertising Fund, Inc., a corporation originally organized under the laws of the State of Louisiana, the sole purpose of which is to own the Advertising Fund. All advertising and marketing fees paid pursuant to Article 4.02 hereof shall be contributed to and made part of the Advertising Fund.

8.05 Purposes and Disbursements. The Advertising Fund shall be used (i) to develop advertising, marketing and public relations materials or programs designed to communicate the services of the PlumbingPro System to the public, (ii) to develop and enhance strategic alliances and business development programs and (iii) to develop local, regional or national marketing programs. ***Franchisor makes no warranties or promises as to when, as, if or whether all or any portion of the Advertising Fund contributions will be spent on the purchase of national, regional or any other form of media***. Franchisor shall administer the Advertising Fund and direct all advertising with sole discretion over the concepts, materials, and media used therein. Franchisee understands and acknowledges that the Advertising Fund is intended to maximize general public recognition and acceptance of the Licensed Marks for the benefit of the PlumbingPro System as a whole and that Franchisor undertakes no obligation to administer the Advertising Fund to insure that any particular Franchisee benefits directly or pro rata from the Advertising. No part of the Advertising Fund shall be used by Franchisor to defray any of its general operating expenses other than those reasonably allocable to such Advertising or other activities reasonably related to the administration or direction of the Advertising Fund and its related programs, subject to a maximum of twenty (20%) percent of the fund per year. Franchisee agrees that the Advertising Fund may otherwise be used to meet any and all costs incident to such Advertising, one of which may be Franchisor, including funds paid to suppliers of goods or services. In addition, Franchisor shall have the right to expend all, or any portion of, the Advertising Fund for cooperative advertising on a regional or local basis; provided, however, that such programs shall be available to all similarly situated Franchisees as determined by Franchisor in its reasonable discretion. Franchisor shall not be liable for any act or omission with respect to the Advertising Fund which is consistent with this Agreement or done in good faith.

8.06 Accumulation of Contributions. Franchisor may, in its sole discretion, elect to accumulate monies in the Fund for such periods of time as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during such fiscal year.

8.07 Reimbursement to Franchisor. In the event Franchisor's expenditures for Advertising in any one fiscal year shall exceed the total amount contributed to the Advertising Fund during such fiscal year, Franchisor shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Fund or to use such excess as a credit against its future contributions.

8.08 Provision of Advertising Materials. Franchisor may provide Franchisee, from time to time, with local advertising and marketing materials, including without limitation radio and

television commercial tapes, merchandising materials, sales aids, special promotions, and similar advertising at a reasonable price, plus handling.

8.09 Brand Standards. Franchisee must strictly comply with the unified brand standards guide.

8.10 Approval of Material. Prior to use by Franchisee, samples of all advertising material shall be submitted to Franchisor for approval. Approval by Franchisor shall not be required on any advertising material provided by Franchisor. The approval by Franchisor of advertising material on one occasion does not mean that it will be approved on every occasion. All advertising material will be created by the Franchisor's approved vendor and/or designers. Any new content creation by the Franchisee shall be required for approval by the Franchisor.

8.11 Accounts. Franchisor shall have the right to enter into service contracts with agencies and departments of the federal, state and local governments, regional, national and international industries and institutions and other regional, national and international accounts (herein collectively referred to as "National Accounts") requiring the availability to such National Accounts of Authorized Services and Required Services. Franchisee shall accept all such National Accounts service requests and otherwise service such National Accounts, in accordance with the relevant provisions of the Manuals and/or as specified by Franchisor from time to time, and in the same manner required by the provisions hereof for other customers of Franchisee; provided however, that nothing herein contained shall be construed so as to require Franchisee to charge any specific price for such services, except if legally allowed, (e.g. promotional or advertising programs designated by Franchisor). Franchisor reserves the right to assign service duties for regional or national accounts in unfranchised areas to whomever it sees fit, including existing PlumbingPro franchisees, be they in contiguous area, non-contiguous areas or even to non-franchised providers that best meet the needs of the system.

8.12 Naming Convention. Franchisor reserves the right to dictate the naming convention of both the holding company and any DBA's to avoid conflicts between franchise territories. This includes use of website URL's, key word descriptions, pay per click campaigns or any similar public usage of the trademarks. All url's that include the PlumbingPro or a variation of the name are owned solely by SystemForward America.

8.13 Use of City, State, Municipality or Regional Nicknames in Advertising. Franchisor reserves the right to require prior approval of any public displays, advertisements, or geographically targeted electronic campaigns where the geographic term can be used to target but may not actually appear in advertisements.

8.14 Credit Card Programs. Franchisee agrees to participate in and give its complete cooperation to Franchisor and other PlumbingPro Franchisees and to comply with all obligations of Franchisor and its franchisees in connection with all credit card programs from time to time formulated and established by Franchisor. All such programs shall be described in the Operating Manual.

9.00 STATEMENTS AND RECORDS

9.01 Records. Franchisee shall maintain original, full, and complete business and financial records, including without limitation, QuickBooks, sales and revenue data, expense data accounts, books, contracts, and other records which shall accurately reflect all operations relating to the Franchised Business**,** along with such statistical and other information or records as Franchisor may require from time to time. Franchisee shall keep all such information for a period of time not less than three (3) years following the expiration of the term of this Agreement. In addition, Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Business as Franchisor may reasonably request from time to time for purposes of evaluating or promoting the Franchised Business or the PlumbingPro System in general. Franchisee consents to the disclosure or other publication by Franchisor of the sales and customer data reflected by these records for the purpose of promoting evaluations or improving the PlumbingPro System. Franchisor shall have the right, at its discretion and upon reasonable notice, to access Franchisee's accounting software and records at any time for purposes of verifying compliance with this Agreement, evaluating financial performance, preparing financial reports, and confirming payment obligations to Franchisor. Franchisee shall provide Franchisor with accounting-level access (or equivalent permissions) to all relevant software, programs, and data necessary for this purpose. Franchisee shall cooperate fully and provide any requested information promptly.

9.02 Royalty Statement. Franchisee shall deliver to Franchisor together with the recurring fee payments made pursuant to Article 4, a Royalty Statement, on a form prescribed by Franchisor, stating the Gross Sales of the Franchised Business for the time period for which payment was made as well as such other information as Franchisor may require. The Royalty Statement shall be signed and certified as true and correct by Franchisee or its Designated Manager.

9.03 Audit. Franchisor and its designated agents shall have the right at its own expense to examine and audit the records, accounts, books, and data pertaining to the Franchised Business, including, without limitation, telephone usage statements, telephone answering service invoices, and dispatch logs, at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such inspection discloses that the actual Gross Sales during any scheduled reporting period exceeded the amount reported by Franchisee by an amount equal to two percent (2%) or more of the Gross Sales originally reported to Franchisor, Franchisee shall bear the cost of such inspection and audit and shall pay any such deficiency with interest from the date due at the lesser of eighteen percent (18%) per annum or the highest rate permitted by applicable law, immediately upon the request of Franchisor.

9.04 Tax Returns. Upon Franchisor's request, Franchisee shall furnish Franchisor with a complete copy of each of its reports and returns of sales, use, and gross receipt taxes and complete copies of any state or federal returns covering the operation of the Franchised Business, all of which Franchisee shall certify as true and correct. In the event the Franchised Business is included in Franchisee's personal tax returns, Franchisee shall

provide full and complete copies of such personal tax returns to Franchisor upon request. Franchisor shall keep all such information confidential. In the event the Franchised Business is included in a "consolidated" tax return filed by the Franchisee which includes other businesses owned by the Franchisee, Franchisee agrees to provide Franchisor with all pertinent data and information related to the Franchised Business, the same as if an individual tax return had been prepared for the Franchised Business.

9.05 Financial Statements. Upon Franchisor's request or as specified in the Manual, Franchisee shall furnish to Franchisor financial statements which shall include a Balance Sheet and a Profit & Loss Statement of Franchisee, all as of the end of the most recently requested monthly, quarterly or annual period, which shall be certified to by Franchisee as being true and correct. During the first twelve (12) months following commencement of the Franchised Business, Franchisee shall furnish to Franchisor Monthly Balance Sheet and Profit and Loss Statements of Franchisee, within fifteen (15) days following the end of each month.

10.00 COVENANTS

10.01 Efforts of Franchisee. Franchisee understands that the Franchise granted hereunder is not a passive investment but rather is a business dependent upon Franchisee's independent efforts, business judgment, and skills, as well as market conditions. Franchisee, through training and otherwise, will familiarize himself thoroughly with the standards and methods of operation of the PlumbingPro System. Franchisee will render assistance to and cooperate with Franchisor and other Franchisees as may reasonably be required to carry out the intents and purposes of this Agreement and to maximize sales under the Licensed Marks. Franchisor makes no representations, express or implied, regarding potential earnings of Franchisee's Franchised Business. Franchisor makes no representations regarding any activities or services to be engaged in or provided by Franchisor, except as expressly provided herein.

10.02 Non-Competition. During the term of this Agreement, Franchisee, and each Guarantor hereof, covenants not to engage as an employee, owner, operator, or in any managerial or consulting capacity in any business which engages in or offers Plumbing services, or any other similar or Additional authorized or Required Services made part of the PlumbingPro System other than as an authorized PlumbingPro Franchisee. Further, in the event this Agreement is terminated, expires, or is not renewed, or if Franchisee or any Guarantor assigns or transfers its interest herein to any person or business organization, then in such event Franchisee and any such Guarantor covenants, for a period of two (2) years after such termination, expiration, non-renewal, transfer, or assignment not to engage as an employee**,** owner, operator, or in any managerial or consulting capacity in any business which engages in or offers Plumbing services, or any other similar or Authorized or Required Services part of the PlumbingPro System within a radius of sixty (60) miles of, or in the Franchise Area, a PlumbingPro Franchise, other than as an authorized PlumbingPro System Franchise in another area. Franchisee understands and agrees that the purpose of this covenant is not to deprive Franchisee of a means of livelihood and that complying with this

covenant will not do so, but is rather to protect the goodwill, trade secrets, and proprietary nature of the PlumbingPro System.

10.03 Non-Disparagement & Confidentiality. During the term of this Agreement and thereafter, Franchisee and each Guarantor agrees that they shall not disparage or defame Franchisor in any respect. Additionally, during the term of this Agreement and thereafter, Franchisee and each Guarantor covenants not to communicate directly or indirectly, nor to divulge or use for its benefit or the benefit of any other person or legal entity, any trade secrets which are proprietary to Franchisor or any information, knowledge, or know-how deemed confidential under Article 7 hereof, except as permitted by Franchisor. In the event of any termination, expiration or non-renewal of this Agreement, Franchisee agrees that it will never use Franchisor's confidential information, trade secrets, methods of operation, or any proprietary components of the PlumbingPro System in the development or operation of any business which engages in or offers Plumbing services, or any other Additional authorized or Required Services made part the PlumbingPro System. Franchisee agrees that if it engages as an employee, owner, operator, or in any managerial or consulting capacity in any such business, it will assume the burden of proving that it has not used Franchisor's confidential information, trade secrets, methods of operation, or any proprietary components of the PlumbingPro System. No conversations can be recorded between Franchisor and Franchisee, any recording is a direct violation of, and a default of the Franchise Agreement.

10.04 Employee Non-Disclosure/Non-Competition Agreements. Franchisee agrees to execute non-disclosure and non-competition agreements, in accordance with the law of the state in which the Franchised Business operates, with each of its employees, which shall prohibit competition by its employees during and for a period of one (1) year after termination of their employment with Franchisee in any business which engages in or offers services similar in nature to the Authorized Services within sixty (60) miles of or in the Franchise Area and which shall further prohibit the employee from (i) disclosing to any other person or legal entity or (ii) using any trade secrets or any other information, knowledge, or know-how deemed confidential by Franchisor concerning the operation of the Franchised Business or the PlumbingPro System. Franchisor shall be a third-party beneficiary of such agreements and, as such, the agreements shall be subject to the prior written approval of Franchisor. Franchisee shall not amend, modify, or terminate any such agreement without Franchisor's prior written consent.

11.00 TRANSFER AND ASSIGNMENT

11.01 Assignment by Franchisee. Franchisee shall not sell, assign, transfer, pledge, or convey any interest in the Franchise Agreement or the Franchised Business without the prior written consent of Franchisor. Such consent shall not be unreasonably withheld provided that any consent to such action may carry with it terms and conditions prescribed by the Franchisor, including, without limitation, the following conditions:

(i) Franchisee's assignee shall assume all the duties, obligations, and liabilities of Franchisee to Franchisor and shall have executed the then-current form of Franchise

Agreement, which shall expire on the initial expiration date of this Agreement, together with all other documents then required by Franchisor in connection with the sale of a new franchise.

(ii) Franchisee's assignee shall pay to Franchisor a transfer fee in the amount of $11,500.00.

(iii) Franchisee must demonstrate to Franchisor's reasonable satisfaction that the prospective assignee has the good moral character, professional qualifications, financial ability, and other qualifications required by the Franchisor of a PlumbingPro Franchisee at the time of such transfer.

(iv) Prior to the consummation of any such transfer, the Franchisee shall pay all sums owing to Franchisor, to cure any breaches of the Franchise Agreement, and to comply with all other applicable transfer requirements designated in the Manuals or as otherwise communicated by the Franchisor to the Franchisee in writing.

(v) Franchisee must execute a general release of all claims, if any, it may have or believes it may have against Franchisor.

(vi) Franchisee's assignee must attend New Franchisee Training.

11.02 Assignment by Sole Proprietor to Legal Entity. Franchisee may assign, without penalty and without the payment of any transfer fee to the Franchisor, this Agreement to a corporation or other legal entity which it may own or form in the future, provided only that Franchisee shall at all times remain in control of and own all of the outstanding stock in said corporation and act as the principal officer(s) and director(s) thereof. The Franchisee shall be and remain, together with the corporation and its shareholders, jointly and severally liable for all obligations under this Agreement and for all breaches thereof. The corporation shall execute a then-current form of Franchise Agreement and each shareholder shall execute a written guaranty by which each personally guarantees the performance of all obligations under this Agreement.

11.03 Assignment by Franchisor. Franchisor reserves the right to sell or assign any portion of its interest in this Agreement, provided that the transferee assumes all obligations of Franchisor thereunder.

11.04 Franchisor's Right of First Refusal. If Franchisee desires to sell or assign its rights under this Agreement for value, Franchisee shall first notify Franchisor in writing of such intention and offer to sell such rights to Franchisor upon the terms and conditions set forth in such notice, which shall be at least as favorable as those offered by a bona fide third party (and such notice shall include a copy of such third party offer), net of any business brokerage commissions. If Franchisor declines or fails to accept the offer within 30 days of receipt, Franchisee may sell or assign the Franchise to such bona fide third party based upon the terms of said offer, provided that all applicable requirements of Article 11 hereof are satisfied.

11.05 Death or Incapacity of Franchisee. In the event of the death or mental incompetence of a sole proprietor or partner Franchisee, the executor, administrator, or personal representative of the Franchisee may transfer the rights under this Agreement to Franchisee's heirs, legatees, or successors, provided only that such heirs, legatees, or

successors meet the then-current qualifications required of a PlumbingPro Franchisee and further provided that such heirs, legatees, or successors agree in writing to be bound by the terms of this Agreement. If not, the executor, administrator, or personal representative of the Franchisee shall have a period of three (3) months following the failure to qualify to sell the deceased's interest in the Franchise Agreement to an assignee acceptable to Franchisor as provided in Article 11.01. If such a sale is not concluded within that period, Franchisor may terminate this Agreement. Franchisor shall have the right, but not the obligation, to manage/operate Franchisee's Franchised Business, for reasonable costs and management fee, until a qualified Franchisee and manager owns and operates the Franchised Business.

12.00 DEFAULT AND TERMINATION

12.01 Immediate Termination. Franchisor shall have the right to terminate this Agreement and all rights granted hereunder immediately upon written notice to Franchisee without opportunity to cure for the following reasons:

(i) If Franchisee transfers any rights or obligations arising from this Franchise Agreement to any third party without Franchisor's prior written consent.

(ii) If the Franchisee or the Franchised Business is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the Franchisee admits or by other actions evidences its inability to pay its debts as they come due;

(iii) If the Franchisor and Franchisee agree in writing to terminate this Agreement;

(iv) If Franchisee fails to commence the operation of the Franchised Business on the date and as directed by Franchisor, abandons the Franchised Business or ceases to actively remain open for business for seven (7) consecutive days, or any shorter period after which it is reasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchised Business or provide all of the Required or Additional Required Services;

(v) If the Franchisee is found by a court of competent jurisdiction to have committed an offense which damages the goodwill associated with the Licensed Marks or the PlumbingPro System;

(vi) If the Franchisee makes any materially false statements or reports to the Franchisor in connection with the Franchise Agreement or the application thereto;

(vii) If on more than two (2) occasions within any consecutive twelve (12) month period during the term of this Agreement, Franchisee has been in default of its payment obligations under Article 4.01 and 4.02, or its reporting obligations under Article 9.02 of this Agreement; or

(viii) If on more than two (2) occasions within any consecutive twelve (12) month period during the term of this Agreement, Franchisee is found to be in repeated violation of other material compliance requirements specified in this Agreement (Including, but not limited to, Articles 8.01, 8.03, 9.05, and complete compliance with the uniform and vehicle identification standards set forth in the Operations Manual).

12.02 Termination Effective After Notice and Opportunity to Cure. Franchisor may, for "good cause" as set forth below, terminate this Agreement effective at the end of thirty (30) days after written notice and opportunity to cure, to Franchisee. The meaning of the term "good cause" shall include, but not be limited to, the occurrence of any of the following acts of default:

(i) The Franchisee is in default in the prompt reporting and full payment of any financial obligation due to Franchisor under this Agreement; or
(ii) Franchisee fails to meet the performance quotas in any year during the term as set out in Article 6.01.
(iii) The Franchisee refuses, neglects or fails to perform any provision of this Agreement or fails to remain in full compliance with each of the provisions of the then-current Manuals as revised from time to time; or
(iv) Any final judgment or ruling against Franchisee relating to the Franchised Business remains unsatisfied for a period of thirty (30) days.

12.03 Termination by Franchisee. Franchisee may not terminate this Agreement prior to the expiration of its term except through legal process, and as required by Article 18.00 herein, and only for material breach of this Agreement by Franchisor, or with Franchisor's consent. In the event that Franchisee shall claim that Franchisor has failed to meet any obligation under this Agreement, Franchisee shall provide Franchisor with written notice of such claim, within one (1) year of its occurrence, specifically enumerating all alleged deficiencies and providing Franchisor with an opportunity to cure, which shall in no event be less than thirty (30) nor more than sixty (60) days from the date of receipt of such notice by Franchisor from Franchisee. Failure to give such notice shall constitute a waiver of any such alleged default.

12.04 Conformity with State Law. Notwithstanding the provisions of this Article 12.00, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over the franchise and the parties to this Agreement shall limit the Franchisor's rights of termination or shall require longer notice periods than those set forth above, the Franchise Agreement is deemed amended to conform to such rules and regulations.

13.00 OBLIGATIONS UPON TERMINATION OR NON-RENEWAL

13.01 Effect of Termination. Upon notice by Franchisor to Franchisee of the termination or non-renewal of this Agreement, Franchisee shall:

(i) Immediately (a) cease to be a Franchisee of Franchisor under this Agreement and (b) cease to operate under or use the Licensed Marks and the PlumbingPro System. Additionally**,** Franchisee shall begin immediately to take all steps necessary or required by Franchisor to disassociate itself from Franchisor and the PlumbingPro System.
(ii) Immediately pay all sums owing to Franchisor. Upon termination resulting from any default by Franchisee, such sums shall include actual damages, costs, and expenses, including reasonable attorneys' fees incurred by Franchisor as a result

of the default.

(iii) Within ten (10) days after the effective date of the expiration or termination of this Agreement, return to Franchisor the Manuals and all trade secret and other confidential materials, and all copies thereof, along with all PlumbingPro equipment, and other property owned by Franchisor in the possession of Franchisee.

(iv) Take such action as may be required by Franchisor, at Franchisor's sole option, to transfer and assign (or to disconnect and forward) to Franchisor or its designee all telephone numbers, white and yellow page telephone references and advertisements, and all trade and similar names registrations and business licenses, and to cancel any interest which Franchisee may have in the same, which Franchisee used to receive calls from the public or which were used for the Franchised Business. In that event, Franchisor shall from the effective date of termination or non-renewal of this Agreement assume financial responsibility for charges accruing for the use of said telephone numbers.

(iv) Cease to use in advertising, or in any manner whatsoever, any Licensed Marks, methods, procedures, or techniques associated with the PlumbingPro System.

(vi) Not operate or engage in the same or similar business more fully set forth in this Agreement under the heading "Non-Competition" and "Confidentiality" in Article 10.

(vii) If Franchisor terminates this Agreement for cause, all royalty and ad fund fees described in this Agreement, based on royalties and ad fund yearly payments for the past two years, will be due for the remainder of the current term of this Agreement.

(viii) Immediately give Franchisor primary ownership administrative access to Facebook, YouTube, LinkedIn, Twitter, and all other social media accounts associated with the Franchise.

(ix) Immediately delete all lead generation sites and online listings.

(x) Immediately transfer ownership to Franchisor for any domain created without Franchisor approval.

14.00 TAXES, PERMITS, AND INDEBTEDNESS

14.01 Taxes. Franchisee shall promptly pay when due any and all federal, state, and local taxes including without limitation unemployment and sales taxes, levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.

14.02 Regulations. Franchisee shall comply with all federal, state, and local laws, rules and regulations and timely obtain any and all permits, certificates, and licenses for the full and proper conduct of the Franchised Business.

14.03 Responsibility for Debts. Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

15.00 INDEMNIFICATION, INDEPENDENT CONTRACTOR STATUS, AND INSURANCE

15.01 Indemnity. Franchisee agrees to indemnify, hold harmless and defend Franchisor, and its directors, officers, employees, agents, attorneys, and shareholders, jointly and severally, from and against any and all fines, claims, actions, proceedings, damages, costs, expenses, and other losses and liabilities, (including without limitation attorneys' fees and accountants' fees) as a result of, arising out of, or connected with the operation of the Franchised Business, including, but not limited to, any civil or criminal acts committed by Franchisee or its employees outside the normal course and scope of the Franchised Business.

15.02 Relationship of Parties. The relationship between Franchisor and Franchisee is that of franchisor and franchisee. No other relationship is intended or created hereby. Neither Franchisee nor any person employed by Franchisee or shall at any time represent or hold itself out as being, an employee, partner, joint venture, subsidiary, or affiliate of Franchisor. Franchisee shall not incur any obligation on behalf of Franchisor. Franchisee is and shall remain an independent business entity and nothing in this Agreement or otherwise shall be construed to create an agency relationship, a partnership, or a joint venture between Franchisee and Franchisor. Neither Franchisee nor Franchisor shall act as the agent of the other, and neither Franchisee nor Franchisor shall guarantee or become in any way responsible for the obligations, debts, or expenses of the other. Franchisor shall not be entitled to share in the profits of Franchisee nor be required to share in Franchisee's losses or liabilities, nor have any ownership or equity interest in the Franchise, nor regulate the hiring or firing of Franchisee's employees or other persons performing functions on behalf of the Franchisee, nor regulate working conditions or determine whom the Franchisee shall accept as customers, except to the extent necessary to protect the Licensed Marks and the goodwill associated therewith, or to service National Accounts. The conduct of Franchisee's business shall be determined by its own independent reasonable business judgment and discretion, subject only to the provisions of this Agreement and the Manuals. Nothing herein or otherwise shall create the relationship of trustee or beneficiary between Franchisor and Franchisee.

15.03 Insurance. Franchisee shall, at its expense and no later than upon commencement of the business contemplated by this Agreement, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Manuals or otherwise in writing which shall be in such amounts as may from time to time be required by Franchisor and which shall designate Franchisor as an additional named insured, including, but not limited to, the following: (i) Workers' Compensation insurance as prescribed by applicable state law; (ii) comprehensive general liability insurance covering the operation of the Franchised Business with limits of not less than $1 million; (iii) automobile and general liability insurance on all vehicles owned by the Franchised Business with limits of not less than $1 million, and (iv) hired, non-owned automobile liability insurance covering vehicles owned by employees of Franchisee and used in the performance of their duties with limits of not less than $1 million. All insurance coverage

required hereinabove shall include the name of Franchisor as an additional "named insured". Franchisee shall furnish to Franchisor evidence that such insurance policies have been procured and maintained in effect during the term of this Agreement.

16.00 WRITTEN APPROVALS, WAIVERS, FORMS OF AGREEMENT, AND AMENDMENT

16.01 Written Approval. Whenever this Agreement requires Franchisor's prior approval, Franchisee shall make a timely written request. Unless a different time period is specified in this Agreement, Franchisor shall respond with its approval or disapproval within fifteen (15) days of receipt of such request. If Franchisor has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed disapproval of any such request.

16.02 Waiver Provision. No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. No waiver or approval by Franchisor of any particular breach or default by Franchisee, nor any delay, forbearance, or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder, nor acceptance by Franchisor of any payments due hereunder shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement

16.03 No Warranty of Uniform Terms. No warranty or representation is made by Franchisor that all PlumbingPro System franchise agreements heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other PlumbingPro System Franchisees in a non-uniform manner, subject, however, to those provisions of this Agreement which require Franchisor to act toward its Franchisees on a reasonably non-discriminatory basis.

16.04 Entire Agreement. This Franchise Agreement contains the entire agreement between the parties and supersedes any and all prior agreements or negotiations concerning the subject matter hereof and may only be modified or amended by mutual written agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative. **SUBJECT TO SUCH DISCLOSURE DOCUMENT, THERE ARE NO REPRESENTATIONS, WARRANTIES, EARNINGS, REVENUE OR OTHER CLAIMS, AGREEMENTS, PROMISES, ARRANGEMENTS, OR UNDERSTANDINGS, ORAL OR WRITTEN, BETWEEN THE PARTIES HERETO RELATING TO THE SUBJECT MATTER WHICH ARE NOT FULLY EXPRESSED HEREIN.**

17.00 NOTICES

17.01 Addresses. All notices required hereunder shall be in writing and shall be sent by certified mail, return receipt requested, to the address of the other party shown herein, or to such other address as may in the future be provided by either of the Parties. In the event the Franchisee has changed address and failed to properly advise Franchisor in writing of its new address, all notices required to be given to Franchisee under this Agreement shall be deemed proper if sent to the last known address of the Franchisee on file with the Franchisor.

17.02 Notices of Default and/or Termination. All notices of default and/or termination hereunder shall be in writing, sent by registered, certified, or other receipted mail (including overnight courier services) or delivered by telegram or personally to the Franchisee. Such notices shall contain a statement of intent to terminate the Franchise together with reasons therefor and the effective date of termination. Any cure periods required with respect to such notices shall run from the date of depositing such notices in the U.S. Mail, postage prepaid or the date of other dispatch to Franchisee. All notices of default and/or termination shall be deemed delivered on the date of depositing such notices in the U.S. Mail as provided herein.

18.00 GOVERNING LAW AND DISPUTE RESOLUTION

18.01 Governing Law. This Agreement is accepted by Franchisor in the State of Louisiana and shall be governed by, construed, interpreted, and applied in accordance with the laws of the State of Louisiana*, which laws shall prevail in the event of any conflict. Franchisee hereby irrevocably submits any claim, dispute, suit, action, or proceeding which it may have arising out of or relating to this Agreement, or any of the transactions or documents contemplated by, referenced in, or related to this Agreement to the Judicial Authority nearest to Franchisor (Venue will always be as close to Franchisor as possible.) *Refer to Exhibit E in the Franchise Disclosure Document for State-specific Addenda.

18.02 Dispute Resolution - Arbitration. Franchisee hereby irrevocably submits any claim, dispute, suit, action, or proceeding which it may have arising out of or relating to this Agreement, or any of the transactions or documents contemplated by, referenced in**,** or related to this Agreement, to binding arbitration under the rules for commercial arbitration of the American Arbitration Association at its office located nearest to Franchisor. Franchisee agrees that Franchisee's rights, obligations and abilities are unique to Franchisee and any and all dispute resolution must be resolved solely and individually between Franchisor and Franchisee.

18.03 Dispute Resolution - Courts. Franchisor, with respect to any dispute of the type described below, shall have the right, in its sole discretion, to seek without bond an order for specific performance, including injunctive or equitable relief, of any court of competent jurisdiction to enforce Franchisee's obligations under this Agreement pending or independent of arbitration or, alternatively, to submit such dispute to binding arbitration:

(i) Disputes involving the ownership and/or use of the Licensed Marks or PlumbingPro System of Franchisor;
(ii) Disputes regarding the breach of non-competition covenants or the disclosure or improper or unauthorized use of confidential or proprietary information by Franchisee; or
(iii) Disputes regarding compliance with Franchisor's standards of operation as provided in this Agreement or in any manuals provided by Franchisor.

A court will determine if a bond is required.

18.04 Notwithstanding anything in this agreement or any other agreement to the contrary; Franchisor shall have the absolute sole right to demand that Louisiana law and venue in Lafayette Parish apply as regards any claims or actions between Franchisee and Franchisor. Additionally, Franchisor shall have the sole absolute right to determine if any claim or action will be arbitrated or litigated in Lafayette Parish using Louisiana law.

19.00 ATTORNEY'S FEES

If Franchisor secures any declaration, injunction, order of specific performance, or any other judgment pursuant to Article 18.03, if any provision of this Agreement is enforced at any time by Franchisor, or if any amounts due from Franchisee to Franchisor are, at any time, collected by or through an attorney at law or collection agency, Franchisee shall be liable to Franchisor for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorneys' fees.

20.00 SEVERABILITY AND CONSTRUCTION

20.01 Severability. Should any provision of this Agreement be for any reason held invalid, illegal or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid; and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to effectuate fully the provisions hereof. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.

20.02 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

20.03 Captions. The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement.

21.00 ACKNOWLEDGMENTS

21.01 Franchisee acknowledges that it has carefully read this Agreement and all other related documents to be executed by it concurrently or in conjunction with the execution hereof, that it understands the nature of this Agreement, and that it intends to comply herewith and be bound thereby. No representation, promise, guarantee, or warranty has been made herein or in connection herewith by Franchisor to induce the execution hereof by Franchisee which is not expressly contained herein. Franchisee recognizes that neither Franchisor nor any other person can guarantee Franchisee's success in the franchised business. By the execution and acceptance of this Agreement, the parties hereto acknowledge that they have read the same and understand each provision hereof.

Initialed: _____

21.02 Franchisee acknowledges that this Franchise Agreement was accompanied by a Franchise Disclosure Document which Franchisee received at least ten (10) days prior to entering into this Agreement or any other agreement, or payment of any consideration for same, except as otherwise required by certain state laws that may require receipt of the Franchise Disclosure Document at the earlier of:

(i) The first personal meeting with the Franchisor; or
(ii) Ten (10) business days prior to the signing of any Franchise Agreement or related agreements or ten (10) business days before any payment by the Franchisee.

Initialed: _____

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the dates shown below, but effective on the date shown above.

FRANCHISOR: SYSTEMFORWARD AMERICA, LLC

By _____

Date_____

FRANCHISEE: _____

(Print Name)

By _____

Name _____

Title _____

Date_____

PERSONAL GUARANTEE

The undersigned hereby personally guarantees each and every obligation of the above Franchisee to SYSTEMFORWARD AMERICA, LLC ("Franchisor") arising out of this Franchise Agreement, any promissory note or otherwise, all without limitation of any kind or nature. Franchisor need not bring suit first against Franchisee in order to enforce this guarantee.

_____ _____

Guarantor Date

_____ _____

Guarantor Date

_____ _____

Guarantor Date

EXHIBIT D

FORM OF GENERAL RELEASE

General Release

THIS GENERAL RELEASE (the "**Release**") is made and entered into on this _____day of _____, 20___(the "**Effective Date**"), by and between:

- System Forward America, LLC, a Louisiana limited liability company whose principal place of business is 1018 Harding Street, Suite 101 Lafayette, Louisiana 70503 ("**Franchisor**"); and

- _____a [resident of] [corporation organized in] [limited liability company organized in] _____and having offices at _____ [("**Franchisee**")] [("**Transferor**")].

BACKGROUND:

A. Franchisor and [Franchisee][Transferor] are party to a Franchise Agreement dated _____ (the "**Franchise Agreement**");

B. Franchisor and Franchisee have agreed, pursuant to the Franchise Agreement, [to renew or extend Franchisee's rights under the Franchise Agreement (the "**Renewal Transaction**")] [to permit a transfer or assignment of _____ pursuant to Section ___ of the Franchise Agreement (the "**Transfer Transaction**")], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction].

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

1. Release. [Franchisee] [Transferor], its officers and directors and Principals, and their respective agents, heirs, administrators, successors and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the "**Franchisor Group**") from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its Principals had, have or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership or operation of the PlumbingPro franchise. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys',

accountants' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or the PlumbingPro franchise. The Franchisee Group and its Principals represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

2. General Terms.

2.1. This Release shall be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2. This Release shall take effect upon its acceptance and execution by each of the parties hereto.

2.3. This Release may be executed in counterparts, and signatures exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only, and shall neither amend nor modify the terms hereof.

2.5 [For Maryland franchisees, add this paragraph]: The parties agree that all actions arising under this Release must be commenced in the state or federal court of general jurisdiction in Maryland, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. This Release shall be interpreted and construed under the laws of the State of Maryland. In the event of any conflict of law, the laws of the State of Maryland shall prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

2.6. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.7. [For Washington franchisees, add this paragraph]: It is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder).

2.8. No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties hereto.

3. [For California franchisees, add this paragraph]: Each of the Franchisee Related Parties expressly waives and relinquishes all rights and benefits which either may now have or in the

future have under and by virtue of California Civil Code Section 1542. The parties do so understand the significance and consequence of such specific waiver. Section 1542 provides that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." For the purpose of implementing a general release and discharge as described in Section 1. above, the parties expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all claims described in Section 1. above which the parties do not know or suspect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

SystemForward America, LLC Franchisor	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

EXHIBIT E

STATE-SPECIFIC ADDENDA AND AGREEMENT AMENDMENTS

STATE-SPECIFIC DISCLOSURE ADDENDA

California Disclosure

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for SystemForward America, LLC in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

1. Our website not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

2.. 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.

3. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

4. YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE § 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§ 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE § 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§ 20000 THROUGH 20043).

5. In Item 3, "Litigation," shall be amended by the addition of the following paragraphs:

> Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.
>
> Neither we, nor any person identified in Item 2 above, is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

6. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraph(s) at the conclusion of the Item:

> California Business and Professions Code Sections 20000 through 20043

provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.).

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

If the Franchise Agreement contains a liquidated damages clause. Under California Civil Code § 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur at the American Arbitration Association's office located nearest to Franchisor, with the costs being borne by franchisee. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of the State of Louisiana. This provision may not be enforceable under California law.

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.

Illinois Addendum to the FDD

Illinois law governs the franchise agreement.

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

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

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

IF YOU BUY THIS FRANCHISE, THE **FRANCHISOR CAN REQUIRE YOU** TO OFFER SERVICES OTHER THAN PLUMBINGPRO SERVICES; WITHIN 90 DAYS NOTICE YOU MUST COMPLY WITH ALL REQUIREMENTS FOR TRAINING, EQUIPMENT, TOOLS, INVENTORY AND STAFFING IN ORDER TO BE IN COMPLIANCE.

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.

The Illinois Attorney General's Office requires us to defer payment of the initial franchise fees until Franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations.

Previous Experience Required. The training program provided by the franchisor (see Item 11) is not designed to provide the knowledge and skills that will be necessary to operate the franchise business. Franchisees will either need to possess the additional knowledge and skills themselves, or hire employees that possess the knowledge and skills, to be able to perform and provide the franchise's services professionally and safely.

Maryland Disclosure

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

Franchisees are permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101et seq.).

The provision in the Franchise Agreement which provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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.

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.

Minnesota Disclosure

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document for SystemForward America, LLC for use in the State of Minnesota shall be amended to include the following:

1.

a. NSF checks and related interest and attorneys' fees are governed by Minnesota Statute § 604.113, which puts a cap of $30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys' fees.

b. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. § 80C.14, subd. 3-5, which require (i) good cause for termination and except in certain specified cases that a franchisee be given 90 days' notice of termination (with 60 days to cure), and (ii) 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

c. The Limitations of Claims section must comply with Minnesota Stat. § 80C.17, subd. 5.

d. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

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

2. Item 13, "Trademarks," shall be amended by the addition of the following paragraph at the end of the Item:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights which you have to use our proprietary marks.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs:

With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3,4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

Pursuant to Minn. Rule 2860.4400D, any general release of claims that you

or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you 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 your rights, as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. We may seek injunctive relief, but you cannot consent to our obtaining injunctive relief.

4. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the Disclosure Document.

New York Disclosure

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 OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be 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 Rev. March 17, 2021 2 injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for 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.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

5. The following is added to the 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.

Rhode Island Disclosure

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Franchise Disclosure Document for SystemForward America, LLC for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

> § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this addendum to the Disclosure Document.

Washington Disclosure

In recognition of the Washington Franchise Investment Protection Act is located at Wash. Rev. Code §§ 19.100.010 to 19.100.940, the Franchise Disclosure Document for SystemForward America, LLC in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

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:

> The state of Washington has a statute, RCW 19.100.180, which 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.
>
> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
>
> 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.
>
> 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 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.

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

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

2. Each provision of this addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, is located at Wash. Rev. Code §§ 19.100.110 to 19.100.940, are met independently without reference to this addendum to the Disclosure Document.

STATE AMENDMENTS TO AGREEMENTS

California Franchise Agreement Amendment

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 California amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

FRANCHISOR: SYSTEMFORWARD AMERICA, LLC

By _____

Date_____

FRANCHISEE: _____
(Print Name)

By _____

Name _____

Title _____

Date_____

Illinois Franchise Agreement Amendment

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of 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 of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

No statement, questionnaire, or 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.

IF YOU BUY THIS FRANCHISE, THE FRANCHISOR CAN REQUIRE YOU TO OFFER SERVICES OTHER THAN PLUMBINGPRO SERVICES; WITHIN 90 DAYS NOTICE YOU MUST COMPLY WITH ALL REQUIREMENTS FOR TRAINING, EQUIPMENT, TOOLS, INVENTORY AND STAFFING IN ORDER TO BE IN COMPLIANCE.

The Illinois Attorney General's Office requires us to defer payment of the initial franchise fees until Franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations.

Previous Experience Required. The training program provided by the franchisor (see Item 11) is not designed to provide the knowledge and skills that will be necessary to operate the franchise business. Franchisees will either need to possess the additional knowledge and skills themselves, or hire employees that possess the knowledge and skills, to be able to perform and provide the franchise's services professionally and safely.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Illinois amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

FRANCHISOR: SYSTEMFORWARD AMERICA, LLC

By _____

Date_____

FRANCHISEE: _____
(Print Name)

By _____

Name _____

Title _____

Date_____

Maryland Franchise Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law .705, the parties to the attached SystemForward America, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 16.00 of the Agreement, under the heading "Written Approvals, Waivers, Forms of Agreement and Amendment," shall be supplemented by the addition of the following new paragraph:

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

2. Section 18.00 of the Agreement, under the heading "Governing Law and Dispute Resolution," shall be supplemented by the addition of the following new paragraph:

   18.04 Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

3. 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.

4. Section 1.02 of the Agreement under the heading "Initial Franchise Fee" shall be supplemented by the addition of the following:

   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.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Maryland amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

FRANCHISOR: SYSTEMFORWARD AMERICA, LLC

By _____

Date_____

FRANCHISEE: _____
(Print Name)

By _____

Name _____

Title _____

Date_____

Minnesota Franchise Agreement Amendment

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached SystemForward America, LLC Franchise Agreement (the "Agreement") agree as follows:

1.

a. NSF checks and related interest and attorneys' fees are governed by Minnesota Statute § 604.113, which puts a cap of $30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys' fees.

b. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. § 80C.14, subd. 3-5, which require (i) good cause for termination and except in certain specified cases that a franchisee be given 90 days' notice of termination (with 60 days to cure), and (ii) 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

c. The Limitations of Claims section must comply with Minnesota Stat. § 80C.17, subd. 5.

d. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

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

2. Section 2.00 of the Agreement, under the heading "Term and Renewal," shall be supplemented by the addition of the following new paragraph:

2.03 Minnesota law provides franchisees with certain non-renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that a franchisee be given 180 days notice of non-renewal of the Franchise Agreement.

3. Section 5.00 of the Agreement, under the heading "Licensed Marks," shall be amended by the addition of the following new paragraph 5.07:

5.07 Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), SystemForward America, LLC is required to protect any rights Franchisee may have to SystemForward America, LLC's Proprietary Marks.

4. Section 11.01, under the heading "Transfer and Assignment," is deleted in its entirety, and

shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> (v) Franchisee must execute a general release of all claims, if any, it may have or believes it may have against Franchisor, excluding only such claims as the transferor may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

5. Section 11.00 of the Agreement, under the heading "Transfer and Assignment," shall be supplemented by the addition of the following new paragraph 11.06:

> 11.06 Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

6. Section 12.00 of the Agreement, under the heading "Default and Termination," shall be supplemented by the following new paragraph 12.05:

> 12.05 Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) of the Franchise Agreement.

7. Section 18.00 of the Agreement, under the heading "Governing Law and Dispute Resolution", shall be supplemented by the following paragraph 18.04, which shall be considered an integral part of the Agreement:

> 18.04 Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you 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 your rights, as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. We may seek injunctive relief, but you cannot consent to our obtaining injunctive relief.

8. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Minnesota amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

FRANCHISOR: SYSTEMFORWARD AMERICA, LLC

By _____

Date_____

FRANCHISEE: _____
(Print Name)

By _____

Name _____

Title _____

Date_____

New York Franchise Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached SystemForward America, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 11.01, under the heading "Transfer and Assignment," is deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> (v) Franchisee must execute a general release of all claims, if any, it may have or believes it may have against Franchisor, provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Section 18.00 of the Agreement, under the heading "Governing Law and Dispute Resolution," shall be supplemented by the addition of the following language:

> Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

3. There are circumstances in which an offering made by SystemForward America, LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Franchisee is domiciled in or the franchise will be opening in New York. SystemForward America, LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

[Signature page to follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

FRANCHISOR: SYSTEMFORWARD AMERICA, LLC

By _____

Date_____

FRANCHISEE: _____
(Print Name)

By _____

Name _____

Title _____

Date_____

Rhode Island Franchise Agreement Amendment

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached SystemForward America, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 18.00 of the Agreement, under the heading "Governing Law and Dispute Resolution," shall be supplemented by the addition of the following paragraph 18.04:

> 18.04 § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

FRANCHISOR: SYSTEMFORWARD AMERICA, LLC

By _____

Date_____

FRANCHISEE: _____
(Print Name)

By _____

Name _____

Title _____

Date_____

Washington Franchise Agreement Amendment

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached SystemForward America, LLC Franchise Agreement agree as follows:

1. The state of Washington has a statute, RCW 19.100.180, which 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.

2. 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.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. 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.

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

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, are met independently without reference to this amendment.

7. 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.

8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

[Signature page to follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

FRANCHISOR: SYSTEMFORWARD AMERICA, LLC

By _____

Date_____

FRANCHISEE: _____
(Print Name)

By _____

Name _____

Title _____

Date_____

EXHIBIT F

LICENSED MARKS

United States of America

United States Patent and Trademark Office

Reg. No. 5,277,290

Registered Aug. 29, 2017

Int. Cl.: 37

Service Mark

Principal Register

SystemForward America, Inc. (LOUISIANA CORPORATION)
P.O. Box 52086
Lafayette, LA 70505

CLASS 37: plumbing services; drain and sewer cleaning and rootering services; descaling services for water pipes and water heaters; cleaning of grease traps; repair and maintenance of household appliances and of residential plumbing systems; repair or maintenance of dish washing machines and clothes washing machines; installation, replacement, repair, and maintenance services for water heaters; excavation services

FIRST USE 5-4-2017; IN COMMERCE 5-4-2017

The color(s) blue, red, and white is/are claimed as a feature of the mark.

The mark consists of the wording "PLUMBING PRO LATEST TECHNOLOGY TRUSTED SERVICE" in block letters with "PLUMBING" in blue, "PRO" with a red upper portion and a lower portion having red, white, and blue stripes in a wave pattern across the letters with the lower right portion of the letter "R" extending below the base of the word, "LATEST TECHNOLOGY TRUSTED SERVICE" in blue below "PRO"; and a blue faucet within a blue partial tear drop outline and a red pipe wrench partially closing the tear drop outline.

No claim is made to the exclusive right to use the following apart from the mark as shown: "PLUMBING PRO", "LATEST TECHNOLOGY" AND "SERVICE"

SER. NO. 86-924,257, FILED 03-01-2016
WILLIAM M ROSSMAN, EXAMINING ATTORNEY

Joseph Matal

Performing the Functions and Duties of the
Under Secretary of Commerce for
Intellectual Property and Director of the
United States Patent and Trademark Office

EXHIBIT G

FINANCIAL STATEMENTS

KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

Of Counsel
C. Burton Kolder, CPA*

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022
Gerald A. Thibodeaux, Jr., CPA* - retired 2024

* A Professional Accounting Corporation

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Abbeville, LA 70511

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434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

WWW.KCSRCPAS.COM

CONSENT

Kolder, Slaven, & Company, LLC consents to the use in the Franchise Disclosure Document issued by SystemForward America, LLC ("Franchisor") on May 1, 2026, as it may be amended, of our report dated April 3, 2026, related to the financial statements of Franchisor for the year ended December 31, 2025.

Kolder, Slaven, & Company, LLC
Certified Public Accountants

Kolder, Slaven & Company, LLC

Abbeville, Louisiana
April 3, 2026

SYSTEMFORWARD AMERICA, LLC

Financial Report

Years Ended December 31, 2025 and 2024

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KOLDER, SLAVEN & COMPANY, LLC
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WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
And Stockholders of
SystemForward America, LLC
Lafayette, Louisiana

Opinion

We have audited the accompanying financial statements of SystemForward America, LLC (a Subchapter S Corporation), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SystemForward America, LLC as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 SystemForward America, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
April 3, 2026

SYSTEMFORWARD AMERICA, LLC

Balance Sheets
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash	$ 1,064,324	$ 477,712
Accounts receivable	905,906	893,798
Franchise fees receivable	192,562	165,796
Allowance for credit losses	(257,599)	(248,954)
Deferred costs - current portion		
Unamortized broker fees	303,853	270,234
Unamortized area developer fees	39,002	32,199
Notes receivable - current portion		
Franchisees	131,349	46,866
Employees	7,553	12,462
Due from affiliates	727,001	601,708
Inventory	9,491	12,137
Prepaid expenses	6,679	1,911
Other receivables	1,739	8,423
Total current assets	3,131,860	2,274,292
Property and equipment, net	43,102	49,996
Operating lease right-of-use assets, net	785,452	893,639
Other Assets:		
Goodwill, net	12,780	16,113
Deferred costs - long term portion		
Unamortized broker fees	1,450,542	1,124,953
Unamortized area developer fees	142,155	116,674
Notes receivable - long term portion		
Franchisees	126,361	77,940
Employees	-	1,148
Notes receivable - shareholder	126,460	212,950
Total other assets	1,858,298	1,549,778
Total assets	$ 5,818,712	$ 4,767,705

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

SYSTEMFORWARD AMERICA, LLC

Balance Sheets (Continued)
December 31, 2025 and 2024

	2025	2024
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 92,903	$ 46,629
Accrued expenses	133,518	93,382
Operating lease liability - current	98,029	94,725
Deferred revenues	965,206	888,920
Total current liabilities	1,289,656	1,123,656
Long-term liabilities:		
Operating lease liability - noncurrent	736,554	834,583
Other liabilities	25,000	148,247
Deferred revenues	4,647,057	3,870,114
Total long-term liabilities	5,408,611	4,852,944
Total liabilities	6,698,267	5,976,600
Stockholders' Equity:		
Common stock, no par value, 10,000 shares authorized, 1,200 shares issued	85,000	85,000
Retained earnings	(964,555)	(1,293,895)
Total stockholders' equity	(879,555)	(1,208,895)
Total liabilities and stockholders' equity	$ 5,818,712	$ 4,767,705

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

SYSTEMFORWARD AMERICA, LLC

Statements of Income
For the Years Ended December 31, 2025 and 2024

	2025	2024
Revenues:		
Franchise fees	$ 1,149,272	$ 1,769,982
Royalty income	3,031,640	3,256,941
Sales of tools, uniforms and supplies	5,481	4,927
Management fees	90,721	102,763
Franchise training income	37,630	10,280
Other	28,278	62,107
Total revenues	4,343,022	5,207,000
Operating expenses	3,561,559	3,926,064
Operating income	781,463	1,280,936
Other income (expenses):		
Interest and dividend income	258	589
Interest expense	(85)	-
(Loss) gain on disposal of assets	-	(4,834)
Other expense	(56,960)	-
Total other income (expense)	(56,787)	(4,245)
Net income	$ 724,676	$ 1,276,691

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

SYSTEMFORWARD AMERICA, LLC

Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2025 and 2024

	Common Stock	Retained Earnings	Total Stockholders' Equity
Balance, December 31, 2023, restated	$ 85,000	$ (2,215,089)	$ (2,130,089)
Net income	-	1,276,691	$ 1,276,691
Dividends paid	-	(355,497)	$ (355,497)
Balance, December 31, 2024	$ 85,000	$ (1,293,895)	$ (1,208,895)
Net income	-	724,676	724,676
Dividends paid	-	(395,336)	(395,336)
Balance, December 31, 2025	$ 85,000	$ (964,555)	$ (879,555)

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

SYSTEMFORWARD AMERICA, LLC

Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities:		
Net income	$ 724,676	$ 1,276,691
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization	14,262	14,875
Right of use asset amortization	108,187	108,420
Loss (gain) on disposal of assets	-	4,834
Provision for bad debts	9,730	230,885
(Increase) decrease in assets:		
Accounts and notes receivable	(160,122)	(243,226)
Due from affiliates	(125,293)	(133,435)
Deferred costs	(391,492)	245,825
Inventory	2,646	2,430
Prepaid expenses	(4,768)	762
Increase (decrease) in liabilities:		
Accounts payable	46,274	1,359
Accrued expenses	40,136	(25,933)
Operating lease liability	(94,725)	(88,241)
Deferred revenues	853,229	(672,330)
Other liabilities	(123,247)	(126,753)
Net cash provided by operating activities	899,493	596,163
Cash Flows From Investing Activities:		
Purchase of property and equipment	(4,035)	(8,737)
Proceeds from sale of property and equipment	-	3,500
Net cash flows (used) provided by investing activities	(4,035)	(5,237)
Cash Flows From Financing Activities:		
Advances (repayments) to shareholder	86,490	(207,950)
Distributions to stockholders	(395,336)	(355,497)
Net cash flows used by financing activities	(308,846)	(563,447)
Change in cash	586,612	27,479
Cash, beginning of year	477,712	450,233
Cash, end of year	$ 1,064,324	$ 477,712

(continued)

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

SYSTEMFORWARD AMERICA, LLC

Statements of Cash Flows (continued)
For the Years Ended December 31, 2025 and 2024

	2025	2024
Supplemental information:		
Interest paid	$ 85	$ -

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

SYSTEMFORWARD AMERICA, LLC

Notes to Financial Statements

(1) Organization

SystemForward America, LLC (the "Company") has the exclusive right and authority to license the registered trademarks formally owned by Sig 5 Corporation including Pop-A-Lock, a door unlocking service. The Company sells the rights to operate a Pop-A-Lock franchise location for an initial franchise fee plus a royalty interest based upon the gross sales of the franchise. The Company also provides training and tool kits to the franchisees for a fee.

In 2014, the Company began marketing franchises for TemperaturePro, a turnkey system for heating, ventilation, and air conditioning services. The Company sells the rights to operate a TemperaturePro franchise for an initial franchise fee plus a royalty interest based upon the gross sales of the franchise. The Company also provides training for a fee.

In 2019, the Company began marketing franchises for PlumbingPro System, a turnkey system for plumbing and drains, water damage restoration, water heaters and sewage tanks. The Company sells the rights to operate a PlumbingPro System franchise for an initial franchise fee plus a royalty interest based upon the gross sales of the franchise. The Company also provides training for a fee.

(2) Summary of Significant Accounting Policies

A. Basis of Presentation

This summary of significant accounting policies of SystemForward America, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

The Company maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States if America.

B. Cash flows

For the purpose of the statement of cash flows, the Company considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

C. Trade accounts and notes receivable

Trade receivables consist of royalty income based on the gross sales of the franchisee. The Company enters into notes receivable agreements for initial start up costs or when franchisees fall behind on monthly royalty payments. The terms and rates are negotiated with each franchisee at the time the note is signed.

D. Allowance for credit losses

The Company determined its trade receivables and notes receivables have similar risk and characteristics due to a consistent customer base and similar composition. An allowance for credit losses on trade accounts and notes receivable, primarily for royalty receivables from franchisees, are recorded at the balance sheet dates. The allowance for credit losses is based on historical credit loss rate, and current and projected economic trends.

E. Inventory

Inventories consist primarily of tool kits and logo apparel and are stated at the lower of cost (first-in, first-out) or market value.

F. Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

Vehicle	5 years
Machinery and Equipment	3-10 years
Furniture and Fixtures	5-10 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized.

G. Goodwill

The Company amortizes goodwill on a straight-line basis over a 15-year useful life and only evaluates goodwill for impairment at the entity level when a triggering event occurs.

H. Revenue Recognition

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective locations and continuing royalty fees on a monthly basis based upon a percentage of franchisee sales. The initial term of franchise agreements are typically 10 years. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the assignee. The assignee assumes all duties, obligations, and liabilities of the franchisee. They assume the original franchise agreement which shall expire on the initial expiration date. If a contract is terminated prior to its term, all sums owed to the Franchisor become due immediately.

Under the terms of the franchise agreements, the Company promised to provide franchise rights, pre-opening services such as franchisee and sales training, and ongoing support. The franchise rights, and ongoing support is deemed one performance obligation which is covered by the initial franchise fee paid. Revenue from the franchise fee is recognized on a straight-line basis over the duration of the agreement to ensure that the revenue recognition aligns with the customer's access to the franchise rights. The Company determined that sales/employee training is one performance obligation that is offered by the franchisor for an additional cost to their employees and sales representatives. Revenue for sales/employee training is recognized when training is complete.

Franchise fees that are payable over intervals which exceed one year and have no provision for interest are discounted at an imputed interest rate. Broker fees incurred which are related to franchisee fees are payable as franchise fees are collected and recorded utilizing similar accounting treatment for presentation in the financial statements. At December 31, 2025 and 2024, $192,562 and $165,796, respectively, was included in deferred revenues related to franchise fees receivables on the initial franchise fees.

Royalty income is recognized during the respective franchise agreement based on the royalties earned each month as the underlying franchisees sales occur.

I. Use of Estimates

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

J. Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Service Code to be a Small Business Corporation, an "S" corporation. In lieu of corporation income taxes, the stockholder of an "S" corporation is taxed on his proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company's shareholders will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Company's tax returns remain open for three years for federal and state income tax examination.

K. Advertising Funds

Franchise agreements require the franchisee to pay continuing marketing fees on a monthly basis, based on a percentage of franchisee sales. The advertising fees are to be used only for advertising the Pop-A-Lock System, Temperature ProSystem, and the Plumbing Pro System to the general public. The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2025 and 2024 was $464,629 and $432,501, respectively.

In 2018, the Company adopted Accounting Standards Update (ASU) 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance Variable Interest Entities,* which allows a private company (reporting entity) to elect not to apply variable interest entity guidance to legal entities under common control (including common control leasing arrangements) if both the parent and the legal entity being evaluated for consolidation are not public business entities. The advertising funds are separate legal entities under common ownership. The advertising funds are administered by board members made up of franchisees. The advertising funds are not reflected in the financial statements.

L. Leases

The Company recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements.

At the commencement of a lease, the Company initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The Company uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the Company uses its estimated incremental borrowing rate as the discount rate for leases. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The Company monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

(3) Concentrations of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, marketable securities, and receivables.

The Company places its cash and cash equivalents with sound financial institutions. At times, such amounts may be in excess of FDIC insurance limits. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2025, uninsured cash balances total $817,239.

Franchisees are generally dispersed by geographical locations, but all operate in similar lines of business.

(4) Contract Balances

Contract assets include accounts receivable, franchise fees receivable, notes receivable and deferred costs related to broker and area developer fees. Accounts receivable represent monthly royalty payments that are billed and unbilled receivables due as of December 31, 2025 and 2024. Franchise fees receivable include balances owed on the initial franchise fee charged as of December 31, 2025 and 2024. Notes receivables include financial obligations from various franchisees for royalties as of December 31, 2025 and 2024. Deferred broker and area developer fees are costs that are related to ongoing contract rights and fees that are being straight lined over the contract life.

Contract liabilities include deferred franchise fees that are being recognized on a straight-line basis over the life of the franchise agreement.

The beginning and ending contract assets and contract liabilities consists of the following as of December 31:

	2025	2024	2023
Assets:			
Accounts receivable	$ 905,906	$ 893,798	$ 817,145
Franchise fee receivable	192,562	165,796	-
Notes receivable, franchisees - current	131,349	46,866	82,671
Notes receivable, franchisees - non-current	126,361	77,940	218,034
Deferred costs - current	342,855	302,433	398,048
Deferred costs - non-current	1,592,697	1,241,627	1,391,837
Total contract assets	$ 3,291,730	$ 2,728,460	$ 2,907,735
Liabilities:			
Deferred revenue - current	$ 965,206	$ 888,920	$ 946,135
Deferred revenue - long term	4,647,057	3,870,114	4,485,229
Total contract liabilities	$ 5,612,263	$ 4,759,034	$ 5,431,364

The future recognition of deferred franchise fees and unamortized costs to be recognized related to performance obligations that are unsatisfied as of December 31, 2025 is as follows:

	Unamortized Costs	Deferred Franchise Fees
2026	$ 342,855	$ 965,206
2027	310,150	857,192
2028	259,156	723,782
2029	242,703	672,446
2030	221,157	616,868
2031-thereafter	559,531	1,776,769
	$ 1,935,552	$ 5,612,263

The following table presents disaggregation of revenue from contracts with customers for the years ended December 31:

	2025	2024
Performance obligations satisfied over time:		
Franchise fees	$ 1,149,272	$ 1,769,982
Performance obligations satisfied at a point time:		
Royalty income	3,031,640	3,256,941
Sales of tolls, uniforms, and supplies	5,481	4,927
Management fees	90,721	102,763
Franchise training income	37,630	10,280
Rebates	27,143	59,173
Finance charges	1,135	2,934
	3,193,750	3,437,018
Total revenue	$ 4,343,022	$ 5,207,000

(5) Notes Receivable

A. Franchisees -

At December 31, 2025 and 2024, the Company has obligations from various franchisees for initial start-up costs and royalties. Obligations accrue interest at 2.9% and are due in monthly installments aggregating approximately $3,219, including interest. Amounts due as of December 31, 2025 are as follows:

2026	$ 131,349
2027	54,326
2028	44,450
2029	7,202
2030	7,414
2031-thereafter	12,969
Total	$ 257,710
Less current portion	(131,349)
Non-current portion	$ 126,361

B. Employees –

The Company made loans to a few employees. These obligations accrue interest at 2.3% and are due in aggregate semi-monthly installments of $750, including interest, and such payments are made through payroll deductions. Amounts due as of December 31, 2025 are as follows:

2026	$ 7,553

(6) Allowance for Credit Losses

An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased.

The Company had the following activity for its allowance for credit losses for receivables for the years ended December 31, 2025 and December 31, 2024:

	2025	2024
Beginning balance	$ 248,954	$ 205,295
Provision for expected credit losses	8,645	43,659
Ending balance	$ 257,599	$ 248,954

(7) Property and Equipment

Property and equipment are summarized as follows:

	2025	2024
Improvements	$ 32,288	$ 32,288
Furniture and office equipment	70,031	65,996
Vehicles	33,255	33,255
	135,574	131,539
Less accumulated depreciation	(92,472)	(81,543)
Property and equipment, net	$ 43,102	$ 49,996

Depreciation expense amounted to $10,929 and $11,542 in 2025 and 2024, respectively.

(8) Goodwill

During the year ended December 31, 2025 and 2024, no triggering events occurred requiring impairment testing and thus, no impairment loss was recorded. Accumulated amortization as of December 31, 2025 and 2024 was $37,220 and $33,887, respectively. Amortization expense for the year ended December 31, 2025 and 2024 was $3,333, respectively.

Amortization expense will be recognized as follows:

2026	$ 3,333
2027	3,333
2028	3,333
2029	2,781
	$ 12,780

(9) Operating Leases

The Company entered into a 5-year lease agreement for the rental of office space on January 1, 2022. The lease agreement includes provisions for variable rent payments, with consumer price index (CPI) increasing in year 2 through year 4 not to exceed $200 per month. In August 2023, the Company entered into a 20-year lease agreement for the rental of a building, with provisions for variable rent payments, with consumer price index (CPI) increases each year not to exceed $200 per month. As of December 31, 2025, the right-of-use (ROU) assets had a balance of $785,452, as shown on the balance sheet; the lease liability is included in operating lease liabilities-current $98,029 and operating lease liabilities-non-current $736,554. The lease assets and liabilities were calculated utilizing the risk-free discount rate ranging from 0.4% to 4.3% according to the Company's elected policy. Operating lease cost for the year ended December 31, 2025, was $141,094. The weighted average remaining lease term is 15.92 years, and the weighted average discount rate is 4.03% for the year ended December 31, 2025.

Maturities of operating lease liabilities as of December 31, 2025:

Year Ended December 31,	
2026	$ 130,032
2027	48,460
2028	51,360
2029	53,760
2030	56,160
2030-2034	280,800
2035-2039	360,000
2040-2044	212,480
Total lease payments	1,193,052
Less: interest	(358,816)
Present value of lease liabilities	$ 834,236

Cash flow information related to leases for the year ended December 31, 2025:

	2025	2024
Cash paid for amounts included in measuring operating right of use lease liabilities:		
Operating cash flows for operating right of use leases	$ 127,632	$ 123,072
Operating leases right of use assets obtained in exchange for lease obligations:		
Operating lease right of use - modifications	$ -	$ (46,353)

(10) Management Fees

Franchise agreements require the franchisees to pay continuing marketing fees on a monthly basis, based on a percentage of franchisee sales. The fees collected are to be used only for advertising the Pop-A-Lock System, TemperaturePro System, and PlumbingPro System to the general public. The advertising funds are held in separate legal entities under common ownership. The funds in the advertising funds are administered by board members made up of franchisees. The advertising funds cannot be used by the Company and are not reflected in the financial statements.

The Company charges a management fee to the funds, allowable in the franchise agreements, that is subject to a maximum of 15% of the funds per year to recover a portion of its operating expenses. Total management fees charged to the advertising funds in December 31, 2025 and 2024 were $90,721 and $102,763, respectively.

At December 31, 2025 and 2024, the advertising funds owed the Company $697,001 and $494,156, respectively, and is included in the due from affiliates' line item on the balance sheets.

(11) Other Related Party Transactions

The Company pays a consulting fee of $10,000 per month to an entity owned by one of the Company's shareholders. Consulting fees of $120,000 were paid to the related party during each of the years ended December 31, 2025 and 2024.

The Company made lease payments of $3,680 per month for December 31, 2025, and $3,500 per month for December 31, 2024 to an entity owned by two of the Company’s shareholders. Lease payments of $44,160 and $42,000 were paid to the related parties during the years ended December 31, 2025 and December 31, 2024.

(12) Commitments and Contingencies

At various times during the year, the Company may be involved in disputes with franchisees that arise in the ordinary course of business. In some instances, the Company returns the initial franchise fees paid and is ordered to pay out additional amounts. Total franchise fees returned during 2025 and 2024 was $0 and $0, respectively and is recorded against franchise fee revenue. Any amounts owed in addition to the initial franchise fee returned is recorded as other expense on the statements of income. Additional amounts of $56,960 and $0 were included in other expense during the year ended December 31, 2025 and 2024, respectively. Included in this amount is an other liability of $25,000 and $148,247 as of December 31, 2025 and December 31, 2024, respectively.

(13) Subsequent Event Review

The Company has evaluated subsequent events through April 3, 2026, the date the financial statements were available to be issued.

KOLDER, SLAVEN & COMPANY, LLC
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CONSENT

Kolder, Slaven, & Company, LLC consents to the use in the Franchise Disclosure Document issued by SystemForward America, LLC ("Franchisor") on May 1, 2025 as it may be amended, of our report dated March 31, 2025, related to the financial statements of Franchisor for the year ended December 31, 2024.

Kolder, Slaven, & Company, LLC
Certified Public Accountants

Kolder, Slaven & Company, LLC

Abbeville, Louisiana
March 31, 2025

SYSTEMFORWARD AMERICA, LLC

Financial Report

Years Ended December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
And Stockholders of
SystemForward America, LLC
Lafayette, Louisiana

Opinion

We have audited the accompanying financial statements of SystemForward America, LLC (a Subchapter S Corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SystemForward America, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 SystemForward America, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 31, 2025

SYSTEMFORWARD AMERICA, LLC

Balance Sheets
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash	$ 477,712	$ 450,233
Accounts receivable	893,798	817,145
Franchise fees receivable	165,796	-
Allowance for credit losses	(248,954)	(205,295)
Deferred costs - current portion		
Unamortized broker fees	270,234	347,592
Unamortized area developer fees	32,199	50,456
Notes receivable - current portion		
Franchisees	46,866	82,671
Employees	12,462	16,746
Due from affiliates	601,708	468,273
Inventory	12,137	14,567
Prepaid expenses	1,911	2,673
Other receivables	8,423	1,739
Total current assets	2,274,292	2,046,800
Property and equipment, net	49,996	61,135
Operating lease right-of-use assets, net	893,639	1,048,412
Other Assets:		
Goodwill, net	16,113	19,446
Deferred costs - long term portion		
Unamortized broker fees	1,124,953	1,261,220
Unamortized area developer fees	116,674	130,617
Notes receivable - long term portion		
Franchisees	77,940	218,034
Employees	1,148	14,098
Notes receivable - shareholder	212,950	5,000
Total other assets	1,549,778	1,648,415
Total assets	$ 4,767,705	$ 4,804,762

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

SYSTEMFORWARD AMERICA, LLC

Balance Sheets (Continued)
December 31, 2024 and 2023

	2024	2023
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 46,629	$ 45,270
Accrued expenses	93,382	119,315
Operating lease liability - current	94,725	88,415
Deferred revenues	888,920	946,135
Total current liabilities	1,123,656	1,199,135
Long-term liabilities:		
Operating lease liability - noncurrent	834,583	975,487
Other liabilities	148,247	275,000
Deferred revenues	3,870,114	4,485,229
Total long-term liabilities	4,852,944	5,735,716
Total liabilities	5,976,600	6,934,851
Stockholders' Equity:		
Common stock, no par value, 10,000 shares authorized, 1,200 shares issued	85,000	85,000
Retained earnings	(1,293,895)	(2,215,089)
Total stockholders' equity	(1,208,895)	(2,130,089)
Total liabilities and stockholders' equity	$ 4,767,705	$ 4,804,762

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

SYSTEMFORWARD AMERICA, LLC

Statements of Income
For the Years Ended December 31, 2024 and 2023

	2024	2023
Revenues:		
Franchise fees	$ 1,769,982	$ 1,458,941
Royalty income	3,256,941	3,698,803
Sales of tools, uniforms and supplies	4,927	8,433
Management fees	102,763	146,313
Franchise training income	10,280	8,201
Other	62,107	18,587
Total revenues	5,207,000	5,339,278
Operating expenses	3,926,064	4,186,098
Operating income	1,280,936	1,153,180
Other income (expenses):		
Interest and dividend income	589	2,668
Realized and unrealized gain on investments	-	1,444
Interest expense	-	(67)
(Loss) gain on disposal of assets	(4,834)	767
Other expense	-	(662,500)
Total other income (expense)	(4,245)	(657,688)
Net income	$ 1,276,691	$ 495,492

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

SYSTEMFORWARD AMERICA, LLC

Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2024 and 2023

	Common Stock	Retained Earnings	Total Stockholders' Equity
Balance, December 31, 2022	$ 85,000	$ (995,512)	$ (910,512)
Adoption of ASU No. 2016-13, Topic 326	-	(191,528)	(191,528)
Net income, restated	-	495,492	$ 495,492
Dividends paid	-	(1,523,541)	$ (1,523,541)
Balance, December 31, 2023, restated	$ 85,000	$ (2,215,089)	$ (2,130,089)
Net income	-	1,276,691	1,276,691
Dividends paid	-	(355,497)	(355,497)
Balance, December 31, 2024	$ 85,000	$ (1,293,895)	$ (1,208,895)

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

SYSTEMFORWARD AMERICA, LLC

Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities:		
Net income	$ 1,276,691	$ 495,492
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization	14,875	14,066
Right of use asset amortization	108,420	95,921
Realized and unrealized gains	-	(1,444)
Loss (gain) on disposal of assets	4,834	(767)
Provision for bad debts	230,885	(67,649)
(Increase) decrease in assets:		
Accounts and notes receivable	(243,226)	129,837
Due from affiliates	(133,435)	(126,413)
Deferred costs	245,825	645,825
Inventory	2,430	(1,856)
Prepaid expenses	762	(145)
Increase (decrease) in liabilities:		
Accounts payable	1,359	15,017
Accrued expenses	(25,933)	(229,630)
Franchisee deposit	-	(15,000)
Operating lease liability	(88,241)	(80,431)
Deferred revenues	(672,330)	(387,654)
Other liabilities	(126,753)	275,000
Net cash provided by operating activities	596,163	760,169
Cash Flows From Investing Activities:		
Purchase of property and equipment	(8,737)	(38,673)
Proceeds from sale of property and equipment	3,500	2,500
Proceeds of marketable securities	-	113,369
Net cash flows (used) provided by investing activities	(5,237)	77,196
Cash Flows From Financing Activities:		
Advances (repayments) to shareholder	(207,950)	(5,000)
Distributions to stockholders	(355,497)	(1,523,541)
Net cash flows used by financing activities	(563,447)	(1,528,541)
Change in cash	27,479	(691,176)
Cash, beginning of year	450,233	1,141,409
Cash, end of year	$ 477,712	$ 450,233

(continued)

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

SYSTEMFORWARD AMERICA, LLC

Statements of Cash Flows (continued)
For the Years Ended December 31, 2024 and 2023

	2024	2023
Supplemental information:		
Interest paid	$ -	$ 67

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

SYSTEMFORWARD AMERICA, LLC

Notes to Financial Statements

(1) Organization

The Company has the exclusive right and authority to license the registered trademarks formally owned by Sig 5 Corporation including Pop-A-Lock, a door unlocking service. The Company sells the rights to operate a Pop-A-Lock franchise location for an initial franchise fee plus a royalty interest based upon the gross sales of the franchise. The Company also provides training and tool kits to the franchisees for a fee.

In 2014, the Company began marketing franchises for TemperaturePro, a turnkey system for heating, ventilation, and air conditioning services. The Company sells the rights to operate a TemperaturePro franchise for an initial franchise fee plus a royalty interest based upon the gross sales of the franchise. The Company also provides training for a fee.

In 2019, the Company began marketing franchises for PlumbingPro System, a turnkey system for plumbing and drains, water damage restoration, water heaters and sewage tanks. The Company sells the rights to operate a PlumbingPro System franchise for an initial franchise fee plus a royalty interest based upon the gross sales of the franchise. The company also provides training for a fee.

(2) Summary of Significant Accounting Policies

A. Basis of Presentation

This summary of significant accounting policies of SystemForward America, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

The Company maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States if America.

B. Cash flows

For the purpose of the statement of cash flows, the Company considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

C. Marketable securities

The Company invests in marketable securities. Such securities are classified as trading securities and are recorded at fair value on the balance sheet with the change in market value recognized in income during the year. As of December 31, 2024, the Company had no marketable securities. As of December 31, 2023, marketable securities consists of mutual funds (equities and fixed income).

D. Trade accounts and notes receivable

Trade receivables consist of royalty income based on the gross sales of the franchisee. The Company enters into notes receivable agreements for initial start up costs or when franchisees fall behind on monthly royalty payments. The terms and rates are negotiated with each franchisee at the time the note is signed.

E. Allowance for credit losses

The Company determined its trade receivables and notes receivables have similar risk and characteristics due to a consistent customer base and similar composition. An allowance for credit losses on trade accounts and notes receivable, primarily for royalty receivables from franchisees, are recorded at the balance sheet dates. The allowance for credit losses is based on historical credit loss rate, and current and projected economic trends.

F. Inventory

Inventories consist primarily of tool kits and logo apparel and are stated at the lower of cost (first-in, first-out) or market value.

G. Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

Vehicle	5 years
Machinery and Equipment	3-10 years
Furniture and Fixtures	5-10 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized.

H. Goodwill

The Company amortizes goodwill on a straight-line basis over a 15-year useful life and only evaluates goodwill for impairment at the entity level when a triggering event occurs.

I. Revenue Recognition

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective locations and continuing royalty fees on a monthly basis based upon a percentage of franchisee sales. The initial term of franchise agreements are typically 10 years. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the assignee. The assignee assumes all duties, obligations, and liabilities of the franchisee. They assume the original franchise agreement which shall expire on the initial expiration date. If a contract is terminated prior to its term, all sums owed to the Franchisor become due immediately.

Under the terms of the franchise agreements, the Company promised to provide franchise rights, pre-opening services such as franchisee and sales training, and ongoing support. The franchise rights, and ongoing support is deemed one performance obligation which is covered by the initial franchise fee paid. Revenue from the franchise fee is recognized on a straight-line basis over the duration of the agreement to ensure that the revenue recognition aligns with the customer's access to the franchise rights. The Company determined that sales/employee training is one performance obligation that is offered by the franchisor for an additional cost to their employees and sales representatives. Revenue for sales/employee training is recognized when training is complete.

Franchise fees that are payable over intervals which exceed one year and have no provision for interest are discounted at an imputed interest rate. Broker fees incurred which are related to franchisee fees are payable as franchise fees are collected and recorded utilizing similar accounting treatment for presentation in the financial statements. At December 31, 2024 and 2023, $165,796 and $0, respectively, was included in deferred revenues related to franchise fees receivables on the initial franchise fees.

Royalty income is recognized during the respective franchise agreement based on the royalties earned each month as the underlying franchisees sales occur.

J. Use of Estimates

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

K. Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Service Code to be a Small Business Corporation, an "S" corporation. In lieu of corporation income taxes, the stockholder of an "S" corporation is taxed on his proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company's shareholders will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Company's tax returns remain open for three years for federal and state income tax examination.

L. Advertising Funds

Franchise agreements require the franchisee to pay continuing marketing fees on a monthly basis, based on a percentage of franchisee sales. The advertising fees are to be used only for advertising the Pop-A-Lock System, Temperature ProSystem, and the Plumbing Pro System to the general public. The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2024 and 2023 was $432,501 and $241,412, respectively.

In 2018, the Company adopted Accounting Standards Update (ASU) 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance Variable Interest Entities,* which allows a private company (reporting entity) to elect not to apply variable interest entity guidance to legal entities under common control (including common control leasing arrangements) if both the parent and the legal entity being evaluated for consolidation are not public business entities. The advertising funds are separate legal entities under common ownership. The advertising funds are administered by board members made up of franchisees. The advertising funds are not reflected in the financial statements.

M. Leases

The company recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements.

At the commencement of a lease, the company initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The company uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the company uses its estimated incremental borrowing rate as the discount rate for leases. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The company monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

(3) Concentrations of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, marketable securities, and receivables.

The Company places its cash and cash equivalents with sound financial institutions. At times, such amounts may be in excess of FDIC insurance limits. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2024, uninsured cash balances total $238,852.

Franchisees are generally dispersed by geographical locations, but all operate in similar lines of business.

(4) Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate the fair value:

Cash and cash equivalents

The carrying amount approximates fair value.

(5) Contract Balances

Contract assets include accounts receivable, franchise fees receivable, notes receivable and deferred costs related to broker and area developer fees. Accounts receivable represent monthly royalty payments that are billed and unbilled receivables due as of December 31, 2024 and 2023. Franchise fees receivable include balances owed on the initial franchise fee charged as of December 31, 2024 and 2023. Notes receivables include financial obligations from various franchisees for royalties as of December 31, 2024 and 2023. Deferred broker and area developer fees are costs that are related to ongoing contract rights and fees that are being straight lined over the contract life.

Contract liabilities include deferred franchise fees that are being recognized on a straight-line basis over the life of the franchise agreement.

The beginning and ending contract assets and contract liabilities consists of the following as of December 31:

	2024	2023	2022
Assets:			
Accounts receivable	$ 893,798	$ 817,145	$ 1,046,021
Franchise fee receivable	165,796	-	-
Notes receivable, franchisees - current	46,866	82,671	77,845
Notes receivable, franchisees - non-current	77,940	218,034	151,075
Deferred costs - current	302,433	398,048	443,122
Deferred costs - non-current	1,241,627	1,391,837	1,992,588
Total contract assets	$ 2,728,460	$ 2,907,735	$ 3,710,651
Liabilities:			
Deferred revenue - current	$ 888,920	$ 946,135	$ 1,028,308
Deferred revenue - long term	3,870,114	4,485,229	4,790,710
Total contract liabilities	$ 4,759,034	$ 5,431,364	$ 5,819,018

The future recognition of deferred franchise fees and unamortized costs to be recognized related to performance obligations that are unsatisfied as of December 31, 2024 is as follows:

	Unamortized Costs	Deferred Franchise Fees
2025	$ 302,433	$ 888,920
2026	274,733	803,261
2027	242,029	690,859
2028	191,035	557,449
2029	174,581	506,113
2030-thereafter	359,249	1,312,432
	$ 1,544,060	$ 4,759,034

The following table presents disaggregation of revenue from contracts with customers for the years ended December 31:

	2024	2023
Performance obligations satisfied over time:		
Franchise fees	$ 1,769,982	$ 1,458,941
Performance obligations satisfied at a point time:		
Royalty income	3,256,941	3,698,803
Sales of tolls, uniforms, and supplies	4,927	8,433
Management fees	102,763	146,313
Franchise training income	10,280	8,201
Rebates	59,173	12,219
Finance charges	2,934	6,368
	3,437,018	3,880,337
Total revenue	$ 5,207,000	$ 5,339,278

(6) Notes Receivable

A. Franchisees -

At December 31, 2024 and 2023, the Company has obligations from various franchisees for royalties. Obligations accrue interest at 2.9% and are due in monthly installments aggregating approximately $5,792, including interest. Amounts due as of December 31, 2024 are as follows:

2025	$ 46,866
2026	29,120
2027	19,617
2028	6,997
2029	7,202
2030-thereafter	15,004
Total	$ 124,806
Less current portion	(46,866)
Non-current portion	$ 77,940

B. Employees –

The Company made loans to a few employees. These obligations accrue interest at 2.3% and are due in aggregate semi-monthly installments of $750, including interest, and such payments are made through payroll deductions. Amounts due as of December 31, 2024 are as follows:

2025	12,462
2026	1,148
Total	$ 13,610
Less current portion	(12,462)
Non-current portion	$ 1,148

(7) Allowance for Credit Losses

An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased.

The Company had the following activity for its allowance for credit losses for receivables for the years ended December 31, 2024 and December 31, 2023:

	2024	2023
Beginning balance	$ 205,295	$ 81,415
Provision for expected credit losses	43,659	123,880
Ending balance	$ 248,954	$ 205,295

(8) Property and Equipment

Property and equipment are summarized as follows:

	2024	2023
Improvements	$ 32,288	$ 32,288
Furniture and office equipment	65,996	74,542
Vehicles	33,255	33,255
	131,539	140,085
Less accumulated depreciation	(81,543)	(78,950)
Property and equipment, net	$ 49,996	$ 61,135

Depreciation expense amounted to $11,542 and $10,733 in 2024 and 2023, respectively.

(9) Goodwill

During the year ended December 31, 2024 and 2023, no triggering events occurred requiring impairment testing and thus, no impairment loss was recorded. Accumulated amortization as of December 31, 2024 and 2023 was $33,887 and $30,554, respectively. Amortization expense for the year ended December 31, 2024 and 2023 was $3,333, respectively.

Amortization expense will be recognized as follows:

2025	$ 3,333
2026	3,333
2027	3,333
2028	3,333
2029	2,781
	$ 16,113

(10) Operating Leases

The Company entered into a 5-year lease agreement for the rental of office space on January 1, 2022. The lease agreement includes provisions for variable rent payments, with consumer price index (CPI) increasing in year 2 through year 4 not to exceed $200 per month. In August 2023, the Company entered into a 20-year lease agreement for the rental of a building, with provisions for variable rent payments, with consumer price index (CPI) increases each year not to exceed $200 per month. As of December 31, 2024, the right-of-use (ROU) assets had a balance of $893,639, as shown on the balance sheet; the lease liability is included in operating lease liabilities-current $94,725 and operating lease liabilities-non-current $834,583. The lease assets and liabilities were calculated utilizing the risk-free discount rate ranging from 0.4% to 4.3% according to the Company's elected policy. Operating lease cost for the year ended December 31, 2024, was $143,251. The weighted average remaining lease term is 15.61 years, and the weighted average discount rate is 3.81% for the year ended December 31, 2024.

Maturities of operating lease liabilities as of December 31, 2024:

Year Ended December 31,	
2025	$ 127,632
2026	130,032
2027	48,960
2028	51,360
2029	53,760
2030-2034	280,800
2035-2039	338,400
2040-2044	290,240
Total lease payments	1,321,184
Less: interest	(391,876)
Present value of lease liabilities	$ 929,308

Cash flow information related to leases for the year ended December 31, 2024:

	2024	2023
Cash paid for amounts included in measuring operating right of use lease liabilities:		
Operating cash flows for operating right of use leases	$ 123,072	$ 96,172
Operating leases right of use assets obtained in exchange for lease obligations:		
Operating leases right of use asset - additions	$ -	$ 820,224
Operating lease right of use - modifications	$ (46,353)	$ -

(11) Management Fees

Franchise agreements require the franchisees to pay continuing marketing fees on a monthly basis, based on a percentage of franchisee sales. The fees collected are to be used only for advertising the Pop-A-Lock System, TemperaturePro System, and PlumbingPro System to the general public. The advertising funds are held in separate legal entities under common ownership. The funds in the advertising funds are administered by board members made up of franchisees. The advertising funds cannot be used by the company and are not reflected in the financial statements.

The Company charges a management fee to the funds, allowable in the franchise agreements, that is subject to a maximum of 15% of the funds per year to recover a portion of its operating expenses. Total management fees charged to the advertising funds in December 31, 2024 and 2023 were $102,763 and $146,313, respectively.

At December 31, 2024 and 2023, the advertising funds owed the Company $494,156 and $390,721, respectively, and is included in the due from affiliates' line item on the balance sheets.

(12) Other Related Party Transactions

The Company pays a consulting fee of $10,000 per month to an entity owned by one of the Company's shareholders. Consulting fees of $120,000 were paid to the related party during each of the years ended December 31, 2024 and 2023.

The Company makes lease payments of $3,500 per month to an entity owned by two of the Company’s shareholders. Lease payments of $42,000 were paid to the related parties during the year ended December 31, 2024.

(13) Commitments and Contingencies

At various times during the year, the Company may be involved in disputes with franchisees that arise in the ordinary course of business. In some instances, the Company returns the initial franchise fees paid and is ordered to pay out additional amounts. Total franchise fees returned during 2024 and 2023 was $0 and $0, respectively and is recorded against franchise fee revenue. Any amounts owed in addition to the initial franchise fee returned is recorded as other expense on the statements of income. Additional amounts of $0 and $662,500 were included in other expense during the year ended December 31, 2024 and 2023, respectively. Included in this amount is an other liability of $148,247 and $275,000 as of December 31, 2024 and December 31, 2023, respectively.

(14) Subsequent Event Review

The Company has evaluated subsequent events through March 31, 2025, the date the financial statements were available to be issued.

(15) Restatement of Previously Issued Financial Statements

The Company has restated its previously issued financial statements for 2023 to reflect the correction of error related to the overstatement of unamortized broker fees and unamortized area developer expenses.

An error in the calculation of unamortized broker fees and unamortized area developer fees for 2023 was discovered and corrected in 2024. The effect of the correction of this error on the results of operations, retained earnings, and significant asset and liability accounts is as follows for December 31, 2024.

	Previously Reported 12/31/2023	Prior Period Adjustment	As Restated 12/31/2023
Net income	$ 739,605	$ (244,113)	$ 495,492
Retained earnings	$ (1,970,976)	$ (244,113)	$ (2,215,089)
Assets:			
Unamortized broker fees - non-current	$ 1,441,561	$ (180,341)	$ 1,261,220
Unamortized area developer - noncurrent	$ 194,389	$ (63,772)	$ 130,617

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CONSENT

Kolder, Slaven, & Company, LLC consents to the use in the Franchise Disclosure Document issued by SystemForward America, LLC ("Franchisor") on June 15, 2024, as it may be amended, of our report dated March 22, 2024, related to the financial statements of Franchisor for the year ended December 31, 2023.

Kolder, Slaven, & Company, LLC
Certified Public Accountants

Kolder, Slaven & Company, LLC

Abbeville, Louisiana
March 22, 2024

SYSTEMFORWARD AMERICA, LLC

Financial Report

Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
And Stockholders of
SystemForward America, LLC
Lafayette, Louisiana

Opinion

We have audited the accompanying financial statements of SystemForward America, LLC (a Subchapter S Corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SystemForward America, LLC as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 SystemForward America, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 SystemForward America, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 22, 2024

SYSTEMFORWARD AMERICA, LLC

Balance Sheets
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets:		
Cash	$ 450,233	$ 1,141,409
Investments	-	116,244
Accounts receivable	817,145	1,046,021
Allowance for credit losses	(205,295)	(81,415)
Deferred costs - current portion		
Unamortized broker fees	347,592	385,914
Unamortized area developer fees	50,456	57,208
Notes receivable - current portion		
Franchisees	82,671	77,845
Employees	16,746	3,590
Due from affiliates	468,273	341,860
Inventory	14,567	12,711
Prepaid expenses	2,673	2,528
Other receivables	1,739	1,739
Total current assets	2,046,800	3,105,654
Property and equipment, net	61,135	34,928
Operating lease right-of-use assets, net	1,048,412	319,789
Other Assets:		
Goodwill, net	19,446	22,779
Deferred costs - long term portion		
Unamortized broker fees	1,441,561	1,716,555
Unamortized area developer fees	194,389	276,033
Notes receivable - long term portion		
Franchisees	218,034	151,075
Employees	14,098	-
Notes receivable - shareholder	5,000	-
Total other assets	1,892,528	2,166,442
Total assets	$ 5,048,875	$ 5,626,813

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

SYSTEMFORWARD AMERICA, LLC

Balance Sheets (Continued)
December 31, 2023 and 2022

	2023	2022
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 45,270	$ 30,253
Accrued expenses	119,315	348,945
Franchisee Deposit	-	15,000
Operating lease liability - curent	88,415	77,544
Deferred revenues	946,135	1,028,308
Total current liabilities	1,199,135	1,500,050
Long-term liabilities:		
Operating lease liability - noncurrent	975,487	246,565
Other liabilities	275,000	-
Deferred revenues	4,485,229	4,790,710
Total long-term liabilities	5,735,716	5,037,275
Total liabilities	6,934,851	6,537,325
Stockholders' Equity:		
Common stock, no par value, 10,000 shares authorized, 1,200 shares issued	85,000	85,000
Retained earnings	(1,970,976)	(995,512)
Total stockholders' equity	(1,885,976)	(910,512)
Total liabilities and stockholders' equity	$ 5,048,875	$ 5,626,813

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

SYSTEMFORWARD AMERICA, LLC

Statements of Income
For the Years Ended December 31, 2023 and 2022

	2023	2022
Revenues:		
Franchise fees	$ 1,458,941	$ 2,752,703
Royalty income	3,698,803	4,155,616
Sales of tools, uniforms and supplies	8,433	7,526
Management fees	146,313	105,064
Franchise training income	8,201	12,840
Other	18,587	118,466
Total revenues	5,339,278	7,152,215
Operating expenses	3,941,985	4,109,858
Operating income	1,397,293	3,042,357
Other income (expenses):		
Interest and dividend income	2,668	2,908
Realized and unrealized gain (loss) on investments	1,444	(22,516)
Interest expense	(67)	(44)
Loss on disposal of assets	767	(8,872)
Other expense	(662,500)	(128,293)
Total other income (expense)	(657,688)	(156,817)
Net income	$ 739,605	$ 2,885,540

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

SYSTEMFORWARD AMERICA, LLC

Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2023 and 2022

	Common Stock	Retained Earnings	Total Stockholders' Equity
Balance, December 31, 2021	$ 85,000	$ (2,478,701)	$ (2,393,701)
Net income	-	2,885,540	2,885,540
Dividends paid	-	(1,402,351)	(1,402,351)
Balance, December 31, 2022	$ 85,000	$ (995,512)	$ (910,512)
Adoption of ASU No. 2016-13, Topic 326		(191,528)	(191,528)
Net income	-	739,605	739,605
Dividends paid	-	(1,523,541)	(1,523,541)
Balance, December 31, 2023	$ 85,000	$ (1,970,976)	$ (1,885,976)

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

SYSTEMFORWARD AMERICA, LLC

Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities:		
Net income	$ 739,605	$ 2,885,540
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization	14,066	12,538
Realized and unrealized gains	(1,444)	22,516
Gain on disposal of assets	(767)	8,872
Provision for bad debts	(67,649)	47,995
(Increase) decrease in assets:		
Accounts and notes receivable	129,837	(117,941)
Due from affiliates	(126,413)	(113,168)
Deferred costs	401,712	804,197
Inventory	(1,856)	(7,956)
Prepaid expenses	(145)	(2,008)
Operating lease right-of-use asset	(1,048,412)	(319,789)
Increase (decrease) in liabilities:		
Accounts payable	15,017	(116,578)
Accrued expenses	(229,630)	119,634
Franchise Deposit	(15,000)	-
Deferred revenues	(387,654)	(2,249,126)
Operating lease liability	1,063,902	324,109
Other liabilities	275,000	-
Net cash provided by operating activities	760,169	1,298,835
Cash Flows From Investing Activities:		
Purchase of property and equipment	(38,673)	(9,390)
Proceeds from sale of property and equipment	2,500	-
Proceeds of marketable securities	113,369	16,056
Net cash flows provided by investing activities	77,196	6,666
Cash Flows From Financing Activities:		
Advances (repayments) to shareholder	(5,000)	-
Distributions to stockholders	(1,523,541)	(1,402,351)
Net cash flows used by financing activities	(1,528,541)	(1,402,351)
Change in cash	(691,176)	(96,850)
Cash, beginning of year	1,141,409	1,238,259
Cash, end of year	$ 450,233	$ 1,141,409

(continued)

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

SYSTEMFORWARD AMERICA, LLC

Statements of Cash Flows (continued)
For the Years Ended December 31, 2023 and 2022

	2023	2022
Supplemental information:		
Interest paid	$ 67	$ 44
Operating lease liability	$ 818,492	$ 324,109
Lease assets obtained in exchange for lease obligations		
Operating leases	$ 820,224	$ 398,948

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

SYSTEMFORWARD AMERICA, LLC

Notes to Financial Statements

(1) Organization

The Company has the exclusive right and authority to license the registered trademarks formally owned by Sig 5 Corporation including Pop-A-Lock, a door unlocking service. The Company sells the rights to operate a Pop-A-Lock franchise location for an initial franchise fee plus a royalty interest based upon the gross sales of the franchise. The Company also provides training and tool kits to the franchisees for a fee.

In 2014, the Company began marketing franchises for TemperaturePro, a turnkey system for heating, ventilation, and air conditioning services. The Company sells the rights to operate a TemperaturePro franchise for an initial franchise fee plus a royalty interest based upon the gross sales of the franchise. The Company also provides training for a fee.

In 2019, the Company began marketing franchises for PlumbingPro System, a turnkey system for plumbing and drains, water damage restoration, water heaters and sewage tanks. The Company sells the rights to operate a PlumbingPro System franchise for an initial franchise fee plus a royalty interest based upon the gross sales of the franchise. The company also provides training for a fee.

(2) Summary of Significant Accounting Policies

A. Basis of Presentation

This summary of significant accounting policies of SystemForward America, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

The Company maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States if America.

B. Cash flows

For the purpose of the statement of cash flows, the Company considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

C. Marketable securities

The Company invests in marketable securities. Such securities are classified as trading securities and are recorded at fair value on the balance sheet with the change in market value recognized in income during the year. As of December 31, 2023, the Company had no marketable securities. As of December 31, 2022, marketable securities consists of mutual funds (equities and fixed income).

D. Trade accounts and notes receivable

Trade receivables consist of royalty income based on the gross sales of the franchisee. The Company enters into notes receivable agreements for initial start up costs or when franchisees fall behind on monthly royalty payments. The terms and rates are negotiated with each franchisee at the time the note is signed.

E. Allowance for credit losses

The Company determined its trade receivables and notes receivables have similar risk and characteristics due to a consistent customer base and similar composition. An allowance for credit losses on trade accounts and notes receivable, primarily for royalty receivables from franchisees, are recorded at the balance sheet dates. The allowance for credit losses is based on historical credit loss rate, and current and projected economic trends.

F. Inventory

Inventories consist primarily of tool kits and logo apparel and are stated at the lower of cost (first-in, first-out) or market value.

G. Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

Vehicle	5 years
Machinery and Equipment	3-10 years
Furniture and Fixtures	5-10 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized.

H. Goodwill

The Company amortizes goodwill on a straight-line basis over a 15-year useful life and only evaluates goodwill for impairment at the entity level when a triggering event occurs.

I. Revenue Recognition

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective locations and continuing royalty fees on a monthly basis based upon a percentage of

franchisee sales. The initial term of franchise agreements are typically 10 years. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the assignee. The assignee assumes all duties, obligations, and liabilities of the franchisee. They assume the original franchise agreement which shall expire on the initial expiration date. If a contract is terminated prior to its term, all sums owed to the Franchisor become due immediately.

Under the terms of the franchise agreements, the Company promised to provide franchise rights, pre-opening services such as franchisee and sales training, and ongoing support. The franchise rights, and ongoing support is deemed one performance obligation which is covered by the initial franchise fee paid. Revenue from the franchise fee is recognized on a straight-line basis over the duration of the agreement to ensure that the revenue recognition aligns with the customer's access to the franchise rights. The Company determined that sales/employee training is one performance obligation that is offered by the franchisor for an additional cost to their employees and sales representatives. Revenue for sales/employee training is recognized when training is complete.

Franchise fees that are payable over intervals which exceed one year and have no provision for interest are discounted at an imputed interest rate. Broker fees incurred which are related to franchisee fees are payable as franchise fees are collected and recorded utilizing similar accounting treatment for presentation in the financial statements. At December 31, 2023 and 2022, $0 and $0, respectively, was included in deferred revenues related to franchise fees receivables on the initial franchise fees.

Royalty income is recognized during the respective franchise agreement based on the royalties earned each month as the underlying franchisees sales occur.

J. Use of Estimates

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

K. Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Service Code to be a Small Business Corporation, an "S" corporation. In lieu of corporation income taxes, the stockholder of an "S" corporation is taxed on his proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company's shareholders will not be subject to

additional tax, penalties, and interest as a result of such challenge. Generally, the Company's tax returns remain open for three years for federal and state income tax examination.

L. Advertising Funds

Franchise agreements require the franchisee to pay continuing marketing fees on a monthly basis, based on a percentage of franchisee sales. The advertising fees are to be used only for advertising the Pop-A-Lock System, Temperature ProSystem, and the Plumbing Pro System to the general public. The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2023 and 2022 was $241,412 and $172,048, respectively.

In 2018, the Company adopted Accounting Standards Update (ASU) 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance Variable Interest Entities,* which allows a private company (reporting entity) to elect not to apply variable interest entity guidance to legal entities under common control (including common control leasing arrangements) if both the parent and the legal entity being evaluated for consolidation are not public business entities. The advertising funds are separate legal entities under common ownership. The advertising funds are administered by board members made up of franchisees. The advertising funds are not reflected in the financial statements.

M. Leases

The company recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements.

At the commencement of a lease, the company initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The company uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the company uses its estimated incremental borrowing rate as the discount rate for leases. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The company monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

(3) Concentrations of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, marketable securities, and receivables.

The Company places its cash and cash equivalents with sound financial institutions. At times, such amounts may be in excess of FDIC insurance limits. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2023, uninsured cash balances total $203,181.

Franchisees are generally dispersed by geographical locations, but all operate in similar lines of business.

(4) Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate the fair value:

Cash and cash equivalents

The carrying amount approximates fair value.

Marketable securities

Marketable securities are carried at estimated fair value within the financial statements.

In accordance with FASB ASC 820-10-50-1, the Company groups assets and financial liabilities measured at fair value on a recurring basis in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine the fair value. These levels are:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes securities that are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. For example, municipal securities valuations are based on markets that are currently offering similar financial products. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projects in determining the fair value assigned to such assets or liabilities.

Marketable securities as of December 31, 2022 were considered Level 1.

(5) Contract Balances

Contract assets include accounts receivable, franchise fees receivable, notes receivable and deferred costs related to broker and area developer fees. Accounts receivable represent monthly royalty payments that are billed and unbilled receivables due as of December 31, 2023 and 2022. Franchise fees receivable include balances owed on the initial franchise fee charged as of December 31, 2023 and 2022. Notes receivables include financial obligations from various franchisees for royalties as of December 31, 2023 and 2022. Deferred broker and area developer fees are costs that are related to ongoing contract rights and fees that are being straight lined over the contract life.

Contract liabilities include deferred franchise fees that are being recognized on a straight-line basis over the life of the franchise agreement.

The beginning and ending contract assets and contract liabilities consists of the following as of December 31:

	2023	2022	2021
Assets:			
Accounts receivable	$ 817,145	$ 1,046,021	$ 987,380
Notes receivable, franchisees - current	82,671	77,845	80,261
Notes receivable, franchisees - non-current	218,034	151,075	158,435
Deferred costs - current	398,048	443,122	544,356
Deferred costs - non-current	1,635,950	1,992,588	2,695,551
Total contract assets	$ 3,151,848	$ 3,710,651	$ 4,465,983
Liabilities:			
Deferred revenue - current	$ 946,135	$ 1,028,308	$ 1,332,718
Deferrecd revenue - long term	4,485,229	4,790,710	6,735,426
Total contract liabilities	$ 5,431,364	$ 5,819,018	$ 8,068,144

The future recognition of deferred franchise fees and unamortized costs to be recognized related to performance obligations that are unsatisfied as of December 31, 2023 is as follows:

	Unamortized Costs	Deferred Franchise Fees
2024	$ 398,048	$ 946,135
2025	385,317	911,843
2026	341,717	826,184
2027	265,966	713,781
2028	210,667	580,372
2029-thereafter	432,284	1,453,049
	$ 2,033,999	$ 5,431,364

The following table presents disaggregation of revenue from contracts with customers for the years ended December 31:

	2023	2022
Performace obligations satisfied over time:		
Franchise fees	$ 1,458,941	$2,752,703
Performance obligations satisfied at a point time:		
Royalty income	3,698,803	4,155,616
Sales of tolls, uniforms, and supplies	8,433	7,526
Management fees	146,313	105,064
Franchise training income	8,201	12,840
Rebates	12,219	115,813
Finance charges	6,368	2,653
	3,880,337	4,399,512
Total revenue	$ 5,339,278	$7,152,215

(6) Notes Receivable

A. Franchisees -

At December 31, 2023 and 2022, the Company has obligations from various franchisees for royalties. Obligations accrue interest at 2.9% and are due in monthly installments aggregating approximately $5,791, including interest. Amounts due as of December 31, 2023 are as follows:

2024	$ 82,671
2025	56,306
2026	33,501
2027	18,906
2028	16,870
2029-thereafter	92,451
Total	$ 300,705
Less current portion	(82,671)
Non-current portion	$ 218,034

B. Employees –

The Company made loans to a few employees. These obligations accrue interest at 2.3% and are due in aggregate semi-monthly installments of $750, including interest, and such payments are made through payroll deductions. Amounts due as of December 31, 2023 are as follows:

2024	$ 16,746
2025	12,706
2026	1,392
Total	$ 30,844
Less current portion	(16,746)
Non-current portion	$ 14,098

(7) Allowance for Credit Losses

An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased.

The Company had the following activity for its allowance for credit losses for receivables for the years ended December 31, 2023 and December 31, 2022:

	2023	2022 Pre FASB ASU 2016-13
Beginning balance	$ 81,415	$ 107,332
Provision for expected credit losses	123,880	-
Write-offs	-	(25,917)
Ending balance	$ 205,295	$ 81,415

(8) Property and Equipment

Property and equipment are summarized as follows:

	2023	2022
Improvements	$ 32,288	$ -
Furniture and office equipment	74,542	71,007
Vehicles	33,255	33,255
	140,085	104,262
Less accumulated depreciation	(78,950)	(69,334)
Property and equipment, net	$ 61,135	$ 34,928

Depreciation expense amounted to $10,733 and $9,205 in 2023 and 2022, respectively.

(9) Goodwill

During the year ended December 31, 2023 and 2022, no triggering events occurred requiring impairment testing and thus, no impairment loss was recorded. Accumulated amortization as of December 31, 2023 and 2022 was $30,554 and $27,221, respectively. Amortization expense for the year ended December 31, 2023 and 2022 was $3,333, respectively.

Amortization expense will be recognized as follows:

2024	$ 3,333
2025	3,333
2026	3,333
2027	3,333
2028	3,333
2029	2,781
	$ 19,446

(10) Operating Leases

The Company entered into a 5-year lease agreement for the rental of office space on January 1, 2022. The lease agreement includes provisions for variable rent payments, with consumer price index (CPI) increasing in year 2 through year 4 not to exceed $200 per month. In August 2023, the Company entered into a 20-year lease agreement for the rental of a building, with provisions for variable rent payments, with consumer price index (CPI) increases each year not to exceed $200 per month. As of December 31, 2023, the right-of-use (ROU) assets had a balance of $1,048,412,789, as shown on the balance sheet; the lease liability is included in operating lease liabilities-current $88,415 and operating lease liabilities-non-current $975,487. The lease assets and liabilities were calculated utilizing the risk-free discount rate ranging from 0.4% to 4.3% according to the Company's elected policy. Operating lease cost for the year ended December 31, 2023, was $107,342. The weighted average remaining lease term is 15.74 years, and the weighted average discount rate is 3.66% for the year ended December 31, 2023.

Maturities of operating lease liabilities as of December 31, 2023:

Year Ended December 31,	
2024	$ 124,072
2025	128,872
2026	131,272
2027	50,200
2028	52,600
2029-2033	299,000
2034-2038	358,000
2039-2043	370,500
Total lease payments	1,514,516
Less: interest	(450,614)
Present value of lease liabilities	$ 1,063,902

Cash flow information related to leases for the year ended December 31, 2023:

Cash paid for amounts included in measuring operating lease liabilities:	
Operating cash flows for operating leases	$ 96,172
Lease assets obtained in exchange for lease obligations:	
Operating leases	$ 820,224

(11) Management Fees

Franchise agreements require the franchisees to pay continuing marketing fees on a monthly basis, based on a percentage of franchisee sales. The fees collected are to be used only for advertising the Pop-A-Lock System, TemperaturePro System, and PlumbingPro System to the general public. The advertising funds are held in separate legal entities under common ownership. The funds in the advertising funds are administered by board members made up of franchisees. The advertising funds cannot be used by the company and are not reflected in the financial statements.

The Company charges a management fee to the funds, allowable in the franchise agreements, that is subject to a maximum of 15% of the funds per year to recover a portion of its operating expenses. Total management fees charged to the advertising funds in December 31, 2023 and 2022 were $146,313 and $105,064, respectively.

At December 31, 2023 and 2022, the advertising funds owed the Company $390,721 and $316,860, respectively, and is included in the due from affiliates' line item on the balance sheets.

(12) Other Related Party Transactions

The Company pays a consulting fee of $10,000 per month to an entity owned by one of the Company's shareholders. Consulting fees of $120,000 were paid to the related party during each of the years ended December 31, 2023 and 2022.

The Company makes lease payments of $3,500 per month to an entity owned by two of the Company’s shareholders. Lease payments of $17,500 were paid to the related parties during the year ended December 31, 2023.

(13) Commitments and Contingencies

At various times during the year, the Company may be involved in disputes with franchisees that arise in the ordinary course of business. In some instances, the Company returns the initial franchise fees paid and is ordered to pay out additional amounts. Total franchise fees returned during 2023 and 2022 was $0 and $0, respectively and is recorded against franchise fee revenue. Any amounts owed in addition to the initial franchise fee returned is recorded as other expense on the statements of income. Additional amounts of $662,500 and $127,200 were included in other expense during the year ended December 31, 2023 and 2022, respectively. Included in this amount is an other liability of $275,000 as of December 31, 2023.

(14) Subsequent Event Review

The Company has evaluated subsequent events through March 22, 2024, the date the financial statements were available to be issued.

(15) Accounting Standards Adopted in 2023

On January 1, 2023, the Company adopted FASB ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss methodology (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including trade and notes receivables.

The Company adopted ASC 326 using the modified retrospective method for financial instruments measured at amortized cost. Results for reporting periods beginning after adoption date are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded a decrease in retained earnings of $191,528 as of January 1, 2023 for the cumulative effect of adopting ASC 326.

EXHIBIT H

LIST OF FRANCHISEES

EXHIBIT H

FRANCHISEE ADDRESSES & TELEPHONE NUMBERS
As of April 1, 2025

Franchise Owner	Location	Address	Phone Number
Zach Johnson	Naples, FL	3260 21st Ave SW Naples, FL 34117	(614) 633-5814
Brandon Bell	Tampa, FL	2850 34th Street North #341 St. Petersburg, FL 33713	(617) 863-6470
Matt Wilbanks	Atlanta, GA	2507 Mercedes Drive NE Atlanta, GA 30345	(404) 805-1805
Lyndsey McDonald	Franklin, TN	3019 Burlington Pass Franklin, TN 37069	(208) 830-1601
Robert Rantz	North Austin, TX	921 Zacarias Drive Leander, TX 78641	(512) 638-5514
Chris Ryan	San Antonio, TX	3503 Tschoepe Rd. Seguin, TX 78155	(830) 832-1319

EXHIBIT I

FRANCHISEES WHO HAVE LEFT THE SYSTEM

Exhibit I

Franchisees Who Have Left the System Fiscal Year 2025

EXHIBIT J

OPERATIONS MANUAL TABLE OF CONTENTS

PlumbingPro®

Confidential Franchise Operations System

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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	Pending
Illinois	Pending
Indiana	9/10/25
Maryland	Pending
Michigan	9/2/25
Minnesota	6/6/25
New York	Pending
Rhode Island	9/29/25
South Dakota	10/8/25
Virginia	2/21/25
Washington	Pending
Wisconsin	9/10/25

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

EXHIBIT K

RECEIPTS

RECEIPT

This Disclosure D document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If PlumbingPro offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws, including New York, require PlumbingPro to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business 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.

If PlumbingPro 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 your state agency.

The name, principal business address, and telephone number of each franchise seller is as follows:

Michael Kleimeyer
1018 Harding St.
Suite 101
Lafayette, LA 70503
337-233-6211

Monique Hymel
1018 Harding St.
Suite 101
Lafayette, LA 70503
337-233-6211

We authorize the agents listed in **Exhibit B** to receive service of process for us.
Issuance Date: May 1, 2026
I have received a Disclosure Document that included the following Exhibits:

- A Federal and State Franchise Administrators and Regulatory Authorities
- B List of Registered Agents
- C Franchise Agreement
- D Form of General Release
- E State-specific Addenda and Agreement Amendments
- F Licensed Marks
- G Financial Statements
- H List of Franchisees
- I Franchisees Who Have Left The System
- J Operations Manual Table of Contents
- K Receipts (2 copies)

_____
Date Received

_____
Prospective Franchisee

_____
Name (please print)
Address:_____

RECEIPT

(Copy 2 – to be signed and dated by prospective franchisee, and returned to the franchisor)

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 PlumbingPro offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws, including New York, require PlumbingPro to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business 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.

If PlumbingPro 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 your state agency.

The name, principal business address, and telephone number of each franchise seller is as follows:

Michael Kleimeyer
1018 Harding St.
Suite 101
Lafayette, LA 70503
337-233-6211

Monique Hymel
1018 Harding St.
Suite 101
Lafayette, LA 70503
337-233-6211

We authorize the agents listed in **Exhibit B** to receive service of process for us.
Issuance Date: May 1, 2026
I have received a Disclosure Document that included the following Exhibits:

- A Federal and State Franchise Administrators and Regulatory Authorities
- B List of Registered Agents
- C Franchise Agreement
- D Form of General Release
- E State-specific Addenda and Agreement Amendments
- F Licensed Marks
- G Financial Statements
- H List of Franchisees
- I Franchisees Who Have Left the System
- J Operations Manual Table of Contents
- K Receipts (2 copies)

_____
Date Received

_____
Prospective Franchisee

_____
Name (please print)
Address: _____

RETURN THIS RECEIPT TO:
SystemForward America, LLC
1018 Harding Street, Suite 101
Lafayette, Louisiana 70503